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Registered number: 05591087

SHAW HEALTHCARE (BARTON) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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COMPANY INFORMATION

Directors	R S Brown P J Nixey M J Smith A Thomas
Registered number	05591087
Registered office	Ty Shaw Links Court Links Business Park St Mellons Cardiff CF3 0LT
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 6th Floor 3 Callaghan Square Cardiff CF10 5BT
Bankers	Allied Irish Bank 19 Whiteladies Road Clifton BS8 1PB
Solicitors	Blake Morgan LLP One Central Square Cardiff CF10 1FS

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SHAW HEALTHCARE (BARTON) LIMITED

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SHAW HEALTHCARE (BARTON) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Principal activity

The principal activities of the company during the course of the year were those of the management of residential care homes.

Results and dividends

The profit for the year, after taxation, amounted to £320,187 *(2020: £4,631)*.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

R S Brown
P J Nixey
M J Smith
A Thomas

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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Future developments

We recognise that the impact of Covid-19 will be felt by the sector for many months if not years to come with care home occupancy being at an all-time low and the sector having to regain the confidence and trust amongst families wishing to find suitable care for their loved ones.

Our care homes have been largely free from Covid-19 since May 2021 and over 85% of our employees and 90% of our residents have been fully vaccinated against Covid-19. Our enhanced infection control measures continue to be in force providing a safe and pleasant environment for all. We are grateful for the continued support, in the form of grants, being received from a number of local authorities until October 2021.

Taxation status

The company is a close company under the provisions of the Taxes Act 1988.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Further details regarding the adoption of the going concern basis can be found in note 2.3 to the financial statements.

Disclosure of information to auditor

The directors confirm that:

- so far as each the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

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

Small companies note

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

This report was approved by the board on 30/9/2021 and signed on its behalf.

Jeremy Nixey

P J Nixey
Director

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHAW HEALTHCARE (BARTON) LIMITED

Opinion

We have audited the financial statements of Shaw Healthcare (Barton) Limited (the 'company') for the year ended 31 March 2021, which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity 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 company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHAW HEALTHCARE (BARTON) LIMITED (CONTINUED)

Conclusions relating to going concern (continued)

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHAW HEALTHCARE (BARTON) LIMITED (CONTINUED)

Matter on which we are required to report under the Companies Act 2006

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 Directors' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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.

Grant Thornton

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of how the Company is complying with significant legal and regulatory frameworks through inquiries of management;
- The Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified Financial Reporting Standard 102 and the Companies Act 2006, along with legislation and regulation relating to employment, health & safety, social care & mental health, data protection, environmental issues, as those most likely to have a material effect if non-compliance were to occur. This includes consideration of compliance with the stipulations of emergency regulation impacting the audit healthcare sector due to the COVID-19 pandemic;
- We communicated relevant laws and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements;
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Company's operations, including the nature of its revenue sources, products, and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the Company's control environment;
  - the Company's relevant controls over areas of significant risks; and
  - the Company's business processes in respect of classes of transactions that are significant to the financial statements.
- Audit procedures performed by the engagement team included:
  - identifying the significant risk of fraud within revenue recognition and undertaking substantive testing to obtain sufficient and appropriate audit evidence;
  - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions;
  - reviewing published independent care regulator reports for the Company's care homes to identify areas of non-compliance, considering their impact on the financial statements; and
  - identifying and testing related party transactions.

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHAW HEALTHCARE (BARTON) LIMITED (CONTINUED)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included:
  - consideration of the engagement team's understanding of, and practical experience with, audit engagements of a similar nature and complexity.
  - appropriate training, knowledge of the industry in which the Company operates; and
  - understanding of the legal and regulatory requirements specific to the Company.
- We did not identify any material matters relating to non-compliance with laws and regulations or relating to fraud.

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.

