

Strategic Report, Report of the Director and
Financial Statements for the Year Ended 31 December 2022
for
Church Farm Nursing Home Limited

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for the Year Ended 31 December 2022

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Church Farm Nursing Home Limited

Company Information
for the Year Ended 31 December 2022

DIRECTOR: P Atkinson

SECRETARY: L Atkinson

REGISTERED OFFICE: Church Lane
Cotgrave
Nottingham
NG12 3HR

REGISTERED NUMBER: 05453744 (England and Wales)

AUDITORS: Longleys
Statutory Auditors
81 Melton Road
West Bridgeford
Nottingham
NG2 6EN

Strategic Report
for the Year Ended 31 December 2022

The Directors present the Strategic Report for the year ended 31 December 2022.

Objectives

As a specialist Dementia care provider our aim is to create an environment where people want to live and work in harmony.

The strategy is to continue to develop our existing sites, with a continued programme of development and refurbishment.

Church Farm Nursing Home Limited has two nursing homes, Church Farm at Cotgrave which is a 45-bedroom home and Church Farm at Skylarks which is a 52 bedroomed home, both homes provide specialist Dementia care.

Church Farm has successfully achieved planning permission for a 42-bed extension at Church Farm at Skylarks in West Bridgford.

We have our own training centre, and all staff undergo our three-day induction training.

At Church Farm, we provide our care following Dementia Care Matters Butterfly Model. This approach encourages enablement and occupation, with a real can-do attitude.

We continue to work to maintain our current banding level of 5 and CQC rating of Good and our Dementia Quality Kite Mark.

REVIEW OF BUSINESS

Business Model

At Church Farm Care we aim to provide the highest quality dementia care, the people who live with us and their relatives, are considered family.

To provide high quality specialist care, with a highly motivated and trained staff team.

Church Farm predominately provides specialist Dementia Care.

The market has moved with a push for people to stay at home longer, and as such people are coming to live with us much further on in their stage of dementia.

Business Environment

Despite the market moving with an emphasis on staying at home for longer, we believe we are well placed as we provide high-end specialist care that cannot be substituted at home.

Both funding levels and recruitment/retention of staff remain challenges and as key focuses of management planning and effort.

A key driver is occupancy levels, which remained strong at 94% to 31 December 2022.

Strategic Report
for the Year Ended 31 December 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The board has overall responsibility for the company's approach to assessing risk and recognises that creating value is the reward for taking, and accepting, risk.

The home management teams are responsible for managing risk and maintaining appropriate control environments within their home.

The principal risks and uncertainties are set out below in summary:

- Negative publicity in the care industry could adversely impact the homes and with this in mind we aim to maintain our current band 5 banding.
- Largely due to financial constraints and the wish to stay at home longer, we have continued to see a decrease in privately funded people. We therefore continue to rely on providing services to publicly funded entities such as Local Authorities (LA) and the NHS, through Clinical Commissioning Groups and NHS England. Any reduction in revenue from the LA or NHS would adversely impact the business. Changes in the rate of the National Living Wage has had a significant impact on labour costs for the social care sector. With increase in wage costs exceeding Revenue increases.
- The senior management team is critical to our continued performance.
- Health & Safety - we understand the need to provide a safe environment for our staff, residents, families, and guests. Everyone in our business has accountability for health and safety and they are given the necessary tools (including training, safety equipment and resources) to operate safely. Compliance is organised and monitored by internal teams across the business and our H&S consultants, Peninsula.
- Clinical quality risk - we are committed to provide a consistent level of care. Church Farm have invested in several key areas to monitor care provision, including a head of quality, clinical development nurses and in 2022 successfully recruiting a dedicated head of care. A comprehensive programme of service audits is undertaken across all homes with reports and resulting action plans being the subject of comprehensive review.
- With staff costs representing 71% of turnover, one of largest constraints are within staff recruitment, retention and utilisation, when necessary, of agency staff. It is widely documented that there are staff shortages in the care industry, in particular trained nurses and this is expected to increase nationwide.

