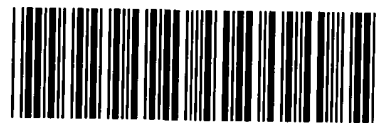


**REGISTERED NUMBER: 06016995 (England and Wales)**

**Strategic Report,  
Report of the Directors and  
Audited Financial Statements  
for the Year Ended 31 December 2021  
for  
Careline Lifestyles (UK) Ltd**

**TUESDAY**



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27/09/2022

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COMPANIES HOUSE

Haines Watts North East Audit LLP  
17 Queens Lane  
Newcastle upon Tyne  
NE1 1RN

**Careline Lifestyles (UK) Ltd**

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for the Year Ended 31 December 2021**

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**Careline Lifestyles (UK) Ltd**  
**Company Information**  
**for the Year Ended 31 December 2021**

**DIRECTORS:**

Mr R Sharma  
Dr S Sharma

**SECRETARY:**

Mrs A Sharma

**REGISTERED OFFICE:**

One Central Parkway  
Newcastle upon Tyne  
Tyne and Wear  
NE1 3BZ

**REGISTERED NUMBER:**

06016995 (England and Wales)

**AUDITORS:**

Haines Watts North East Audit LLP  
17 Queens Lane  
Newcastle upon Tyne  
NE1 1RN

**Careline Lifestyles (UK) Ltd**  
**Strategic Report**  
**for the Year Ended 31 December 2021**

The directors present their strategic report for the year ended 31 December 2021.

**FAIR REVIEW OF THE BUSINESS**

The Covid-19 pandemic continued to impact on the Care Sector in 2021 and although the vaccination programme has helped, there are still significant challenges being faced within the healthcare sector. The company believes it is well placed to trade through these challenges without significant impact.

During the financial year, the company has invested heavily, together with continued financial government support, on Infection Control measures, to mitigate the impact of the pandemic on the business, its staff and service users. This has again brought new and unexpected challenges to the business, however through the dedicated support of our staff, the business was able to trade strongly throughout the year.

Following recent inspections by the Care Quality Commission, all Homes within the company are rated "Good" and again the board wish to place on record the thanks to all staff for this achievement.

The financial performance for the year saw occupancy increase to 91% of availability and a 14% increase in fee income to £10.9m. Profit before taxation rose to £2.4m (2020: £1.6m).

During the financial year, the company restructured its banking facilities with Cynergy Bank, providing resources for future growth of the company.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The company operates a comprehensive risk process, including both internal and external factors, the principal risks being identified as:

- \* **Staff recruitment -**  
The ability to recruit and retain qualified nurses and carers is a continuing challenge for the care sector. The company attempts to recruit and retain quality team members through support, investment in inductions and training, career pathways and high quality facilities.
- \* **Occupancy -**  
If the company were to experience reduced occupancy level both income and profits would be impacted. The company manages occupancy levels closely and ensures that the relationship with local authorities and other commissioning bodies remains strong.
- \* **Government policy, legislation and regulation -**  
The company's operations are regulated by the Care Quality Commission (CQC). Non compliance with regulations could be significant for the company. The company has increased its investment in reporting and monitoring, its compliance department, in addition to frequent independent external inspections to ensure adherence with its regulatory requirements.
- \* **Financial -**  
The company faces financial risk from inflationary pressure on costs, in particular future changes to the National Living Wage. The company budgets carefully for any cost increases and works with external authorities to mitigate the impact of any increased costs.  
  
Interest rates are at historical low levels and any significant change to these would increase costs and impact on financial covenants. The board prepare regular projections to manage cash flow and ensure facilities are available.
- \* **Covid-19 -**  
The Covid-19 pandemic may impact on occupancy and how the company provides care. The company is reducing the risk by ensuring that staff are adhering to government advice on PPE, self isolating and implementation of a number of infection control measures.

**KEY PERFORMANCE INDICATORS**

The Key performance indicators (KPIs) of the business are reviewed on a monthly basis through internal reporting functions.

The financial KPIs that are part of this process include turnover, payroll costs and operating profit, all of which are detailed in the financial statements.

