

Registered number: 05317825

CANNON CARE HOMES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022



CANNON CARE HOMES LIMITED

COMPANY INFORMATION

| | |
|----------------------------|---|
| DIRECTOR | Mr R Cannon |
| REGISTERED NUMBER | 05317825 |
| REGISTERED OFFICE | Century House Nicholson Road Torquay Devon TQ2 7TD |
| INDEPENDENT AUDITOR | Albert Goodman LLP Chartered Accountants & Statutory Auditors 3 Filers Way Weston Gateway Business Park Weston-super-Mare BS24 7JP |
| BANKERS | Lloyds bank Plc PO Box 1000 BX1 1LT |
| SOLICITORS | Boyce Hatton 58 The Terrace Torquay Devon TQ1 1DE |

CANNON CARE HOMES LIMITED

CONTENTS

| | Page |
|---|----------------|
| Group strategic report | 1 - 2 |
| Director's report | 3 - 4 |
| Independent auditor's report | 5 - 8 |
| Consolidated statement of comprehensive income | 9 |
| Consolidated statement of financial position | 10 |
| Company statement of financial position | 11 |
| Consolidated statement of changes in equity | 12 |
| Company statement of changes in equity | 13 |
| Consolidated Statement of cash flows | 14 - 15 |
| Consolidated analysis of net debt | 16 |
| Notes to the financial statements | 17 - 36 |
| The following pages do not form part of the statutory financial statements: | |
| Company detailed profit and loss account and summaries | 37 - 38 |

CANNON CARE HOMES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

INTRODUCTION

The director presents his strategic report for year ended 30 September 2022.

BUSINESS REVIEW

The Group has had a successful year, continuing to benefit from the extensions completed at the care homes within the last few years. These extensions provide additional occupancy to support the local community and surrounding areas.

As in the wider Healthcare sector staffing remained the biggest challenge, with higher-than-normal agency costs incurred as a result. During this year, the Group started the process of obtaining the necessary licences to enable them to employ overseas workers. To date they have now sponsored 23 overseas workers into the country and staffing ratios/costs are back in line with expectation.

PRINCIPAL RISKS AND UNCERTAINTIES

Exposure to liquidity and cashflow risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group aims to mitigate this by managing of cash generation by its operations.

Cash flow is the risk to variability that is attributable to a particular risk associated with the recognised asset or liability. The Group manages this risk by maintaining a rolling cash flow forecast to ensure it has sufficient working capital to operate efficiently.

Regulation and compliance risk

The Group faces risks from noncompliance with key regulation and compliance required within the care home sector. The Group aims to mitigate this risk by maintaining compliance with all key regulations, any regularly monitoring these throughout the period.

Recruitment and retention of staff risk

As noted above, the Group faces challenges in the recruitment and retention of staff. The Group has begun to mitigate this risk through the sponsorship of overseas workers.

FINANCIAL KEY PERFORMANCE INDICATORS

The Group's key financial and other performance indicators during the year were as follows:

| | 2022 | 2021 |
|---------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Turnover | 10,893 | 9,848 |
| Operating profit | 3,272 | 2,646 |
| Profit after tax | 2,132 | 1,737 |
| Shareholders' funds | 12,538 | 9,769 |
| Average number of employees | 208 | 227 |

CANNON CARE HOMES LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

OTHER KEY PERFORMANCE INDICATORS

The Group monitors average monthly occupancy. The Group achieved an average occupancy for the year in line with previous periods and management expectation.

This report was approved by the board on *28/6/2023*

and signed on its behalf.



Mr R Cannon
Director

CANNON CARE HOMES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The director presents his report and the financial statements for the year ended 30 September 2022.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The director is 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 the Group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,132,317 (2021: £1,736,885).

Dividends declared and paid in the year amounted to £1,150,000 (2021: £1,150,000).

DIRECTOR

The director who served during the year was:

Mr R Cannon

FUTURE DEVELOPMENTS

The Group intends to continue its business strategy providing a high standard of care to its tenants and maximising occupancy in each home.

FINANCIAL RISK MANAGEMENT

The principal financial risk faced by the Group is liquidity risk. However, the Group is trading profitably and maintains a positive cash balance. In addition, regular cash flow forecasts are prepared which take into account the predictable operational revenue and debt repayment cost streams.

CANNON CARE HOMES LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

DISCLOSURE OF INFORMATION TO AUDITOR

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- he 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 and the Group's auditor is aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Group since the year end.

AUDITOR

The auditor, Albert Goodman 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.