	Ye31.12.22	Ye31.12.21	Ye31.12.20	Ye31.12.19	Ye31.12.18
Total no' leavers	50	109	73	61	91
Total no' starters	118	70	84	106	75
Average total no employees	205	219	231	190	182
Staff turnover	24%	50%	32%	32%	50%

To counteract these pressures Church Farm applied for a sponsorship licence with the Home Office in December 2021. This application was granted in May 2022. This licence allows Church Farm to bring in suitably qualified workers from outside the U.K.

Strategic Report
for the Year Ended 31 December 2022

In October 2021, Church Farm joined the 'real living wage' foundation to help retain and acknowledge our excellent staff, we have honoured our promise to stay in this foundation in 2023.

Church Farm were also proud to be awarded the regional Great British Care awards 'Care employer' award.

BUSINESS PERFORMANCE AND KEY PERFORMANCE INDICATORS

The two main areas for us to manage is bed occupancy and staff costs. Budgetary controls have been put in place to review these.

**Bed Occupancy -
average no' beds**

	YE 31.12.22	YE 31.12.21	YE 31.12.20	YE 31.12.19
Cotgrave	41	41	42	45
Skylarks	49	48	46	45
Total Average	90	89	88	90
Average occupancy rate	94%	92%	93%	94%

**Average fee-per
week**

	YE 31.12.22	YE 31.12.21	YE 31.12.20	YE 31.12.19
Cotgrave	£1,246.00	£1,180.00	£1,134.00	£1,088.00
Skylarks	£1,365.00	£1,314.00	£1,283.00	£1,162.00

**Total average-weekly
fee**

£1,306.00	£1,247.00	£1,208.50	£1,125.00
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Our target staff costs as a percentage of turnover are 65%, this is higher than the average for the area of 59% as we pride ourselves on higher staff to resident ratio and we aim for agency costs to be 5% or less of total staff costs.

Payroll/agency costs: Fees

	YE 31.12.22	YE 31.12.21	YE 31.12.20	YE 31.12.19
Fees	6,269,813	5,818,782	5,566,747	5,614,481
Staff & payroll costs, excl				
Director & pension	3,984,833	3,754,775	3,613,567	3,086,541
Agency costs	663,249	427,345	140,461	732,810
Total staff & agency costs	4,648,082	4,182,120	3,754,028	3,789,351
Staff costs: fees (target 63%)	74.13%	71.87%	67.4%	67.5%
Agency costs:staff costs (target 5%)	14.27%	10.22%	3.74%	19.3%

Strategic Report
for the Year Ended 31 December 2022

EMPLOYER GENDER DIVERSITY

Information taken at 31 December 2022

	Male	Female
Directors	1	1
Home managers	0	2
Central management team and finance	2	3

Total	Male				Female			
	2022	2021	2020	2019	2022	2021	2020	2019
Age								
60+	3	2	4	2	19	24	18	20
51-60	8	5	5	3	43	36	47	42
41-50	8	6	6	7	41	33	45	32
31-40	15	6	9	6	41	29	34	27
20-30	23	10	17	17	52	28	42	33
under 20	2	0	0	5	7	1	4	5
TOTAL	59	29	41	40	203	151	190	159

BUSINESS PERFORMANCE AND KEY PERFORMANCE INDICATORS

Financial Covenants

The following financial covenants apply and are calculated using the aggregated management financial information: Church Farm Nursing Home Ltd, Church Farm at Rusticus Ltd and Field House Ltd.

Year ended 31 December 2022 - Management information (excluding one off items, including development costs). Financial Covenant - minimum requirement for the year ended 31 December 2022. Minimum EBITDA £2,100,000. Gross Leverage 6.5:1.

ON BEHALF OF THE BOARD:

P Atkinson - Director

2 August 2023

Report of the Director
for the Year Ended 31 December 2022

The director presents his report with the financial statements of the company for the year ended 31 December 2022.

DIVIDENDS

The director recommends the payment of a final dividend of £120,000 in addition to the interim dividend of £260,000 paid in the year.