Non-financial KPI's include occupancy as a percentage of available beds and results of inspections from the Care Quality Commission. The company works with the relevant authorities to maintain and continuously improve the standard of care that the management strives to provide.

**Careline Lifestyles (UK) Ltd**  
**Strategic Report**  
**for the Year Ended 31 December 2021**

**FUTURE DEVELOPMENTS**

Despite unparalleled challenges imposed by the Covid-19 pandemic, occupancy and fees have continued to remain healthy, achieved through strong reputation and relationships with referral sources.

In July 2022, the company acquired an additional Care Facility in the North east of England and this will be developed in the later part of 2022/early part of 2023.

2022 has started well for the company and trading performance is expected to continue in line with FY 2021, although inflationary pressures on cost of living are expected to have some impact. The company has mitigated, where possible, costs through internal cost controls and fixed price agreements with suppliers.

**ON BEHALF OF THE BOARD:**

  
Mr R Sharma - Director

Date: 23/09/2022

**Careline Lifestyles (UK) Ltd**  
**Report of the Directors**  
**for the Year Ended 31 December 2021**

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the establishment and operation of residential care facilities.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2021 will be £945,000.

**EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

Mr R Sharma  
Dr S Sharma

**DISABLED PERSONS**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

**EMPLOYEE INVOLVEMENT**

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

**DISCLOSURE IN THE STRATEGIC REPORT**

The company has chosen in accordance with S.414C(11) Companies Act 2006 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (accounts and Reports) Regulations 2008 to be contained in the director's report. It has done so in respect of financial instruments and future developments.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are 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 each director 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.

**Careline Lifestyles (UK) Ltd**  
**Report of the Directors**  
**for the Year Ended 31 December 2021**

**AUDITORS**

The auditors, Haines Watts North East Audit LLP, were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

**ON BEHALF OF THE BOARD:**

  
.....  
Mr R Sharma - Director

Date: .....23/09/2022

## **Report of the Independent Auditors to the Members of Careline Lifestyles (UK) Ltd**

### **Opinion**

We have audited the financial statements of Careline Lifestyles (UK) Ltd (the 'company') for the year ended 31 December 2021 which comprise the Profit and Loss Account, 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 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 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, 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 Directors 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 Directors 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 Directors.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Report of the Independent Auditors to the Members of  
Careline Lifestyles (UK) Ltd**

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 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.

**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.

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

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

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. 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 and through discussion with the directors and other management. The most significant were identified as the Companies Act 2006, UK GAAP (FRS102), Care Quality Commission (CQC) regulations, Health and Safety and relevant tax legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements.

Our audit procedures included:

- \* confirming with the directors and management whether they have any knowledge or suspicion of fraud;
- \* obtaining an understanding of the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- \* assessing the risk of management override including identifying and testing a sample of journal entries;
- \* obtaining direct confirmation from the bank of the year end bank account balance;
- \* reviewing the latest available CQC inspection reports for all homes operated by the company.

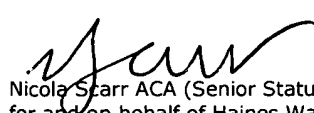
Our audit did not identify any key audit matters relating to the detection of irregularities including fraud.

However, despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularity likely involve collusion, forgery, intentional misrepresentations, or the override of internal controls.

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](http://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.

  
Nicola Starr ACA (Senior Statutory Auditor)  
for and on behalf of Haines Watts North East Audit LLP  
17 Queens Lane  
Newcastle upon Tyne  
NE1 1RN

Date: 26.9.22

**Careline Lifestyles (UK) Ltd**  
**Profit and Loss Account**  
**for the Year Ended 31 December 2021**

	Notes	2021 £	2020 £
<b>TURNOVER</b>	5	10,914,898	9,569,353
Cost of sales		(6,484,052)	(6,164,784)
<b>GROSS PROFIT</b>		4,430,846	3,404,569
Administrative expenses		(2,081,060)	(2,015,201)
		2,349,786	1,389,368
Other operating income	6	221,404	378,070
<b>OPERATING PROFIT</b>	9	2,571,190	1,767,438
Interest payable and similar expenses	10	(158,920)	(120,675)
<b>PROFIT BEFORE TAXATION</b>		2,412,270	1,646,763
Tax on profit	11	(463,117)	(332,641)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,949,153	1,314,122