Grant Thornton UK LLP

Dylan Rees BSc ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff
Date: 30/9/2021

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	*2020* *£*
Turnover	4	**1,509,013**	*1,477,404*
Operating costs		**(1,033,080)**	*(1,017,961)*
Operating profit	5	**475,933**	*459,443*
Interest receivable and similar income	9	**231,948**	*385*
Interest payable and similar expenses	10	**(320,006)**	*(446,516)*
Profit before tax		**387,875**	*13,312*
Tax on profit	11	**(67,688)**	*(8,681)*
Profit for the financial year		**320,187**	*4,631*

The Profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 12 to 26 form part of these financial statements.

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	2021	*2020*
	£	£
Profit for the financial year	**320,187**	*4,631*
Other comprehensive income	**-**	-
Total comprehensive income for the year	**320,187**	*4,631*

The notes on pages 12 to 26 form part of these financial statements.

SHAW HEALTHCARE (BARTON) LIMITED
REGISTERED NUMBER:05591087

BALANCE SHEET
AS AT 31 MARCH 2021

	Note		2021 £		2020 £
Fixed assets					
Tangible assets	12		**3,491,400**		*3,523,698*
			3,491,400		*3,523,698*
Current assets					
Debtors: amounts falling due after more than one year	14	**2**		*9,350*	
Debtors: amounts falling due within one year	14	**192,610**		*260,248*	
Cash at bank and in hand	15	**527,570**		*398,749*	
		720,182		*668,347*	
Creditors: amounts falling due within one year	16	**(439,091)**		*(366,705)*	
Net current assets			**281,091**		*301,642*
Total assets less current liabilities			**3,772,491**		*3,825,340*
Creditors: amounts falling due after more than one year	17		**(5,094,197)**		*(5,467,233)*
Net liabilities			**(1,321,706)**		*(1,641,893)*
Capital and reserves					
Called up share capital	20		**50,000**		*50,000*
Capital redemption reserve	21		**355,012**		*355,012*
Profit and loss account	21		**(1,726,718)**		*(2,046,905)*
			(1,321,706)		*(1,641,893)*

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
30/9/2021 30/9/2021

Russell Brown Jeremy Nixey

R S Brown
Director

P J Nixey
Director

The notes on pages 12 to 26 form part of these financial statements.

SHAW HEALTHCARE (BARTON) LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	**50,000**	**355,012**	**(2,046,905)**	**(1,641,893)**
Profit for the year	-	-	**320,187**	**320,187**
At 31 March 2021	**50,000**	**355,012**	**(1,726,718)**	**(1,321,706)**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	**50,000**	**355,012**	**(2,051,536)**	**(1,646,524)**
Profit for the year	-	-	**4,631**	**4,631**
At 31 March 2020	**50,000**	**355,012**	**(2,046,905)**	**(1,641,893)**

The notes on pages 12 to 26 form part of these financial statements.

1. General information

Shaw healthcare (Barton) Limited is a private company limited by shares and incorporated in England and Wales. Its registered office is Ty Shaw Links Court, Links Business Park, St Mellons, Cardiff, CF3 0LT.

The principal activity of Shaw healthcare (Barton) Limited is the management of residential care homes.

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

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

There is currently a high level of macro-economic uncertainty due to COVID-19. The preparation of the financial statements requires the directors to make a number of estimates, including an assessment of the appropriateness of the going concern basis of preparation of the financial statements. This assessment includes a review of the future economic environment and the company's future prospects and performance.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Shaw healthcare (Group) Limited as at 31 March 2021 and these financial statements may be obtained from its registered office Ty Shaw Links Court, Links Business Park, St Mellons, Cardiff, CF3 0LT.

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared using the going concern basis of accounting.

The company's business activities are set out in the Directors' Report. The Business Review incorporated in the annual report of Shaw healthcare (Group) Limited ('the group'), the ultimate parent company, includes information on the group's business activities, together with the factors likely to affect its future development, performance, and position. It also includes information on the financial position of the group, its cash flows, liquidity position and borrowing facilities as well as its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The directors have assessed going concern for the group and all subsidiaries, including the company. Management is common across the group and the company and take comfort that whilst there is sufficient cash headroom within the group, management can transfer funds across the group and subsidiaries to ensure sufficient headroom is maintained at a subsidiary level, to ensure they meet their obligations as they fall due, and in compliance with bank covenant tests. Formal letters of support from the group have also been provided for subsidiary companies, if required.