DIRECTOR

P Atkinson held office during the whole of the period from 1 January 2022 to the date of this report.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Longleys, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

P Atkinson - Director

2 August 2023

Statement of Director's Responsibilities
for the Year Ended 31 December 2022

The director is responsible for preparing the Strategic Report, the Report of the Director and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of Church Farm Nursing Home Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 director's 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 director with respect to going concern are described in the relevant sections of this report.

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report, the Report of the Director and the Statement of Director's Responsibilities, but does not include the financial statements and our Report of the Auditors 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 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 Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 director

As explained more fully in the Statement of Director's Responsibilities set out on page seven, 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 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 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 company or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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.

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the Officers and other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the Officers.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- We addressed the risk of fraud through management override of controls, by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognizing that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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 Report of the Auditors.

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 a Report of the Auditors 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.

M Richard Longley (Senior Statutory Auditor)
for and on behalf of Longleys
Statutory Auditors
81 Melton Road
West Bridgeford
Nottingham
NG2 6EN

2 August 2023

Income Statement
for the Year Ended 31 December 2022

	Notes	31.12.22 £	31.12.21 £
TURNOVER		6,269,813	5,818,782
Cost of sales		<u>(933,179)</u>	<u>(668,141)</u>
GROSS PROFIT		5,336,634	5,150,641
Administrative expenses		<u>(4,939,855)</u>	<u>(4,611,752)</u>
		396,779	538,889
Other operating income	3	<u>313,978</u>	<u>624,796</u>
OPERATING PROFIT	5	710,757	1,163,685
Interest receivable and similar income		<u>18,040</u>	<u>17,347</u>
		728,797	1,181,032
Interest payable and similar expenses	6	<u>(72,814)</u>	<u>(68,235)</u>
PROFIT BEFORE TAXATION		655,983	1,112,797
Tax on profit	7	<u>(174,045)</u>	<u>(225,716)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>481,938</u>	<u>887,081</u>

Other Comprehensive Income
for the Year Ended 31 December 2022

	Notes	31.12.22 £	31.12.21 £
PROFIT FOR THE YEAR		481,938	887,081
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME			
FOR THE YEAR		<u>481,938</u>	<u>887,081</u>

Balance Sheet
31 December 2022

	Notes	31.12.22 £	31.12.21 £
FIXED ASSETS			
Intangible assets	9	-	-
Tangible assets	10	<u>3,906,313</u>	<u>4,030,030</u>
		<u>3,906,313</u>	<u>4,030,030</u>
CURRENT ASSETS			
Stocks	11	2,000	2,000
Debtors	12	2,177,958	1,959,789
Cash at bank and in hand		<u>121,913</u>	<u>368,936</u>
		<u>2,301,871</u>	<u>2,330,725</u>
CREDITORS			
Amounts falling due within one year	13	<u>(1,071,561)</u>	<u>(1,069,671)</u>
NET CURRENT ASSETS		<u>1,230,310</u>	<u>1,261,054</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		5,136,623	5,291,084
CREDITORS			
Amounts falling due after more than one year	14	(1,844,501)	(2,132,900)
PROVISIONS FOR LIABILITIES	17	<u>(141,000)</u>	<u>(109,000)</u>
NET ASSETS		<u>3,151,122</u>	<u>3,049,184</u>
CAPITAL AND RESERVES			
Called up share capital	18	90	90
Capital redemption reserve	19	10	10
Retained earnings	19	<u>3,151,022</u>	<u>3,049,084</u>
SHAREHOLDERS' FUNDS		<u>3,151,122</u>	<u>3,049,184</u>

The financial statements were approved by the director and authorised for issue on 2 August 2023 and were signed by:

P Atkinson - Director

Statement of Changes in Equity
for the Year Ended 31 December 2022

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1 January 2021	90	2,522,003	10	2,522,103
Changes in equity				
Dividends	-	(360,000)	-	(360,000)
Total comprehensive income	-	887,081	-	887,081
Balance at 31 December 2021	90	3,049,084	10	3,049,184
Changes in equity				
Dividends	-	(380,000)	-	(380,000)
Total comprehensive income	-	481,938	-	481,938
Balance at 31 December 2022	90	3,151,022	10	3,151,122