The notes form part of these financial statements

**Careline Lifestyles (UK) Ltd (Registered number: 06016995)**

**Balance Sheet  
31 December 2021**

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Intangible assets	13	-	68,250
Tangible assets	14	6,649,424	4,576,392
		<u>6,649,424</u>	<u>4,644,642</u>
<b>CURRENT ASSETS</b>			
Stocks	15	5,000	28,800
Debtors	16	5,834,280	5,405,315
Cash at bank and in hand		530,211	67,901
		<u>6,369,491</u>	<u>5,502,016</u>
<b>CREDITORS</b>			
Amounts falling due within one year	17	2,084,506	6,176,661
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>4,284,985</u>	<u>(674,645)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,934,409</u>	<u>3,969,997</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	18	5,991,717	31,458
<b>NET ASSETS</b>		<u>4,942,692</u>	<u>3,938,539</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	100	100
Profit and loss account	23	4,942,592	3,938,439
<b>SHAREHOLDERS' FUNDS</b>		<u>4,942,692</u>	<u>3,938,539</u>

The financial statements were approved by the Board of Directors and authorised for issue on 23/7/2022 and were signed on its behalf by:

  
Mr R Sharma - Director

**Careline Lifestyles (UK) Ltd**  
**Statement of Changes in Equity**  
**for the Year Ended 31 December 2021**

	Called up share capital £	Profit and loss account £	Total equity £
<b>Balance at 1 January 2020</b>	100	2,934,317	2,934,417
<b>Changes in equity</b>			
Dividends	-	(310,000)	(310,000)
Total comprehensive income	-	1,314,122	1,314,122
<b>Balance at 31 December 2020</b>	<u>100</u>	<u>3,938,439</u>	<u>3,938,539</u>
<b>Changes in equity</b>			
Dividends	-	(945,000)	(945,000)
Total comprehensive income	-	1,949,153	1,949,153
<b>Balance at 31 December 2021</b>	<u><u>100</u></u>	<u><u>4,942,592</u></u>	<u><u>4,942,692</u></u>

The notes form part of these financial statements

**Careline Lifestyles (UK) Ltd**  
**Cash Flow Statement**  
**for the Year Ended 31 December 2021**

	Notes	2021 £	2020 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	2,423,370	732,826
Interest paid		(157,912)	(120,171)
Interest element of finance lease payments paid		(1,008)	(504)
Tax paid		(887,442)	(36,628)
Net cash from operating activities		<u>1,377,008</u>	<u>575,523</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(2,202,614)	(69,066)
Sale of tangible fixed assets		-	1,438
Net cash from investing activities		<u>(2,202,614)</u>	<u>(67,628)</u>
<b>Cash flows from financing activities</b>			
New loans in year		6,038,975	-
Loan repayments in year		(3,761,250)	(255,000)
Capital repayments in year		(3,985)	23,619
Amount introduced by directors		(578,745)	-
Amount withdrawn by directors		578,745	-
Equity dividends paid		(945,000)	(310,000)
Net cash from financing activities		<u>1,328,740</u>	<u>(541,381)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>503,134</u>	<u>(33,486)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>25,978</u>	<u>59,464</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>529,112</u></u>	<u><u>25,978</u></u>

The notes form part of these financial statements

**Careline Lifestyles (UK) Ltd**

**Notes to the Cash Flow Statement  
for the Year Ended 31 December 2021**

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

	2021 £	2020 £
Profit before taxation	2,412,270	1,646,763
Depreciation charges	197,832	272,739
Finance costs	158,920	120,675
	<u>2,769,022</u>	<u>2,040,177</u>
Decrease/(increase) in stocks	23,800	(28,800)
Increase in trade and other debtors	(428,964)	(1,349,126)
Increase in trade and other creditors	59,512	70,575
	<u>2,423,370</u>	<u>732,826</u>
<b>Cash generated from operations</b>	<u><u>2,423,370</u></u>	<u><u>732,826</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 2021**