Most of the company's revenue is derived from long term-contracts and is therefore secure revenue.

The company is largely sheltered from risk of cost volatility due to its agreement with subcontracting companies within the group for major items such as staff and facility costs.

The Covid-19 pandemic has been considered as part of the going concern assessment. To date, the company has not observed any material adverse impact on financial performance due to pandemic and are not expecting this to change over the forecast period under review. The resilience of the business is underpinned by a large proportion of long-term contract revenue and strong relationships with local authorities who have assisted with the additional cost burden of Covid-19 linked to PPE, sickness, and agency staff.

The company is in a net liabilities position at the year-end as a result of losses made in previous years. The directors have reviewed future cash flow forecasts and note that sufficient cash will be generated from profits, in addition to cash reserves held at the year-end, to meet obligations as they fall due, and to ensure sufficient headroom on bank covenant tests throughout the forecast period, for period of at least 12 months from approval of the financial statements. Director's assessment also considered the Covid-19 pandemic, including reasonable downside scenarios and sensitivities on key assumptions.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company 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 turnover shown in the profit and loss account arises wholly in the United Kingdom and represents amounts recognised during the year in line with the company's revenue recognition policy.

The company recognises revenue as care is provided for noncontracted market beds and as it is made available for contracted block beds. The company recognises income from the sale of properties on completion of the sale. The company recognises service contract income and housing and management service fees as the service is provided. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

2.5 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Profit and loss account 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.

2.7 Borrowing costs related to fixed assets

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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2. Accounting policies (continued)

2.8 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

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

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

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

2.9 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, using the straight-line method.

Depreciation is provided on the following basis:

Freehold land and buildings	- 1.67%
Fixtures and fittings	- 10% - 33.3%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

2. Accounting policies (continued)

2.10 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.

2.11 Cash and cash equivalents

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

2.12 Creditors

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

2.13 Financial instruments

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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.13 Financial instruments (continued)

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

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

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

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

The following are the critical judgements and key sources of estimation that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of tangible fixed assets
At each reporting period, tangible fixed assets are reviewed for impairment indicators. If directors judge that such impairment indicators are present, an estimate of the recoverable amount of the asset is made. The recoverable amount of an asset is the higher of its fair value less cost to sell and its value in use.

The value in use calculations require judgement in relation to uncertain items, including management's expectations of future revenue growth, operating costs, operating cash flows, and discount rate for the business. The future cash flows used in the value-in-use calculations are based on the latest board-approved financial plans. The discount rate is derived from the post-tax average cost of capital.

If the value in use of the asset is insufficient, directors engage with independent property valuation experts to determine the fair value of assets.

4. Turnover

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

	2021 £	*2020 £*
Care home residential fees	**1,018,305**	*988,671*
Property rental and service charge income	**459,295**	*450,163*
Other income	**31,413**	*38,570*
	1,509,013	*1,477,404*

5. Operating profit

The operating profit is stated after charging:

	2021 £	*2020 £*
Depreciation of owned tangible fixed assets	**49,927**	*49,928*

6. Auditor's remuneration

	2021 £	*2020 £*
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	**5,050**	*3,998*

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

7. Employees

The company had no employees other than the directors during either the current or the prior financial year.

8. Directors' remuneration

The directors are remunerated by Shaw healthcare (Group) Limited for their services to the group as a whole. Its is not practicable to allocate their remuneration between their services to this company and other group companies. Their remuneration is disclosed in the consolidated financial statements of Shaw healthcare (Group) Limited, which are publicly available.

