

ROSEBERRY CARE CENTRES GB LIMITED

Annual Report and Financial Statements
for the Year Ended 31 December 2021

Roseberry Care Centres GB Limited

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Roseberry Care Centres GB Limited

Company Information

Directors	Mr M Dumble Mrs M J Auckland Mrs J D Thomas
Company secretary	Ms M Summerson
Registered office	Roseberry Care Centres 1st Floor Valley View Care Centres Back Lane Penshaw Houghton-le-Spring DH4 7ER
Solicitors	Endeavour Partnership Tobias House St Mark's Court Teesdale Business Park Teesside TS17 6QW
Bankers	Santander Corporate Banking Level 9, Baltic Place South Shore Road Gateshead NE8 3AE
Auditor	Azets Audit Services Chartered Accountants & Statutory Auditor 1 Massey Road Thornaby Stockton-on-Tees TS17 6DY

Roseberry Care Centres GB Limited

Strategic Report for the Year Ended 31 December 2021

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

Principal activity

The principal activity of the company is the running of care homes.

Fair review of the business

Roseberry Care Centres GB Limited is a care home operator providing residential and nursing care, primarily across the north of England. At the date of the accounts the company were caring for approximately 620 residents in 14 care settings.

The Company's profit on ordinary activities before tax for the year ended 31st December 2021 amounted to £2,120,505 (2020 £2,829,501 profit).

The company had net assets of £2,115,370 (2020 £2,145,228).

During the year the company reinvested £760,000 of capital expenditure back into its homes. This investment has facilitated a high standard of refurbishment throughout the homes.

The board of Roseberry Care Centres GB Limited recommended the payment of an interim dividend of £1.7m (2020 £nil) to its parent company, namely Cleveland Healthcare Group Limited. This was an accounting exercise to clear up historic intercompany balances.

The board have not recommended the payment of a final dividend (2020 £nil).

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

	Unit	2021	2020
Occupancy	%	86	92
Average weekly fee	£	725	685
Staffing costs as % of fee income*	%	62	60
Home running costs as % of fee income*	%	15	15
Rent cover ratios*		2	2
EBITDAR as % of fee income*	%	24	25

*Note the above ratios exclude grant income and COVID-19 support payments.

In addition to the above, the company also closely monitors and acts upon inspections by the regulator and its two dedicated quality inspection managers which has clearly resulted in an improvement to its CQC (Care Quality Commission) ratings. At the date of the accounts 9 out of 14 of the company's care homes were rated 'Good' with the CQC.

Roseberry Care Centres GB Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Going concern

The company's going concern is dependent on the overall going concern position of the parent group, namely Cleveland Healthcare Group Ltd.

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

At 31 December 2021 the company reported net current assets of £1,024,106 and net assets of £2,115,370.

Throughout 2021 the Covid-19 pandemic continued to have an impact on the company's operations. Thankfully, as a result of mass vaccinations, death rates amongst our residents were significantly down on those seen in 2020. However there were increased costs brought about by a reduction in admissions and costs associated with covering staff absences and restricting the movement of staff.

Government and some local councils continued to recognise these pressures and provided appropriate levels of financial support by way of awarding temporary increases in fees, paying for void beds, providing PPE and making available infection control and workforce grants.

At the date of these financial statements we have seen a significant reduction in Covid-19 infections amongst residents and staff, and life in our homes seems to be returning to a more usual feel. The company has traded strongly throughout the pandemic and has been robust during the biggest challenge ever faced by the care sector. As at the balance sheet date, it has a strong balance sheet and cash reserves.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. Forecasts for the next 12 months have been prepared which assume a certain level of occupancy and taking into account reasonable possible changes in trading performance, the company is expected to have sufficient level of financial resource available through the next 12 months. Therefore after making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Roseberry Care Centres GB Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Principal risks and uncertainties

The company has an established and structured approach to risk management. The company's activities expose it to a variety of financial risks and it has adopted risk management policies that seek to mitigate these risks in a cost effective manner.

Credit risk

The company's main financial assets are bank balances, cash and trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The company's largest customers are primarily local councils with social services responsibilities and NHS clinical commissioning groups.

Liquidity risk

The company has continued to maintain liquidity and sufficient working capital for its ongoing operations and future developments.

Operational risks

The company's activities expose it to a number of operational risks including reputation and of a regulatory nature.

Reputational risk

In order to mitigate this risk the company delivers a comprehensive package of employee training as well as performance management via formal and informal meetings with all of its employees. In addition the management team have improved and strengthened the collaborative working relationships with local authority and NHS commissioners.