**Mr R Cannon
Director**

Date: 28/6/2023

Century House
Nicholson Road
Torquay
Devon
TQ2 7TD

CANNON CARE HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANNON CARE HOMES LIMITED

OPINION

We have audited the financial statements of Cannon Care Homes Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2022, which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, Consolidated Analysis of Net Debt and Notes to the Financial Statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2022 and of the Group's 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 group 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.

However, we draw attention to Note 2.14, Note 3 and Note 14 to the financial statements which describes the approach adopted by the director to ensure the property value, in line with the company's accounting policy, is materially consistent with the year-end market value. Our opinion is not modified in respect of this matter.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

CANNON CARE HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANNON CARE HOMES LIMITED (CONTINUED)

OTHER INFORMATION

The director is 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.

OPINION 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 Group strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Director's report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Director's report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

RESPONSIBILITIES OF THE DIRECTOR

As explained more fully in the Director's responsibilities statement set out on page 3, the director is 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 director determines 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 director is responsible for assessing the Group's and the parent 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 director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANNON CARE HOMES LIMITED
(CONTINUED)**

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with the director and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Company, including the Companies Act 2006, taxation legislation, environmental health legislation, employment, health and safety legislation and the CQC requirements;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and where applicable the Company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance.

CANNON CARE HOMES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANNON CARE HOMES LIMITED (CONTINUED)

Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the director and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

USE OF OUR REPORT

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



Christopher Walford BSc ACA (Senior statutory auditor)

for and on behalf of

Albert Goodman LLP

Statutory Auditor

3 Filers Way

Weston Gateway Business Park

Weston-super-Mare

BS24 7JP

Date: 28 June 2023

CANNON CARE HOMES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

| | Note | 2022 £ | 2021 £ |
|--|------|------------------|--------------------|
| Turnover | 4 | 10,892,728 | 9,847,981 |
| Cost of sales | | (6,758,271) | (6,209,376) |
| GROSS PROFIT | | 4,134,457 | 3,638,605 |
| Administrative expenses | | (1,116,202) | (1,603,160) |
| Other operating income | 5 | 253,993 | 610,698 |
| OPERATING PROFIT | 6 | 3,272,248 | 2,646,143 |
| Interest receivable and similar income | 10 | 68,331 | 67,541 |
| Interest payable and similar expenses | 11 | (685,196) | (522,231) |
| PROFIT BEFORE TAXATION | | 2,655,383 | 2,191,453 |
| Tax on profit | 12 | (523,066) | (454,568) |
| PROFIT FOR THE FINANCIAL YEAR | | 2,132,317 | 1,736,885 |
| Unrealised surplus on revaluation of tangible fixed assets | | 2,314,159 | - |
| Deferred tax on revaluation | | (528,155) | (1,028,777) |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | | 1,786,004 | (1,028,777) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | 3,918,321 | 708,108 |
| PROFIT FOR THE YEAR ATTRIBUTABLE TO: | | | |
| Owners of the parent Company | | 2,132,317 | 1,736,885 |
| | | 2,132,317 | 1,736,885 |

The notes on pages 17 to 36 form part of these financial statements.

CANNON CARE HOMES LIMITED
REGISTERED NUMBER:05317825

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

| | Note | 2022 £ | 2021 £ |
|---|------|-------------------|-------------------|
| FIXED ASSETS | | | |
| Tangible assets | 14 | 30,894,676 | 28,605,024 |
| | | <u>30,894,676</u> | <u>28,605,024</u> |
| CURRENT ASSETS | | | |
| Stocks | 16 | 7,370 | 7,370 |
| Debtors: amounts falling due within one year | 17 | 4,454,354 | 4,282,118 |
| Cash at bank and in hand | 18 | 733,308 | 485,531 |
| | | <u>5,195,032</u> | <u>4,775,019</u> |
| CURRENT LIABILITIES | | | |
| Creditors: amounts falling due within one year | 19 | (2,507,162) | (2,712,836) |
| | | <u>2,687,870</u> | <u>2,062,183</u> |
| NET CURRENT ASSETS | | | |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>33,582,546</u> | <u>30,667,207</u> |
| Creditors: amounts falling due after more than one year | 20 | (15,833,512) | (16,270,757) |
| Deferred taxation | 23 | (5,211,431) | (4,627,208) |
| | | <u>12,537,603</u> | <u>9,769,242</u> |
| NET ASSETS | | | |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 24 | 1 | 1 |
| Profit and loss account | 25 | 12,537,602 | 9,769,241 |
| | | <u>12,537,603</u> | <u>9,769,242</u> |

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



Mr R Cannon
Director

Date: 28/6/2023

The notes on pages 17 to 36 form part of these financial statements.