9. Interest receivable

	2021 £	2020 £
Interest on bank deposits	2	25
Other interest income	143	360
Finance gain for financial instruments measured at fair value through profit or loss	231,803	-
	231,948	385

10. Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdraft and loans	19,148	18,393
Interest payable to group undertakings	112,546	114,796
Finance costs for financial instruments measured at fair value through profit or loss	-	113,015
Other interest on financial liabilities	188,312	200,312
	320,006	446,516

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	58,340	-
Group taxation relief	-	(9,900)
Total current tax	58,340	(9,900)
Deferred tax		
Origination and reversal of timing differences	9,348	18,581
Total deferred tax	9,348	18,581
Taxation on profit on ordinary activities	67,688	8,681

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2020: higher than)* the standard rate of corporation tax in the UK of 19% *(2020: 19%)*. The differences are explained below:

	2021	*2020*
	£	*£*
Profit on ordinary activities before tax	**387,875**	*13,312*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% *(2019: 19%)*	**73,696**	*2,529*
Effects of:		
Rate differences	**-**	*(15,301)*
Deferred tax not recognised	**(14,741)**	*12,016*
Tax effect of expenses that are not deductible in determining taxable profits	**2,786**	*9,437*
Fixed asset differences	**5,947**	*-*
Total tax charge for the year	**67,688**	*8,681*

Factors that may affect future tax charges

Taxable losses of £600,813 *(2020: £600,813)* have been carried forward to set off against future profits. No deferred tax asset has been recognised in relation to carried forward losses.

12. Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
Cost or valuation			
At 1 April 2020	**4,143,317**	**82,066**	**4,225,383**
Additions	**-**	**17,629**	**17,629**
Disposals	**-**	**(17,629)**	**(17,629)**
At 31 March 2021	**4,143,317**	**82,066**	**4,225,383**
Depreciation			
At 1 April 2020	**619,619**	**82,066**	**701,685**
Charge for the year on owned assets	**49,927**	**-**	**49,927**
Disposals	**-**	**(17,629)**	**(17,629)**
At 31 March 2021	**669,546**	**64,437**	**733,983**
Net book value			
At 31 March 2021	**3,473,771**	**17,629**	**3,491,400**
At 31 March 2020	*3,523,698*	*-*	*3,523,698*

Cumulative finance costs capitalised within freehold land and buildings amount to £283,813 *(2020: £283,813)*. Capitalised finance costs written off in the profit and loss account during the year amounted to £4,729 *(2020: £4,729)*.

The unamortised portion of capitalised borrowing costs at 31 March 2021 was £220,351 *(2020: £225,080)*.

13. Derivative financial instruments

Interest rate swaps are valued at present value of future cashflows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Interest rate swap contracts

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

	Notional principal value 2021 £	Notional principal value 2020 £	Fair value 2021 £	Fair value 2020 £
Outstanding 'receive floating pay fixed' contracts	**3,000,000**	**3,100,000**	**829,100**	**1,060,903**

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is LIBOR. Swap interest rate is fixed at 4.58% expiring on 31 March 2035. The company will settle the difference between the fixed and floating interest rate on a net basis.

14. Debtors

	2021 £	*2020 £*
Due after more than one year		
Deferred tax asset	**2**	*9,350*

	2021 £	*2020 £*
Due within one year		
Trade debtors	**186,550**	*243,904*
Amounts owed by group undertakings	**-**	*9,900*
Other debtors	**5,033**	*6,444*
Prepayments and accrued income	**1,027**	*-*
	192,612	*269,598*

The amounts owed by other group companies are unsecured, interest-free and repayable on demand unless otherwise stated.

15. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	**527,570**	*398,749*

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	**128,253**	*135,146*
Other loans	**26,681**	*24,201*
Trade creditors	**1**	-
Amounts owed to group undertakings	**20,812**	*1,231*
Corporation tax	**58,340**	-
Other taxation and social security	**55,169**	*57,400*
Accruals and deferred income	**149,835**	*148,727*
	439,091	*366,705*

The amounts owed to other group companies are unsecured, interest-free and repayable on demand unless otherwise stated.

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

	2021 £	2020 £
Bank loans	**3,289,536**	*3,417,789*
Other loans	**975,561**	*988,541*
Derivative financial instruments	**829,100**	*1,060,903*
	5,094,197	*5,467,233*

The aggregate amount of liabilities repayable wholly or in part more than five years after the balance sheet date is:

	2021 £	2020 £
Payable by instalments	**3,548,574**	*3,727,812*

Please provide details of the terms of payment or repayment and the rates of any interest payable on the amounts repayable more than five years after the balance sheet date.