Regulatory risk

In order to mitigate this risk the group has employed two dedicated quality inspection managers who carry out mock inspections and provide action plans where appropriate. The group has also invested in additional regional support managers who's role is to support the regional operations managers and the homes within that region, in order to maintain and improve regulatory compliance and to develop improved commercial business strategies as directed by senior management.

Other risk

The group employs dedicated regional administrators who carry out unannounced financial audits in the homes. This establishes that financial procedures are being carried out in line with group policies and helps to mitigate the risk of potential financial fraud.

Future developments

The company will continue to seek to add growth by challenging and reviewing its current operations and carefully considering any potential, targeted acquisitions.

Approved and authorised by the Board on 30 June 2022 and signed on its behalf by:

.....
Mr M Dumble
Director

Roseberry Care Centres GB Limited

Directors' Report for the Year Ended 31 December 2021

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

Directors of the company

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

Mr J Murphy (resigned 28 September 2021)

Mr M Dumble

Mrs M J Auckland

The following director was appointed after the year end:

Mrs J D Thomas (appointed 10 May 2022)

Financial instruments

Objectives and policies

The company finances its activities with a combination of working capital and loans from related parties. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. See disclosures in the Strategic Report in respect of the financial risk management of the Company.

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

During the year, the policy of providing employees with information about the Company has continued through internal media methods in which employees are encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow free flow of information and ideas.

Future developments

See disclosures within the Strategic Report regarding future developments of the Company.

Going concern

The impact of COVID-19 upon the company is included in the Strategic Report and Note 2.

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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Roseberry Care Centres GB Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Reappointment of auditor

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the company following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised by the Board on 30 June 2022 and signed on its behalf by:

.....

Mr M Dumble

Director

Roseberry Care Centres GB Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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). 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 United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Roseberry Care Centres GB Limited

Independent Auditor's Report to the Members of Roseberry Care Centres GB Limited

Opinion

We have audited the financial statements of Roseberry Care Centres GB Limited (the 'company') for the year ended 31 December 2021, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and Notes to the Financial Statements, including 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 auditor responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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.

Roseberry Care Centres GB Limited

Independent Auditor's Report to the Members of Roseberry Care Centres GB Limited (continued)

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 and the Directors' Report.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities [set out on page 7], 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.

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:

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
- enquiries of management about any known or suspected instances of non-compliance with laws and regulations and fraud;

Roseberry Care Centres GB Limited

Independent Auditor's Report to the Members of Roseberry Care Centres GB Limited (continued)

- challenging assumptions and judgements made by management in their significant accounting estimates;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- reviewing financial statement disclosures and testing to support documentation.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Social Care Act 2008, Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some 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). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

.....
Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)

For and on behalf of

Azets Audit Services

Statutory Auditor

Chartered Accountants

1 Massey Road

Thornaby

Stockton-on-Tees

TS17 6DY

30 June 2022

Azets Audit Services is a trading name of Azets Audit Services Limited

Roseberry Care Centres GB Limited

Income Statement for the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	<u>3</u>	23,449,413	23,743,656
Cost of sales		<u>(15,929,793)</u>	<u>(15,708,126)</u>
Gross profit		7,519,620	8,035,530
Administrative expenses		(6,937,269)	(7,341,890)
Other operating income	<u>4</u>	<u>1,541,084</u>	<u>2,193,361</u>
Operating profit	<u>5</u>	2,123,435	2,887,001
Interest payable and similar expenses	<u>6</u>	<u>(2,930)</u>	<u>(57,500)</u>
Profit before tax		2,120,505	2,829,501
Taxation	<u>10</u>	<u>(424,141)</u>	<u>(534,419)</u>
Profit for the financial year		<u><u>1,696,364</u></u>	<u><u>2,295,082</u></u>

The above results were derived from continuing operations.

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

The notes on pages 14 to 26 form an integral part of these financial statements.

Roseberry Care Centres GB Limited

(Registration number: 06281674)

Statement of Financial Position as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	<u>11</u>	1,297,738	1,044,576
Current assets			
Stocks	<u>12</u>	31,223	32,481
Debtors	<u>13</u>	1,567,444	3,153,495
Cash at bank and in hand		3,557,072	2,078,906
		<u>5,155,739</u>	<u>5,264,882</u>
Creditors: Amounts falling due within one year	<u>14</u>	<u>(4,131,633)</u>	<u>(4,063,952)</u>
Net current assets		<u>1,024,106</u>	<u>1,200,930</u>
Total assets less current liabilities		2,321,844	2,245,506
Creditors: Amounts falling due after more than one year	<u>14</u>	-	(292)
Provisions for liabilities	<u>15</u>	<u>(206,474)</u>	<u>(99,986)</u>
Net assets		<u>2,115,370</u>	<u>2,145,228</u>
Capital and reserves			
Called up share capital		2	2
Profit and loss account		<u>2,115,368</u>	<u>2,145,226</u>
Total equity		<u>2,115,370</u>	<u>2,145,228</u>

Approved and authorised by the Board on 30 June 2022 and signed on its behalf by:

.....
Mr M Dumble
Director

The notes on pages 14 to 26 form an integral part of these financial statements.