Cash Flow Statement
for the Year Ended 31 December 2022

	Notes	31.12.22 £	31.12.21 £
Cash flows from operating activities			
Cash generated from operations	1	670,228	584,322
Interest paid		(72,814)	(68,235)
Tax paid		(214,207)	(153,599)
Net cash from operating activities		<u>383,207</u>	<u>362,488</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(16,270)	(92,222)
Sale of tangible fixed assets		-	19,194
Interest received		18,040	17,347
Net cash from investing activities		<u>1,770</u>	<u>(55,681)</u>
Cash flows from financing activities			
Loan repayments in year		(235,039)	(192,277)
Amount introduced by directors		384,051	360,000
Amount withdrawn by directors		(401,012)	(358,859)
Equity dividends paid		(380,000)	(360,000)
Net cash from financing activities		<u>(632,000)</u>	<u>(551,136)</u>
Decrease in cash and cash equivalents		<u>(247,023)</u>	<u>(244,329)</u>
Cash and cash equivalents at beginning of year	2	368,936	613,265
Cash and cash equivalents at end of year	2	<u>121,913</u>	<u>368,936</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 December 2022

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	31.12.22	31.12.21
	£	£
Profit before taxation	655,983	1,112,797
Depreciation charges	139,987	142,928
Profit on disposal of fixed assets	-	(4,799)
Finance costs	72,814	68,235
Finance income	(18,040)	(17,347)
	<u>850,744</u>	<u>1,301,814</u>
Increase in stocks	-	(1,500)
Increase in trade and other debtors	(206,652)	(511,505)
Increase/(decrease) in trade and other creditors	<u>26,136</u>	<u>(204,487)</u>
Cash generated from operations	<u><u>670,228</u></u>	<u><u>584,322</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	£	£
Cash and cash equivalents	<u>121,913</u>	<u>368,936</u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£	£
Cash and cash equivalents	<u><u>368,936</u></u>	<u><u>613,265</u></u>

Notes to the Cash Flow Statement
for the Year Ended 31 December 2022

3. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.22 £	Cash flow £	At 31.12.22 £
Net cash			
Cash at bank and in hand	368,936	(247,023)	121,913
	<u>368,936</u>	<u>(247,023)</u>	<u>121,913</u>
Debt			
Debts falling due within 1 year	(289,077)	(53,360)	(342,437)
Debts falling due after 1 year	(2,132,900)	288,399	(1,844,501)
	<u>(2,421,977)</u>	<u>235,039</u>	<u>(2,186,938)</u>
Total	<u>(2,053,041)</u>	<u>(11,984)</u>	<u>(2,065,025)</u>

Notes to the Financial Statements
for the Year Ended 31 December 2022

1. STATUTORY INFORMATION

Church Farm Nursing Home Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost and not provided
Short leasehold	- 10% on cost
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Computer equipment	- 33% on cost

Government grants

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received and the company will comply with the relevant conditions.

Amounts receivable are recognised in the Profit and Loss account. Grant accounting has been applied to the amount receivable under the Job Retention Scheme, Infection Control Grants (and other grants specific to the Care sector) and the interest paid by the government in respect of the Bounceback Loan.

Stocks

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

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Financial instruments

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are recognised and carried forward at transaction price. Financial assets are derecognised when:

- (a) The contractual rights to the cash flows from the asset expire or are settled;
- (b) Substantially all the risks and rewards of the ownership of the asset are transferred to another party; or
- (c) Control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, and loans from third parties are initially recognised and carried forward at transaction price.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

The company has only financial assets and financial liabilities of a kind that qualify as a basic financial instruments. Basic financial instruments are recognised initially at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest rate method.