CANNON CARE HOMES LIMITED
REGISTERED NUMBER:05317825

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

| | Note | 2022 £ | 2021 £ |
|---|------|-----------------------|-------------------------|
| FIXED ASSETS | | | |
| Tangible assets | 14 | 407 | 542 |
| Investments | 15 | 3,911,453 | 3,911,453 |
| | | <u>3,911,860</u> | <u>3,911,995</u> |
| CURRENT ASSETS | | | |
| Debtors: amounts falling due within one year | 17 | 12,182,541 | 14,403,970 |
| Cash at bank and in hand | 18 | 506,246 | 419,481 |
| | | <u>12,688,787</u> | <u>14,823,451</u> |
| Creditors: amounts falling due within one year | 19 | (1,006,894) | (1,533,262) |
| NET CURRENT ASSETS | | <u>11,681,893</u> | <u>13,290,189</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>15,593,753</u> | <u>17,202,184</u> |
| Creditors: amounts falling due after more than one year | 20 | (15,087,127) | (15,807,344) |
| Provisions for liabilities | | | |
| Deferred taxation | 23 | (46) | - |
| | | <u>(46)</u> | <u>-</u> |
| NET ASSETS | | <u><u>506,580</u></u> | <u><u>1,394,840</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 24 | 1 | 1 |
| Profit and loss account brought forward | | 1,394,839 | 1,449,737 |
| Profit for the year | | 261,740 | 1,095,102 |
| Dividends | | (1,150,000) | (1,150,000) |
| | | <u>506,579</u> | <u>1,394,839</u> |
| Profit and loss account carried forward | | <u><u>506,580</u></u> | <u><u>1,394,840</u></u> |

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



Mr R Cannon
Director

Date: 28/6/2023

The notes on pages 17 to 36 form part of these financial statements.

CANNON CARE HOMES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

| | Called up share capital | Profit and loss account | Total equity |
|---|------------------------------------|------------------------------------|---------------------|
| | £ | £ | £ |
| At 1 October 2020 | 1 | 10,211,133 | 10,211,134 |
| Profit for the year | - | 1,736,885 | 1,736,885 |
| Movements relating to revaluation of property and associated deferred tax | - | (1,028,777) | (1,028,777) |
| Dividends | - | (1,150,000) | (1,150,000) |
| At 1 October 2021 | 1 | 9,769,241 | 9,769,242 |
| Profit for the year | - | 2,132,317 | 2,132,317 |
| Movements relating to revaluation of property and associated deferred tax | - | 1,786,044 | 1,786,044 |
| Dividends | - | (1,150,000) | (1,150,000) |
| At 30 September 2022 | 1 | 12,537,602 | 12,537,603 |

The notes on pages 17 to 36 form part of these financial statements.

CANNON CARE HOMES LIMITED**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

| | Called up share capital | Profit and loss account | Total equity |
|-----------------------------|------------------------------------|------------------------------------|---------------------|
| | £ | £ | £ |
| At 1 October 2020 | 1 | 1,449,737 | 1,449,738 |
| Profit for the year | - | 1,095,102 | 1,095,102 |
| Dividends | - | (1,150,000) | (1,150,000) |
| At 1 October 2021 | 1 | 1,394,839 | 1,394,840 |
| Profit for the year | - | 261,740 | 261,740 |
| Dividends | - | (1,150,000) | (1,150,000) |
| At 30 September 2022 | 1 | 506,579 | 506,580 |

The notes on pages 17 to 36 form part of these financial statements.

CANNON CARE HOMES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

| | 2022 £ | 2021 £ |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 2,132,317 | 1,736,885 |
| Adjustments for: | | |
| Depreciation of tangible assets | 179,834 | 210,626 |
| Profit on disposal of tangible assets | - | (6,408) |
| Interest paid | 685,196 | 522,231 |
| Interest received | (68,331) | (67,541) |
| Taxation charge | 523,066 | 454,568 |
| Increase in debtors | (172,236) | (1,094,585) |
| Increase/(decrease) in creditors | 51,319 | (284,407) |
| Corporation tax paid | (826,630) | (87,686) |
| Net cash generated from operating activities | <u>2,504,535</u> | <u>1,383,683</u> |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (155,327) | (255,711) |
| Sale of tangible fixed assets | - | 8,000 |
| Interest received | 68,331 | 67,541 |
| Net cash from investing activities | <u>(86,996)</u> | <u>(180,170)</u> |