Roseberry Care Centres GB Limited

Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2020	2	(149,856)	(149,854)
Profit for the year	-	2,295,082	2,295,082
Total comprehensive income	-	2,295,082	2,295,082
At 31 December 2020	2	2,145,226	2,145,228

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2021	2	2,145,226	2,145,228
Profit for the year	-	1,696,364	1,696,364
Total comprehensive income	-	1,696,364	1,696,364
Dividends	-	(1,726,222)	(1,726,222)
At 31 December 2021	2	2,115,368	2,115,370

The notes on pages 14 to 26 form an integral part of these financial statements.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

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

The address of its registered office is Roseberry Care Centres, 1st Floor Valley View Care Centres, Back Lane, Penshaw, Houghton-le-Spring, DH4 7ER.

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 United Kingdom and Republic of Ireland and the Companies Act 2006'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

These financial statements are presented in sterling which is the functional currency of the entity.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Going concern

The company's going concern is dependent on the overall going concern position of the parent group, namely Cleveland Healthcare Group Ltd.

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

At 31 December 2021 the company reported net current assets of £1,024,106 and net assets of £2,115,370.

Throughout 2021 the Covid-19 pandemic continued to have an impact on the company's operations. Thankfully, as a result of mass vaccinations, death rates amongst our residents were significantly down on those seen in 2020. However there were increased costs brought about by a reduction in admissions and costs associated with covering staff absences and restricting the movement of staff. Government and some local councils continued to recognise these pressures and provided appropriate levels of financial support by way of awarding temporary increases in fees, paying for void beds, providing PPE and making available infection control and workforce grants.

At the date of these financial statements we have seen a significant reduction in Covid-19 infections amongst residents and staff, and life in our homes seems to be returning to a more usual feel. The company has traded strongly throughout the pandemic and has been robust during the biggest challenge ever faced by the care sector. As at the balance sheet date, it has a strong balance sheet and cash reserves.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. Forecasts for the next 12 months have been prepared which assume a certain level of occupancy and taking into account reasonable possible changes in trading performance, the company is expected to have sufficient level of financial resource available through the next 12 months. Therefore after making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

Assessing nature of lease - The Company has entered into commercial leases and as a lessee it obtains use of property, plant and equipment. The classification as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The carrying amount is £2,817,499 (2020 - £2,309,442).

Impairment of debtors - The company makes an estimate of the recoverable value of the trade and other debtors. When assessing impairment of trade and other debtor, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Revenue recognition

Revenue from providing nursing and care services is measured by reference to period of occupancy.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

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 grant will be received.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the assets expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the assets carrying amount.

Government grants included within other operating income includes the UK Government assistance provided through Coronavirus Job Retention Scheme and the Adult Social Care Infection Control Fund during the Covid-19 pandemic.

Tax

The tax expense for the period comprises current and deferred 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.

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

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, other than land and properties under construction over their estimated useful lives, as follows:

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Asset class	Depreciation method and rate
Long leasehold property	4 years straight line
Plant and machinery	4 years straight line
Fixtures and fittings	4 years straight line
Motor vehicles	4 years straight line
Equipment	4 years straight line

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stock, consisting of consumables and cleaning supplies, are recorded at cost.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

2 Accounting policies (continued)

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs in the income statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Provision of nursing and care services	23,449,413	23,743,656

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021	2020
	£	£
Government grants	1,541,084	1,737,812
Management charges receivable	-	455,549
	<u>1,541,084</u>	<u>2,193,361</u>

Government grants consist of the Coronavirus Job Retention Scheme and the Adult Social Care Infection Control Fund grants.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

5 Operating profit

Arrived at after charging/(crediting)

	2021	2020
	£	£
Depreciation expense	497,311	436,855
Operating lease rentals	3,407,715	3,288,938

6 Interest payable and similar expenses

	2021	2020
	£	£
Interest on obligations under finance leases and hire purchase contracts	161	209
Interest expense on other finance liabilities	2,769	57,291
	2,930	57,500