Going concern

the financial statements have been prepared on the going concern basis. The directors consider that there are no serious threats to the ability of the company to continue as a going concern for the foreseeable future.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

3. OTHER OPERATING INCOME

	31.12.22	31.12.21
	£	£
Grants received	<u>313,978</u>	<u>624,796</u>

4. EMPLOYEES AND DIRECTORS

	31.12.22	31.12.21
	£	£
Wages and salaries	3,588,008	3,478,428
Social security costs	298,644	234,752
Other pension costs	67,539	62,331
	<u>3,954,191</u>	<u>3,775,511</u>

The average number of employees during the year was as follows:

	31.12.22	31.12.21
Nursing and care staff	149	168
Kitchen, cleaning and maintenance staff	40	35
Administration and management staff	16	16
	<u>205</u>	<u>219</u>

	31.12.22	31.12.21
	£	£
Director's remuneration	<u>8,658</u>	<u>9,412</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.12.22	31.12.21
	£	£
Hire of plant and machinery	578	575
Other operating leases	9,775	11,325
Depreciation - owned assets	139,987	142,928
Profit on disposal of fixed assets	-	(4,799)
Auditors' remuneration	<u>11,777</u>	<u>6,790</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.22	31.12.21
	£	£
Bank interest	-	224
Bank loan interest	<u>72,814</u>	<u>68,011</u>
	<u>72,814</u>	<u>68,235</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	31.12.22 £	31.12.21 £
Current tax:		
UK corporation tax	142,045	216,709
Adjustment re prior year	-	7
Total current tax	<u>142,045</u>	<u>216,716</u>
Deferred tax	32,000	9,000
Tax on profit	<u>174,045</u>	<u>225,716</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.22 £	31.12.21 £
Profit before tax	<u>655,983</u>	<u>1,112,797</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	124,637	211,431
Effects of:		
Expenses not deductible for tax purposes	1,910	10
Adjustments to tax charge in respect of previous periods	-	7
Non qualifying depreciation	14,545	17,193
Capital allowances in excess of cost of assets	(927)	(2,925)
Increase in rate of deferred tax provision	33,880	-
Total tax charge	<u>174,045</u>	<u>225,716</u>

8. DIVIDENDS

	31.12.22 £	31.12.21 £
A Ordinary shares of 0.25 each		
Final	120,000	80,000
Interim	175,000	200,000
B Ordinary shares of 0.25 each		
Interim	85,000	80,000
	<u>380,000</u>	<u>360,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

9. INTANGIBLE FIXED ASSETS

Goodwill
£

COST

At 1 January 2022

and 31 December 2022

445,000

AMORTISATION

At 1 January 2022

and 31 December 2022

445,000

NET BOOK VALUE

At 31 December 2022

-

At 31 December 2021

-

10. TANGIBLE FIXED ASSETS

Freehold
property
£

Short
leasehold
£

Plant and
machinery
£

COST

At 1 January 2022

4,810,207

13,866

22,355

Additions

-

-

-

At 31 December 2022

4,810,207

13,866

22,355

DEPRECIATION

At 1 January 2022

945,941

11,613

18,094

Charge for year

96,204

1,387

3,096

At 31 December 2022

1,042,145

13,000

21,190

NET BOOK VALUE

At 31 December 2022

3,768,062

866

1,165

At 31 December 2021

3,864,266

2,253

4,261

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

10. **TANGIBLE FIXED ASSETS - continued**

	Fixtures and fittings £	Computer equipment £	Totals £
COST			
At 1 January 2022	563,037	74,113	5,483,578
Additions	16,270	-	16,270
At 31 December 2022	<u>579,307</u>	<u>74,113</u>	<u>5,499,848</u>
DEPRECIATION			
At 1 January 2022	410,432	67,468	1,453,548
Charge for year	34,956	4,344	139,987
At 31 December 2022	<u>445,388</u>	<u>71,812</u>	<u>1,593,535</u>
NET BOOK VALUE			
At 31 December 2022	<u>133,919</u>	<u>2,301</u>	<u>3,906,313</u>
At 31 December 2021	<u>152,605</u>	<u>6,645</u>	<u>4,030,030</u>