CANNON CARE HOMES LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

| | 2022 £ | 2021 £ |
|---|--------------------|--------------------|
| Cash flows from financing activities | | |
| New secured loans | 522,500 | 400,000 |
| Repayment of loans | (787,780) | (365,848) |
| Repayment of/new finance leases | (69,286) | (46,768) |
| Dividends paid | (1,150,000) | (1,150,000) |
| Interest paid | (671,449) | (505,808) |
| HP interest paid | (13,747) | (16,423) |
| Net cash used in financing activities | (2,169,762) | (1,684,847) |
| Net increase/(decrease) in cash and cash equivalents | 247,777 | (481,334) |
| Cash and cash equivalents at beginning of year | 485,531 | 966,865 |
| Cash and cash equivalents at the end of year | 733,308 | 485,531 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 733,308 | 485,531 |
| | 733,308 | 485,531 |

The notes on pages 17 to 36 form part of these financial statements.

CANNON CARE HOMES LIMITED**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

| | At 1 October 2021 £ | Cash flows £ | At 30 September 2022 £ |
|--------------------------|------------------------------|-----------------|---------------------------------|
| Cash at bank and in hand | 485,531 | 247,777 | 733,308 |
| Debt due after 1 year | (16,105,351) | 377,879 | (15,727,472) |
| Debt due within 1 year | (817,582) | (120,770) | (938,352) |
| Finance leases | (248,560) | 69,286 | (179,274) |
| | <u>(16,685,962)</u> | <u>574,172</u> | <u>(16,111,790)</u> |

The notes on pages 17 to 36 form part of these financial statements.

CANNON CARE HOMES LIMITED

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

1. GENERAL INFORMATION

Cannon Care Homes Limited is a private Company, limited by shares and registered in the UK. The registered number is 05317825, the address of the registered office is Century House, Nicholson Road, Torquay, TQ2 7TD. The principal activity of the Company for the year continued to be that of a holding Company.

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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The Company achieved a profit after tax of £261,740 (2021: £1,095,102) during the year ended 30 September 2022, and at that date the Company had net assets of £506,580.

The Group achieved a profit after tax of £2,132,317 (2021: £1,736,885) for the year to 30 September 2022. As at 30 September 2022 the Group had net current assets of £2,687,870 (2021: £2,062,184), and total assets exceeded total liabilities by £12,537,603 (2021: £9,769,242).

At the year end, the Group had loan borrowings of £16,647,320 of which £949,898 is due as payable within 12 months of the year end. The director confirms the loan covenants are expected to be met during the next 12 months.

Financial projections have been prepared which show strong trading performance for the Group. The director does not expect to have any significant cash outflows during the next 12 months which are not included in the forecasts.

There are ongoing risks that the Group are monitoring, alongside uncertainty and volatility in the marketplace, but the director expects no significant impact on trade. The director is continuing to monitor developments in a rapidly changing business environment and will endeavour to take steps as are required to ensure the Group is able to continue to function for the foreseeable future.

Based on financial forecasts that have been prepared the Group can meet its obligations as they fall due over the next 12 months.

The Company is considered to be a going concern for the foreseeable future, and therefore the accounts have been prepared on the going concern basis.

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 OPERATING LEASES: THE GROUP AS LESSEE

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. ACCOUNTING POLICIES (continued)

2.6 LEASED ASSETS: THE GROUP AS LESSEE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.7 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated statement of comprehensive income in the same period as the related expenditure.

2.8 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.9 FINANCE COSTS

Finance costs are charged to profit or loss 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.

2.10 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.11 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

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

The contributions are recognised as an expense in profit or loss 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 Group in independently administered funds.

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

2. ACCOUNTING POLICIES (continued)

2.12 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. 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 reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

2.13 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance and straight line basis..

Depreciation is provided on the following basis:

| | |
|-----------------------|---|
| Freehold property | - not depreciated |
| Plant and machinery | - 15/25% reducing balance and straight line |
| Motor vehicles | - 25% reducing balance |
| Fixtures and fittings | - 25% reducing balance and straight line |
| Office equipment | - 25% reducing balance |

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 profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. ACCOUNTING POLICIES (continued)

2.14 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 reporting date.

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

Revaluation gains and losses are recognised in other comprehensive income 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.