	31.12.21 £	1.1.21 £
Cash and cash equivalents	530,211	67,901
Bank overdrafts	(1,099)	(41,923)
	<u>529,112</u>	<u>25,978</u>

**Year ended 31 December 2020**

	31.12.20 £	1.1.20 £
Cash and cash equivalents	67,901	59,464
Bank overdrafts	(41,923)	-
	<u>25,978</u>	<u>59,464</u>

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

	At 1.1.21 £	Cash flow £	At 31.12.21 £
<b>Net cash</b>			
Cash at bank and in hand	67,901	462,310	530,211
Bank overdrafts	(41,923)	40,824	(1,099)
	<u>25,978</u>	<u>503,134</u>	<u>529,112</u>
<b>Debt</b>			
Finance leases	(23,619)	3,985	(19,634)
Debts falling due within 1 year	(3,761,250)	3,698,344	(62,906)
Debts falling due after 1 year	-	(5,976,069)	(5,976,069)
	<u>(3,784,869)</u>	<u>(2,273,740)</u>	<u>(6,058,609)</u>
<b>Total</b>	<u><u>(3,758,891)</u></u>	<u><u>(1,770,606)</u></u>	<u><u>(5,529,497)</u></u>

The notes form part of these financial statements

**Careline Lifestyles (UK) Ltd**  
**Notes to the Financial Statements**  
**for the Year Ended 31 December 2021**

**1. STATUTORY INFORMATION**

Careline Lifestyles (UK) Ltd is a private company limited by shares, incorporated in England and Wales. Its principal place of business is One Central Parkway, Newcastle upon Tyne, NE1 3BZ. The nature of the company's operations and principal activities are set out in the Strategic Report and Report of the Directors.

**2. STATEMENT OF COMPLIANCE**

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.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

**Going concern**

The financial statements have been prepared on a going concern basis, which the Directors consider to be appropriate for the following reasons:

The company refinanced its banking facilities in October 2021 with a new banking partner and has in place long term financial support.

The Directors have prepared financial projections from January 2022 for a three year period, including cashflow forecasts. These indicate that the company will have sufficient funds to meet its liabilities as they fall due.

Whilst Covid-19 continues to have some impact, the Directors do not consider that this will have a significant effect on the company.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT. The turnover is derived entirely from the company's principal activities carried out in the United Kingdom.

**Care services:**

Revenue is recognised as residents of the company's care homes occupy rooms and services are provided to them.

**Intangible fixed assets**

Intangible fixed assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged so as to allocate the cost of intangible assets less their residual values over their useful economic life, using the straight line method.

The intangible assets are amortised over the following useful economic lives:

Goodwill - 10 years

In the opinion of the directors this represents the period over which the goodwill is effective.

**Careline Lifestyles (UK) Ltd**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

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

Land and buildings	- 2% on cost
Leasehold improvements	- 2% on cost
Plant and equipment	- 20% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 20% on cost
Computer equipment	- 20% on cost

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

**Impairment of assets**

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

**Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

**Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.



**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

**Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

**Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

**Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

**Derecognition of financial liabilities**

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

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, 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.

**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.

**Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Careline Lifestyles (UK) Ltd**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**3. ACCOUNTING POLICIES - continued**

**Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

**Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

**Retirement benefits**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

**Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

**Equity instruments**

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

**4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

**5. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2021 £	2020 £
Fees from care home services	10,914,898	9,569,353
	<u>10,914,898</u>	<u>9,569,353</u>

**Careline Lifestyles (UK) Ltd**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**5. TURNOVER - continued**

An analysis of turnover by geographical market is given below:

	2021 £	2020 £
United Kingdom	10,914,898	9,569,353
	<u>10,914,898</u>	<u>9,569,353</u>

**6. OTHER OPERATING INCOME**

	2021 £	2020 £
Sundry receipts	3,133	-
Government grants	218,271	378,070
	<u>221,404</u>	<u>378,070</u>

**7. EMPLOYEES AND DIRECTORS**

	2021 £	2020 £
Wages and salaries	5,183,596	5,044,309
Social security costs	355,434	365,703
Other pension costs	90,583	94,895
	<u>5,629,613</u>	<u>5,504,907</u>

