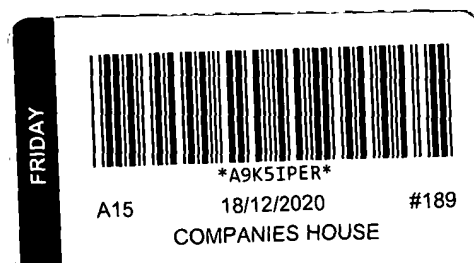


Registration number: 05843985

Barchester HoldCo Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



Barchester HoldCo Limited

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Barchester HoldCo Limited

Company Information

Directors	Pete Calveley Mark Hazlewood Michael O'Reilly
Company secretary	Michael O'Reilly
Registered office	3rd Floor, The Aspect 12 Finsbury Square London EC2A 1AS
Auditor	KPMG LLP Chartered Accountants Salt Quay House 6 North East Quay Plymouth PL4 0HP

Barchester HoldCo Limited

Directors' Report for the Year Ended 31 December 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of Barchester HoldCo Limited ("the Company") is that of an intermediate holding company.

Fair review of the business

The Company is consolidated as part of the Grove Limited group ("Group"). The Group's business review and risks and uncertainties can be found in the Grove Limited consolidated financial statements. The Directors deem that there are no risks and uncertainties directly attributable to the Company.

Directors of the Company

The Directors who held office during the year were as follows:

Pete Calveley

Mark Hazlewood

Michael O'Reilly - Company secretary and Director

Dividends

The Directors recommend no final dividend payment be made in respect of the financial year ended 31 December 2019 (2018: nil).

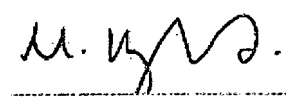
Going concern

The Directors have reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. The Directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis. Further details are in note 2 to the financial statements.

Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 15 September 2020 and signed on its behalf by:



Mark Hazlewood
Director

Barchester HoldCo Limited

Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and the 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 of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Barchester HoldCo Limited

Independent Auditor's Report to the Members of Barchester HoldCo Limited

Opinion

We have audited the financial statements of Barchester HoldCo Limited (the 'Company') for the year ended 31 December 2019, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Barchester HoldCo Limited

Independent Auditor's Report to the Members of Barchester HoldCo Limited (continued)

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Directors' report

The Directors are responsible for the Directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Barchester HoldCo Limited

Independent Auditor's Report to the Members of Barchester HoldCo Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Ian Brokenshire (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

Salt Quay House
6 North East Quay
Plymouth
PL4 0HP

Date: 21 September 2020

Barchester HoldCo Limited

Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Turnover		-	-
Administrative expenses		<u>(591)</u>	<u>(7)</u>
Operating loss		<u>(591)</u>	<u>(7)</u>
Loss before tax		<u>(591)</u>	<u>(7)</u>
Loss for the financial year		<u><u>(591)</u></u>	<u><u>(7)</u></u>

The Company has no recognised gains or losses for the year other than the results above.

Barchester HoldCo Limited

Statement of Comprehensive Loss for the Year Ended 31 December 2019

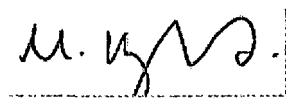
	2019	2018
	£ 000	£ 000
Loss for the year	<u>(591)</u>	<u>(7)</u>
Total comprehensive loss for the year	<u><u>(591)</u></u>	<u><u>(7)</u></u>

The notes on pages 11 to 16 form an integral part of these financial statements.

Barchester HoldCo Limited
(Registration number: 05843985)
Balance Sheet as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Tangible assets	6	1,920	2,400
Current assets			
Debtors	7	466	465
Creditors: Amounts falling due within one year	8	<u>(17,117)</u>	<u>(17,005)</u>
Net current liabilities		<u>(16,651)</u>	<u>(16,540)</u>
Net liabilities		<u>(14,731)</u>	<u>(14,140)</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		<u>(14,731)</u>	<u>(14,140)</u>
Total equity		<u>(14,731)</u>	<u>(14,140)</u>

Approved and authorised by the Board on 15 September 2020 and signed on its behalf by:



Mark Hazlewood
Director

Barchester HoldCo Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	-	(14,140)	(14,140)
Loss for the year	-	(591)	(591)
Total comprehensive income	-	(591)	(591)
At 31 December 2019	-	(14,731)	(14,731)

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2018	-	(14,133)	(14,133)
Loss for the year	-	(7)	(7)
Total comprehensive income	-	(7)	(7)
At 31 December 2018	-	(14,140)	(14,140)

The notes on pages 11 to 16 form an integral part of these financial statements.

Barchester HoldCo Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

The Company is a private company limited by share capital, incorporated in England and Wales.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The functional and presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £'000.

Barchester HoldCo Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

There were no judgements or material estimation uncertainties affecting the reported financial performance in the current or prior year.