2.15 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.17 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.18 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.19 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. ACCOUNTING POLICIES (continued)

2.20 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

2.21 FINANCIAL INSTRUMENTS

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

2.22 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However the nature of estimation means that actual outcomes could differ from those estimates. The following judgments have had the most significant effect on amounts recognised in the financial statements.

Classification of leases:

The Group obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease required the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of Financial Position.

Valuation of properties:

The Group carries its freehold property at fair value, with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair value at 4 October 2017 (Silverleigh & Check House) and 31 March 2020 (Thornfield Care). The valuer used the profits method of valuation as they consider the market norm is to assess this type of asset for sale purposes by reference to its trading characteristics and profitability.

At each year end, the Director generates a profit based valuation on a consistent basis to that utilised by the independent valuer.

Fixed asset investments

Fixed Asset investments represent the Company's shareholding in its subsidiary entities, as detailed on note 15 of the financial statements. Investments are reviewed for indication of impairment at each statement of financial position date. Where such an indication exists, the director undertakes a formal impairment review and if considered necessary, an impairment loss is recognised in the statement of comprehensive income.

4. TURNOVER

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

| | 2022 £ | 2021 £ |
|------------|-------------------|------------------|
| Fee income | <u>10,892,728</u> | <u>9,847,981</u> |

All turnover arose within the United Kingdom.

CANNON CARE HOMES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022****5. OTHER OPERATING INCOME**

| | 2022 £ | 2021 £ |
|------------------------------|----------------|----------------|
| Government grants receivable | 219,457 | 610,698 |
| Insurance claims receivable | 34,536 | - |
| | <u>253,993</u> | <u>610,698</u> |

6. OPERATING PROFIT

The operating profit is stated after charging:

| | 2022 £ | 2021 £ |
|---------------------------------------|------------------|-----------|
| Depreciation of tangible fixed assets | 365,922 | 210,626 |
| Hire of equipment | 29,632 | 52,701 |
| Other operating lease rentals | 15,878 | 6,753 |
| Profit/loss on disposal | - | (3,827) |
| Release of liability | <u>(297,107)</u> | <u>-</u> |

The director now considers the settlement of a specific liability, £297,107, as improbable and so has elected to release the previously recognised liability to income during the current year.

7. AUDITOR'S REMUNERATION

During the year, the Group obtained the following services from the Company's auditor:

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Fees payable to the Company's auditor for the audit of the consolidated and parent Company's financial statements | 17,050 | 15,500 |

CANNON CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

8. EMPLOYEES

Staff costs, including director's remuneration, were as follows:

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|-------------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Wages and salaries | 5,464,830 | 5,231,692 | 135,960 | 211,453 |
| Social security costs | 316,210 | 300,886 | - | - |
| Cost of defined contribution scheme | 94,355 | 84,721 | 9,667 | - |
| | <u>5,875,395</u> | <u>5,617,299</u> | <u>145,627</u> | <u>211,453</u> |

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

| | Group 2022 No. | Group 2021 No. | Company 2022 No. | Company 2021 No. |
|-----------|-------------------------------|-------------------------------|---------------------------------|---------------------------------|
| Director | 1 | 1 | 1 | 1 |
| Employees | 207 | 226 | 5 | 6 |
| | <u>208</u> | <u>227</u> | <u>6</u> | <u>7</u> |

9. DIRECTOR'S REMUNERATION

| | 2022 £ | 2021 £ |
|-----------------------|-------------------|-------------------|
| Director's emoluments | - | 55,718 |

10. INTEREST RECEIVABLE

| | 2022 £ | 2021 £ |
|---------------------------|-------------------|-------------------|
| Other interest receivable | 68,331 | 67,541 |

CANNON CARE HOMES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022****11. INTEREST PAYABLE AND SIMILAR EXPENSES**

| | 2022 £ | 2021 £ |
|--|----------------|----------------|
| Bank interest payable | 672,703 | 505,808 |
| Finance leases and hire purchase contracts | 11,747 | 16,423 |
| Other interest payable | 746 | - |
| | <u>685,196</u> | <u>522,231</u> |