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

	2021	2020
Care workers	308	305
Administration	14	14
Therapists	7	7
Directors	2	2
	<u>331</u>	<u>328</u>

**8. DIRECTORS' REMUNERATION**

	2021 £	2020 £
Directors' remuneration	-	-
	<u>-</u>	<u>-</u>

**9. OPERATING PROFIT**

The operating profit is stated after charging:

	2021 £	2020 £
Hire of plant and machinery	47,123	52,373
Other operating leases	354,997	325,246
Depreciation - owned assets	129,582	136,239
Goodwill amortisation	68,250	136,500
Auditors' remuneration	12,500	12,500
	<u>512,452</u>	<u>562,858</u>

**10. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2021 £	2020 £
Bank interest	157,912	120,171
Interest on finance leases and hire purchase contracts	1,008	504
	<u>158,920</u>	<u>120,675</u>

**Careline Lifestyles (UK) Ltd**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**11. TAXATION**

**Analysis of the tax charge**

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

	2021 £	2020 £
Current tax:		
UK corporation tax	463,117	332,641
Tax on profit	<u>463,117</u>	<u>332,641</u>

UK corporation tax has been charged at 19% (2020 - 19%).

**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:

	2021 £	2020 £
Profit before tax	<u>2,412,270</u>	<u>1,646,763</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	458,331	312,885
Effects of:		
Expenses not deductible for tax purposes	37,573	51,821
Other permanent differences	<u>(32,787)</u>	<u>(32,065)</u>
Total tax charge	<u>463,117</u>	<u>332,641</u>

**12. DIVIDENDS**

	2021 £	2020 £
Interim	<u>945,000</u>	<u>310,000</u>

**13. INTANGIBLE FIXED ASSETS**

**COST**

At 1 January 2021 and 31 December 2021	Goodwill £ <u>1,365,000</u>
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**AMORTISATION**

At 1 January 2021	1,296,750
Amortisation for year	<u>68,250</u>
At 31 December 2021	<u>1,365,000</u>

**NET BOOK VALUE**

At 31 December 2021	<u>-</u>
At 31 December 2020	<u>68,250</u>

**Careline Lifestyles (UK) Ltd**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**14. TANGIBLE FIXED ASSETS**

	Land and buildings £	Leasehold improvements £	Plant and equipment £
<b>COST</b>			
At 1 January 2021	2,280,022	3,067,473	369,230
Additions	2,122,380	4,771	16,863
At 31 December 2021	4,402,402	3,072,244	386,093
<b>DEPRECIATION</b>			
At 1 January 2021	276,689	617,880	333,245
Charge for year	34,807	60,906	5,303
At 31 December 2021	311,496	678,786	338,548
<b>NET BOOK VALUE</b>			
At 31 December 2021	4,090,906	2,393,458	47,545
At 31 December 2020	2,003,333	2,449,593	35,985

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
<b>COST</b>				
At 1 January 2021	251,818	27,995	46,800	6,043,338
Additions	50,711	7,889	-	2,202,614
At 31 December 2021	302,529	35,884	46,800	8,245,952
<b>DEPRECIATION</b>				
At 1 January 2021	189,533	2,799	46,800	1,466,946
Charge for year	22,111	6,455	-	129,582
At 31 December 2021	211,644	9,254	46,800	1,596,528
<b>NET BOOK VALUE</b>				
At 31 December 2021	90,885	26,630	-	6,649,424
At 31 December 2020	62,285	25,196	-	4,576,392

Included in cost of freehold property is freehold land of £829,944 (2020 - £829,944) which is not depreciated.