Notwithstanding net current liabilities of £16,651,000 as at 31 December 2019 and a loss for the year then ended of £591,000, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

This basis is dependent on the Company's parent and fellow subsidiary companies, not seeking repayment of the amounts currently due to the Group, which at 31 December 2019 amounted to £17,117,000. Grove Limited has indicated that it does not intend to seek repayment of these amounts during the next 12 months. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

The Directors of Grove Limited (the Company's ultimate parent undertaking) have prepared cash flow forecasts for Grove Limited and its subsidiaries (the Group) for a period of 15 months from the date of approval of these financial statements. These forecasts indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the Group, including its subsidiaries, will have sufficient funds to meet liabilities as they fall due for that period.

A base case forecast has been prepared which takes into account the impact of COVID-19 to date and includes updated assumptions and expectations in relation to occupancy of the Group's care homes that are owned, leased and operated. Occupancy levels within homes are the primary driver for the Group's income generation. The base case forecasts a steady but prudent on-going rise in occupancy based on historic and current post-Covid data and appropriate assumptions for future fee increases. The base case is predicated on homes being in a significantly more prepared state for any second spikes.

A separate forecast reflecting a severe but plausible downside scenario has been prepared. This scenario assumes no increases in occupancy over the forecast period to December 2021 and also more prudent assumptions on any future fee increases. Both forecasts demonstrate that the Group will continue to have sufficient available cash resources for the forecast period up to the year ending 31 December 2021. In addition to the forecast cash resources available, the Group also has access to a £20m banking facility which is not expected to be drawn down during the period to 31 December 2021 under either the base case or severe but plausible downside scenario. There are also a number of further mitigating options available to management, such as a reduction in discretionary capital expenditure, should they be needed.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Summary of disclosure exemptions

As the Company is a wholly owned subsidiary of Grove Limited the Company has taken advantage of the disclosure exemptions contained in FRS 102 Section 1.12. By virtue of FRS 102 Section 33.1A the Company has not disclosed transactions or balances with wholly owned entities which form part of the Group.

Barchester HoldCo Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Name of parent of group

These financial statements are consolidated in the financial statements of Grove Limited.

The financial statements of Grove Limited may be obtained from www.jersey.fsc.org.

Tax

Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land	No depreciation is provided on freehold land

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Directors' remuneration

The Company had no employees other than Directors (2018: Nil). The Directors received remuneration for services to Grove Limited of which Barchester HoldCo Limited is a subsidiary undertaking, however the proportion attributable to their services to Barchester HoldCo Limited is not separately identifiable.

4 Auditor's remuneration

The remuneration of the auditor in the current year was borne by another Group Company. The estimate of this for the current year is £1,000 (2018: £1,000).

Barchester HoldCo Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

5 Taxation

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Loss before tax	(591)	(7)
Corporation tax at standard rate	(112)	(1)
Effect of expense not deductible in determining taxable profit (tax loss)	94	1
Tax increase arising from group relief	277	258
Tax decrease from transfer pricing adjustments	(259)	(258)
Total tax charge/(credit)	-	-

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. Deferred tax balances have been calculated at a rate of 17% as this is the rate at which the majority of the timing differences are expected to reverse.

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000
2019	
Tax losses carried forward	37
2018	
Tax losses carried forward	37

Barchester HoldCo Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

6 Tangible assets

	Land £ 000	Total £ 000
Cost or valuation		
At 1 January 2019	2,400	2,400
At 31 December 2019	2,400	2,400
Depreciation		
At 1 January 2019	-	-
Impairment	480	480
At 31 December 2019	480	480
Carrying amount		
At 31 December 2019	1,920	1,920
At 31 December 2018	2,400	2,400

Included within the net book value of land and buildings above is £1,920,000 (2018 - £2,400,000) in respect of freehold land and buildings.

7 Debtors

	Note	2019 £ 000	2018 £ 000
Amounts owed by related parties		429	428
Deferred tax assets	5	37	37
Total current trade and other debtors		466	465

Amounts due from related parties stated above are legally due on demand and are thus recoverable within one year. It is not expected that a demand for these amounts will be made within the next year.

8 Creditors

	2019 £ 000	2018 £ 000
Due within one year		
Amounts due to related parties	17,117	17,005

Amounts due to related parties are legally due on demand and are thus due within one year. It is not expected that a demand for these amounts will be made within the next year.

Barchester HoldCo Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

10 Parent and ultimate parent undertaking

The Company's immediate parent is Barchester HoldCo (Jersey) Limited, incorporated in Jersey.

The ultimate parent and controlling party is Grove Limited, incorporated in Jersey. Its financial statements are available upon request from www.jerseyfsc.org.

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Grove Limited, incorporated in Jersey.

The address of Grove Limited is:

13 Castle Street
St Helier
Jersey
JE1 1ES

The parent of the smallest group in which these financial statements are consolidated is Barchester Holdco (Jersey) Limited, incorporated in Jersey.

The address of Barchester Holdco (Jersey) Limited is:

13 Castle Street
St Helier
Jersey
JE1 1ES