12. TAXATION

| | 2022 £ | 2021 £ |
|--|----------------|----------------|
| CORPORATION TAX | | |
| Current tax on profits for the year | 480,514 | 395,546 |
| Adjustments in respect of previous periods | (13,514) | - |
| Group taxation relief | (42) | - |
| | <u>466,958</u> | <u>395,546</u> |
| TOTAL CURRENT TAX | <u>466,958</u> | <u>395,546</u> |
| DEFERRED TAX | | |
| Origination and reversal of timing differences | 7,748 | 59,022 |
| Adjustments in respect of previous periods | 48,360 | - |
| | <u>56,108</u> | <u>59,022</u> |
| TOTAL DEFERRED TAX | <u>56,108</u> | <u>59,022</u> |
| TAXATION ON PROFIT ON ORDINARY ACTIVITIES | <u>523,066</u> | <u>454,568</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**
12. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

| | 2022 £ | 2021 £ |
|---|-----------------------|-----------------------|
| Profit on ordinary activities before tax | <u>2,655,383</u> | <u>2,191,453</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%) | 504,522 | 416,376 |
| EFFECTS OF: | | |
| Fixed asset timing differences | (6,932) | (1,048) |
| Expenses not deductible for tax purposes | 318 | 341 |
| Adjustments to tax charge in respect of prior periods | (13,556) | - |
| Adjustments to tax charge in respect of prior periods (deferred tax) | 48,360 | - |
| Short-term timing difference leading to an increase (decrease) in taxation | 32,201 | (2,838) |
| Effect of change in tax rates on deferred tax balances | (5,869) | 41,737 |
| Chargeable gains/(losses) | (35,978) | - |
| TOTAL TAX CHARGE FOR THE YEAR | <u><u>523,066</u></u> | <u><u>454,568</u></u> |

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Legislation to increase the main rate of corporation tax from 19% to 25% was substantively enacted on 24 May 2021. Accordingly, this rate has been used to measure deferred tax assets and liabilities in the current period.

13. DIVIDENDS

| | 2022 £ | 2021 £ |
|----------------|-------------------------|-------------------------|
| Dividends paid | <u>1,150,000</u> | 1,150,000 |
| | <u><u>1,150,000</u></u> | <u><u>1,150,000</u></u> |

CANNON CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

14. TANGIBLE FIXED ASSETS

Group

| | Freehold property £ | Plant and machinery £ | Motor vehicles £ | Fixtures and fittings £ | Office equipment £ | Total £ |
|---|---------------------------|-----------------------------|------------------------|-------------------------------|--------------------------|-------------------|
| COST OR VALUATION | | | | | | |
| At 1 October 2021 | 28,019,377 | 163,292 | 243,529 | 2,088,268 | 16,674 | 30,531,140 |
| Additions | 54,821 | 11,183 | - | 89,323 | - | 155,327 |
| Revaluations | 2,314,159 | - | - | - | - | 2,314,159 |
| At 30 September 2022 | <u>30,388,357</u> | <u>174,475</u> | <u>243,529</u> | <u>2,177,591</u> | <u>16,674</u> | <u>33,000,626</u> |
| DEPRECIATION | | | | | | |
| At 1 October 2021 | - | 125,557 | 177,186 | 1,607,241 | 16,132 | 1,926,116 |
| Charge for the period | - | 5,887 | 13,236 | 120,058 | 135 | 139,316 |
| Charge for the year on financed assets | - | 5,951 | 3,350 | 31,217 | - | 40,518 |
| At 30 September 2022 | <u>-</u> | <u>137,395</u> | <u>193,772</u> | <u>1,758,516</u> | <u>16,267</u> | <u>2,105,950</u> |
| NET BOOK VALUE | | | | | | |
| At 30 September 2022 | <u>30,388,357</u> | <u>37,080</u> | <u>49,757</u> | <u>419,075</u> | <u>407</u> | <u>30,894,676</u> |
| At 30 September 2021 | <u>28,019,377</u> | <u>37,735</u> | <u>66,343</u> | <u>481,027</u> | <u>542</u> | <u>28,605,024</u> |

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

| | 2022 £ | 2021 £ |
|-----------------------------------|----------------|----------------|
| Plant and machinery | 11,878 | - |
| Motor vehicles | 47,500 | 52,166 |
| Furniture, fittings and equipment | 124,435 | 111,682 |
| | <u>183,813</u> | <u>163,848</u> |

CANNON CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Cost of valuation at 30 September 2022 is as follows:

| | Land and buildings £ |
|--------------|----------------------------|
| AT COST | 9,175,900 |
| AT VALUATION | 21,212,457 |
| | <hr/> |
| | 30,388,357 |
| | <hr/> |

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

| | 2022 £ | 2021 £ |
|-----------------------|------------------|------------------|
| GROUP | | |
| Cost | 9,175,900 | 9,066,257 |
| | <hr/> | <hr/> |
| NET BOOK VALUE | 9,175,900 | 9,066,257 |
| | <hr/> | <hr/> |