11. **STOCKS**

	31.12.22 £	31.12.21 £
Stocks	<u>2,000</u>	<u>2,000</u>

12. **DEBTORS**

	31.12.22 £	31.12.21 £
Amounts falling due within one year:		
Trade debtors	101,682	121,050
Other debtors	1,388,103	1,220,126
Directors' current accounts	14,019	-
Social security and other tax	-	2,502
Prepayments and accrued income	<u>236,261</u>	<u>196,980</u>
	<u>1,740,065</u>	<u>1,540,658</u>
Amounts falling due after more than one year:		
Other debtors	<u>437,893</u>	<u>419,131</u>
Aggregate amounts	<u>2,177,958</u>	<u>1,959,789</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21
	£	£
Bank loans and overdrafts (see note 15)	342,437	289,077
Trade creditors	160,939	200,395
Tax	142,045	216,709
Other creditors	33,467	18,540
Staff fund	3,722	7,851
Directors' current accounts	-	2,942
Accruals and deferred income	388,951	334,157
	<u>1,071,561</u>	<u>1,069,671</u>

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

	31.12.22	31.12.21
	£	£
Bank loans (see note 15)	<u>1,844,501</u>	<u>2,132,900</u>

15. LOANS

An analysis of the maturity of loans is given below:

	31.12.22	31.12.21
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>342,437</u>	<u>289,077</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>342,436</u>	<u>293,931</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>805,142</u>	<u>759,063</u>
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Bank loans more 5 yrs non-inst	<u>696,923</u>	<u>1,079,906</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

16. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.22 £	31.12.21 £
Bank loans	<u>2,186,938</u>	<u>2,421,977</u>

The bank borrowings are secured by a charge of the company's properties and by floating charge over the companies other assets. The

17. PROVISIONS FOR LIABILITIES

	31.12.22 £	31.12.21 £
Deferred tax		
Accelerated capital allowances	<u>141,000</u>	<u>109,000</u>

		Deferred tax £
Balance at 1 January 2022		109,000
Charge to Income Statement during year		<u>32,000</u>
Balance at 31 December 2022		<u>141,000</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.22 £	31.12.21 £
280	A Ordinary	0.25	90	70
40	B Ordinary	0.25	-	10
40	D Ordinary	0.25	-	10
			<u>90</u>	<u>90</u>

19. RESERVES

	Retained earnings £	Capital redemption reserve £	Totals £
At 1 January 2022	3,049,084	10	3,049,094
Profit for the year	481,938		481,938
Dividends	<u>(380,000)</u>		<u>(380,000)</u>
At 31 December 2022	<u>3,151,022</u>	<u>10</u>	<u>3,151,032</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

20. CONTINGENT LIABILITIES

The company has provided guarantees in respect of the bank borrowings of other companies controlled by the director. The extent of the guarantees at 31 December 2022 was £9,591,271 (2021 £9,613,016).

21. DIRECTOR'S ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to a director subsisted during the years ended 31 December 2022 and 31 December 2021:

	31.12.22 £	31.12.21 £
P Atkinson		
Balance outstanding at start of year	(2,942)	(1,801)
Amounts advanced	401,012	358,859
Amounts repaid	(384,051)	(360,000)
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>14,019</u>	<u>(2,942)</u>

22. RELATED PARTY DISCLOSURES

Entities with control, joint control or significant influence over the entity

	31.12.22 £	31.12.21 £
Rent payable to the director	<u>5,525</u>	<u>3,825</u>

Transactions with the following entities controlled by the controlling party

	31.12.22 £	31.12.21 £
Re-charge of salary costs	133,848	195,808
Rent	4,250	7,500
Amount due from related parties	1,453,664	1,632,373
Amount due to related parties	<u>678</u>	<u>1,457</u>

Included within amounts due from related parties is an amount of £469,051 (2021 £451,011). This balance is subject to interest at a commercial rate, is unsecured and is repayable over 12 years.

All other balances due to or by related parties are free of interest, unsecured and repayable upon demand.

As described in note 20 above, the company has provided guarantees in respect of the bank borrowings of other companies controlled by the director.

23. ULTIMATE CONTROLLING PARTY

The controlling party is P Atkinson.

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