18. Loans and overdrafts

	2021 £	*2020* £
Bank loans	**3,417,789**	*3,552,935*
Loans from parent undertaking	**1,002,242**	*1,012,742*
	4,420,031	*4,565,677*

Borrowings are repayable as follows:

	2021 £	*2020* £
Bank loans		
Payable within one year	**128,253**	*135,146*
Payable between two and five years	**592,240**	*554,235*
Payable after five years	**2,697,296**	*2,863,554*
	3,417,789	*3,552,935*

The loan is secured on the freehold land and buildings and other assets of the company and is repayable in six-monthly instalments which commenced in September 2008. The loan will be fully repaid by 2036. The company has entered into an interest rate swap agreement (with Allied Irish Bank) whereby the interest rate is fixed at 4.58% per annum for the duration of the loan.

The bank loan is stated net of deferred finance costs of £36,899 *(2020: £39,360)*. These costs will be allocated to the profit and loss account over the term of the loan. Deferred finance costs written off during the year amounted to £2,461 *(2020: £2,460)*.

	2021 £	*2020* £
Loan from parent undertaking		
Payable within one year	**26,681**	*24,201*
Payable between two and five years	**124,283**	*124,283*
Payable after five years	**851,278**	*864,258*
	1,002,242	*1,012,742*

The loan is repayable in six-monthly instalments which commenced in September 2008 and will be fully repaid by 2038. The loan is secured on the freehold land and buildings and other assets of the company and ranks second in priority behind the bank loan shown above. Interest is charged at 15% per annum for the duration of the loan.

Included within amounts payable after five years is an amount of £180,000 *(2020: £180,000)* with no fixed repayment terms. Interest is charged at 2% per annum on this balance.

18. Loans and overdrafts (continued)

	2021 £	*2020* £
Total borrowings		
Payable within one year	**154,934**	*159,347*
Payable between two and five years	**716,523**	*678,518*
Payable after five years	**3,548,574**	*3,727,812*
	4,420,031	*4,565,677*

19. Deferred taxation

	2021 £	*2020* £
At beginning of year	**9,350**	*27,931*
Charged to profit or loss	**(9,348)**	*(18,581)*
At end of year	**2**	*9,350*

The deferred tax asset is made up as follows:

	2021 £	*2020* £
Accelerated capital allowances	**-**	*(95,473)*
Other timing differences	**2**	*104,823*
	2	*9,350*

20. Share capital

	2021 £	*2020* £
Allotted, called up and fully paid		
50,000 *(2020: 50,000)* Ordinary Shares shares of £1 each	**50,000**	*50,000*

The company has one class of ordinary shares which carry no right to fixed income.

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21. Reserves

Capital redemption reserve

The capital contribution reserve represents the cumulative difference between actual and market rate interest charged on inter-company borrowings.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

22. Related party transactions

There were no related party transactions with companies outside the Shaw healthcare (Group) Limited group of companies. There were no transactions with the directors.

The company has taken advantage of the exemption available under FRS 102 from disclosing transactions and balances with other wholly owned group companies that form part of the Shaw healthcare (Group) Limited group.

Key management personnel are consistent with directors. The directors are remunerated by Shaw healthcare (Group) Limited for their services to the group as a whole.

23. Controlling party

The parent company is Shaw healthcare (Group) Limited, a company incorporated and registered in England and Wales. The smallest and largest group for which consolidated financial statements are prepared which include the results of the company is headed by Shaw healthcare (Group) Limited, the financial statements of which are available from Ty Shaw Links Court, Links Business Park, St Mellons, Cardiff CF3 0LT.

The ultimate controlling party is Shaw healthcare Employee Ownership Trust (EOT) which owns 51% of the ordinary share capital of Shaw healthcare (Group) Limited. No individual holds more than a 10% holding in the share capital of the group.