CANNON CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

14. TANGIBLE FIXED ASSETS (CONTINUED)

Company

| | Office equipment £ |
|-------------------------------------|-----------------------------------|
| COST OR VALUATION | |
| At 1 October 2021 | 16,674 |
| At 30 September 2022 | <u>16,674</u> |
| DEPRECIATION | |
| At 1 October 2021 | 16,132 |
| Charge for the year on owned assets | 135 |
| At 30 September 2022 | <u>16,267</u> |
| NET BOOK VALUE | |
| At 30 September 2022 | <u><u>407</u></u> |
| At 30 September 2021 | <u><u>542</u></u> |

15. FIXED ASSET INVESTMENTS

Company

| | Investments in subsidiary companies £ |
|--------------------------|--|
| COST OR VALUATION | |
| At 1 October 2021 | 3,911,453 |
| At 30 September 2022 | <u><u>3,911,453</u></u> |

CANNON CARE HOMES LIMITED

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

15. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding |
|----------------------------|-----------------|---------|
| Cannon Care Home 4 Limited | Ordinary £1 | 100% |
| Thornfield Care Limited | Ordinary £1 | 100% |
| The Check House Limited | Ordinary £1 | 100% |
| Silverleigh Limited | Ordinary £1 | 100% |

Cannon Care Homes 4 Limited holds 100% of the ordinary shares of Silverleigh Limited. The registered office of Cannon Care Homes 4 Limited, Thornfield Care Limited, The Check House Limited and Silverleigh Limited is Century House, Nicholson Road, Torquay, TQ2 7TD.

The aggregate of the share capital and reserves as at 30 September 2022 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| Name | Aggregate of share capital and reserves £ | Profit/(Loss) £ |
|-------------------------|--|--------------------|
| Thornfield Care Limited | 6,396,473 | 1,679,397 |
| The Check House Limited | 7,150,247 | 1,370,762 |
| Silverleigh Limited | 8,116,094 | 606,420 |

16. STOCKS

| | Group 2022 £ | Group 2021 £ |
|-------------------------------------|--------------------|--------------------|
| Finished goods and goods for resale | 7,370 | 7,370 |

17. DEBTORS

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Trade debtors | 279,192 | 245,519 | - | - |
| Amounts owed by group undertakings | - | - | 8,039,305 | 10,365,688 |
| Other debtors | 4,145,538 | 4,010,687 | 4,143,236 | 4,006,217 |
| Prepayments and accrued income | 29,624 | 25,912 | - | - |
| Deferred taxation | - | - | - | 32,065 |
| | <u>4,454,354</u> | <u>4,282,118</u> | <u>12,182,541</u> | <u>14,403,970</u> |

CANNON CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

18. CASH AND CASH EQUIVALENTS

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Cash at bank and in hand | 733,308 | 485,531 | 506,246 | 419,481 |

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank loans | 919,848 | 807,250 | 742,439 | 712,413 |
| Trade creditors | 509,212 | 176,368 | - | - |
| Corporation tax | 335,509 | 695,179 | 174,636 | 433,309 |
| Other taxation and social security | 103,754 | 90,326 | 4,329 | 2,863 |
| Obligations under finance lease and hire purchase contracts | 73,234 | 83,154 | - | - |
| Other creditors | 95,388 | 349,620 | 35,664 | 334,957 |
| Accruals and deferred income | 470,217 | 510,939 | 49,826 | 49,720 |
| | 2,507,162 | 2,712,836 | 1,006,894 | 1,533,262 |

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank loans | 15,727,472 | 16,105,351 | 15,087,127 | 15,807,344 |
| Net obligations under finance leases and hire purchase contracts | 106,040 | 165,406 | - | - |
| | 15,833,512 | 16,270,757 | 15,087,127 | 15,807,344 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

21. LOANS

Loans are secured against the assets of the group.

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|--|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| AMOUNTS FALLING DUE WITHIN ONE YEAR | | | | |
| Bank loans | 919,848 | 807,250 | 742,439 | 712,413 |
| AMOUNTS FALLING DUE 1-2 YEARS | | | | |
| Bank loans | 1,412,834 | 1,239,248 | 772,489 | 941,245 |
| AMOUNTS FALLING DUE 2-5 YEARS | | | | |
| Bank loans | 2,498,667 | 2,209,231 | 2,498,667 | 2,209,231 |
| AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS | | | | |
| Bank loans | 11,815,971 | 12,656,871 | 11,815,971 | 12,656,871 |
| | <u>16,647,320</u> | <u>16,912,600</u> | <u>15,829,566</u> | <u>16,519,760</u> |

Cannon Care Homes Limited Loan 1 - Interest is paid monthly at a rate of 2% on the carrying value of the loan. The term length of the loan is 216 months with final payment due in January 2038.