**15. STOCKS**

	2021 £	2020 £
Finished goods and goods for resale	5,000	28,800

**16. DEBTORS**

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	66,162	81,721
Other debtors	216,723	323,648
Amounts due from related parties	3,450,966	3,502,050
Prepayments and accrued income	659,593	618,871
	4,393,444	4,526,290

**Careline Lifestyles (UK) Ltd**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**16. DEBTORS - continued**

	2021 £	2020 £
Amounts falling due after more than one year: Amounts due from related parties	1,440,836	879,025
	<u>1,440,836</u>	<u>879,025</u>
Aggregate amounts	<u>5,834,280</u>	<u>5,405,315</u>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £	2020 £
Bank loans and overdrafts (see note 19)	64,005	3,803,173
Finance leases (see note 20)	3,986	3,985
Trade creditors	252,113	259,074
Corporation tax	380,084	804,409
Social security and other taxes	89,006	75,737
Other creditors	697,305	795,692
Directors' current accounts	262,515	216,844
Accrued expenses	335,492	217,747
	<u>2,084,506</u>	<u>6,176,661</u>

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2021 £	2020 £
Bank loans (see note 19)	5,976,069	-
Finance leases (see note 20)	15,648	19,634
Other creditors	-	11,824
	<u>5,991,717</u>	<u>31,458</u>

**19. LOANS**

An analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year or on demand:		
Bank overdrafts	1,099	41,923
Bank loans	62,906	3,761,250
	<u>64,005</u>	<u>3,803,173</u>
Amounts falling due between one and two years:		
Bank loans	<u>1,207,795</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans	<u>4,768,274</u>	<u>-</u>

The bank loans were re-financed during the year. The new facilities are to be repaid over a 5 year term, incurring interest at 3.60% per annum above base rate.

**Careline Lifestyles (UK) Ltd**

**Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021**

**20. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Finance leases	
	2021	2020
	£	£
Net obligations repayable:		
Within one year	3,986	3,985
Between one and five years	15,648	19,634
	<u>19,634</u>	<u>23,619</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

	Non-cancellable operating leases	
	2021	2020
	£	£
Within one year	81,931	84,765
Between one and five years	185,551	267,483
	<u>267,482</u>	<u>352,248</u>

**21. SECURED DEBTS**

The following secured debts are included within creditors:

	2021	2020
	£	£
Bank overdrafts	1,099	41,923
Bank loans	6,038,975	3,761,250
Finance leases	19,634	23,619
	<u>6,059,708</u>	<u>3,826,792</u>

The bank loans and overdraft are secured by way of legal charges over the property of the company and fixed and floating charges over all of the assets of the company.

Careline Lifes LLP, a partnership whose partners are also directors of Careline Lifestyles (UK) Limited, also act as guarantor over the bank loans.

Finance leases are secured on the assets to which they relate.

**22. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2021	2020
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

Ordinary shares of £1 each have full voting rights of one vote per share and full rights to participate in dividends and other distributions.

**Careline Lifestyles (UK) Ltd**  
**Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021**

**23. RESERVES**

	Profit and loss account £
At 1 January 2021	3,938,439
Profit for the year	1,949,153
Dividends	(945,000)
At 31 December 2021	<u>4,942,592</u>

**Profit and loss account**

Includes all current and prior period retained profit and losses.

**24. RELATED PARTY DISCLOSURES**

During the year, total dividends of £945,000 (2020 - £310,000) were paid to the directors.

The directors of the company are also directors of Durham Care Line Limited, along with being designated members of Careline Lifes LLP, Brunel Spire (Teesside) LLP and Inspiring Environments LLP. During the year the company operated inter company loans between the entities where the following transactions occurred:

Durham Care Line Limited

Included in debtors is a balance owing of £3,450,943 (2020: £3,272,756).

Careline Lifes LLP

Careline Lifes LLP owns the freehold to a property leased to the company on an annual basis.

Included in debtors is a balance owing of £1,440,846 (2020: £879,025).

Brunel Spire (Teesside) LLP

Included in debtors is a balance owing of £13 (2020: £229,294).

Directors privately owned land

The directors lease a privately owned piece of freehold land to the company on an annual basis for £74,997 (2020: £99,996). Included in other debtors is a balance owing of £8,450 (2020: £8,450).

The above loans are made interest free and are repayable on demand.

**25. POST BALANCE SHEET EVENTS**

In July 2022, the company acquired a further Care Facility for the sum of £2,247,452, inclusive of costs, which was financed from additional borrowing and support from the company's bankers. Plans are in the process of being prepared for the development, with the intention of a refurbishment being completed by Spring 2023.