Cannon Care Homes Limited Loan 2 - Interest is paid monthly at a rate of 2.5% on the carrying value of the loan. The term length of the loan is 216 months with final payment due in January 2038.

Cannon Care Homes Limited Loan 3 - Interest is paid monthly at a rate of 2% on the carrying value of the loan. The term length of the loan is 216 months with final payment due in February 2038.

The director has provided a personal guarantee of £500,000.

Loan interest on all Cannon Care Home Limited loans are levied based upon a margin above the UK base rate. Interest is charged per annum.

Silverleigh Limited loan 1 totalling £221,686 at the balance sheet date has an interest rate of 8.9% per annum.

Silverleigh Limited loan 2 totalling £255,775 at the balance sheet date has an interest rate of 11.8% per annum.

Silverleigh Limited loan 3 totalling £243,313 at the balance sheet date has an interest of 9.89% per annum.

Silverleigh Limited loan 4 totalling £96,980 at the balance sheet date has an interest of 9.5% per annum.

The loans are secured by way of fixed and floating charge over the assets of the Company and by a cross guarantee over the assets of the Group.

The director has provided a personal guarantee against the Silverleigh Limited loan 4.

CANNON CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

22. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

| | Group 2022 £ | Group 2021 £ |
|-------------------|-----------------------------|-----------------------------|
| Within one year | 73,232 | 84,873 |
| Between 2-5 years | 106,039 | 67,667 |
| Over 5 years | - | 59,410 |
| | <u>179,271</u> | <u>211,950</u> |

Hire purchase and finance leases are secured against the assets of the Group to which they relate.

CANNON CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

23. DEFERRED TAXATION

Group

| | 2022 £ |
|---------------------------------------|--------------------|
| At beginning of year | (4,627,209) |
| Charged to profit or loss | (56,108) |
| Charged to other comprehensive income | (528,115) |
| AT END OF YEAR | (5,211,432) |

Company

| | 2022 £ |
|---------------------------|-------------|
| At beginning of year | 32,065 |
| Charged to profit or loss | (32,111) |
| AT END OF YEAR | (46) |

The provision for deferred taxation is made up as follows:

| | Group 2022 £ | Group 2021 £ | Company 2022 £ | Company 2021 £ |
|--------------------------------|--------------------|--------------------|----------------------|----------------------|
| Short term timing differences | 3,071 | 35,869 | 56 | 32,201 |
| Capital gains | (4,793,061) | (4,284,393) | - | - |
| Fixed asset timing differences | (421,442) | (378,684) | (102) | (136) |
| | (5,211,432) | (4,627,208) | (46) | 32,065 |

24. SHARE CAPITAL

| | 2022 £ | 2021 £ |
|--|-----------|-----------|
| ALLOTTED, CALLED UP AND PARTLY PAID | | |
| 1 (2021: 1) Ordinary share of £1.00 | 1 | 1 |

CANNON CARE HOMES LIMITED

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

25. RESERVES

Profit and loss account

The Company and Group profit and loss reserves are represented cumulative profits and losses net of distributions to shareholders and by unrealised valuation gains on freehold property.

The profit and loss reserve is represented by £5,306,783 relating to distributable profits and £7,230,819 relating to previous revaluations of freehold property.

26. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension contributions payable by the Group to the fund amounted to £94,355 (2021: £84,721). Contributions totalling £18,504 (2021: £10,332) were payable to the fund at the reporting date.

27. TRANSACTIONS WITH DIRECTORS

At the year end, Mr R Cannon owed £3,474,096 (2021: £3,031,363) to the Company via his director's loan account. Interest is charged on this balance at 2.5% and there is no fixed date for repayment. However, the director will not seek settlement if detrimental to the company, it is probable that at element will not be settled with in the 12 months following the year end.

28. RELATED PARTY TRANSACTIONS

The Group is taking advantage of the exemption to disclose transactions between group members, where the subsidiary is wholly owned, as defined in section 33.1A of FRS102.

During the year Cannon Care Homes Limited paid £1,150,000 (2021: £1,150,000) in dividends to Mr R Cannon, the director of the Company.

29. CONTROLLING PARTY

The Company is under the control of Mr R Cannon.