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	14,202,262	14,187,989
Social security costs	848,896	913,896
Pension costs, defined contribution scheme	191,109	197,788
	15,242,267	15,299,673

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2021	2020
	No.	No.
Care staff	809	826
Administrative staff	41	43
	850	869

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	181,194	212,491
Contributions paid to money purchase schemes	4,484	4,415
	185,678	216,906

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

8 Directors' remuneration (continued)

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2021 No.	2020 No.
Accruing benefits under defined benefit pension scheme	1	1

In respect of the highest paid director:

	2021 £	2020 £
Remuneration	156,521	87,857

9 Auditor's remuneration

	2021 £	2020 £
Audit of the financial statements	17,600	15,525

10 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	317,653	429,510
Deferred taxation		
Arising from origination and reversal of timing differences	106,488	104,909
Tax expense in the income statement	424,141	534,419

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

10 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	2,120,505	2,829,501
Corporation tax at standard rate	402,896	537,605
Decrease from effect of different UK tax rates on some earnings	-	(442)
Effect of revenues exempt from taxation	(26,802)	-
Deferred tax expense relating to changes in tax rates or laws	49,554	-
Tax decrease arising from group relief	-	(2,744)
Other tax effects for reconciliation between accounting profit and tax expense (income)	(1,507)	-
Total tax charge	424,141	534,419

Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
2021		
Accelerated capital allowances	-	216,276
Other timing differences	9,803	-
	9,803	216,276
2020		
Accelerated capital allowances	-	107,534
Other timing differences	7,548	-
	7,548	107,534

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Tangible assets

	Long leasehold property £	Fixtures and fittings £	Plant and machinery £	Equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2021	518,259	1,251,790	1,344,188	230,101	9,680	3,354,018
Additions	106,030	146,149	453,209	55,831	-	761,219
At 31 December 2021	624,289	1,397,939	1,797,397	285,932	9,680	4,115,237
Depreciation						
At 1 January 2021	364,295	952,061	808,373	175,033	9,680	2,309,442
Charge for the year	79,817	160,611	240,945	26,684	-	508,057
At 31 December 2021	444,112	1,112,672	1,049,318	201,717	9,680	2,817,499
Carrying amount						
At 31 December 2021	180,177	285,267	748,079	84,215	-	1,297,738
At 31 December 2020	153,964	299,729	535,815	55,068	-	1,044,576

The amounts capitalised as Long leasehold property consist entirely of improvements made to leased properties.

12 Stocks

	2021 £	2020 £
Food and cleaning materials	31,223	32,481

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Debtors

	2021 £	2020 £
Trade debtors	838,312	778,431
Amounts owed by group undertakings	506,224	2,151,778
Other debtors	49,253	32,567
Prepayments	173,655	190,719
	<u>1,567,444</u>	<u>3,153,495</u>

14 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings		389	1,263
Trade creditors		782,456	630,264
Amounts due to group undertakings	<u>19</u>	-	12,464
Social security and other taxes		198,954	211,565
Other creditors		1,185,284	940,576
Accruals and deferred income		1,836,897	1,838,310
Corporation tax liability		127,653	429,510
		<u>4,131,633</u>	<u>4,063,952</u>
Due after one year			
Loans and borrowings		-	292

15 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2021	99,986	99,986
Increase (decrease) in existing provisions	106,488	106,488
At 31 December 2021	<u>206,474</u>	<u>206,474</u>

16 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £191,109 (2020 - £197,788).

Contributions totalling £24,419 (2020 - £12,973) were payable to the scheme at the end of the year and are included in creditors.

Roseberry Care Centres GB Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

17 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	3,549,977	3,352,557
Later than one year and not later than five years	15,109,867	14,604,167
Later than five years	25,237,540	29,289,868
	<u>43,897,384</u>	<u>47,246,592</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £3,407,715 (2020 - £3,288,938).

18 Dividends

Interim dividends paid

	2021 £	2020 £
Interim dividend of £863,111.00 (2020 - £Nil) per each Ordinary shares of £1 each share	1,726,222	-
	<u>1,726,222</u>	<u>-</u>

19 Related party transactions

The Company has taken advantage of the the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

20 Parent and ultimate parent undertaking

The company's immediate parent is Cleveland Healthcare Group Limited, incorporated in England and Wales.

The ultimate parent is Ceres Holdings Limited, incorporated in the Cayman Islands.

The most senior parent entity producing publicly available financial statements is Cleveland Healthcare Group Limited

. These financial statements are available upon request from Companies House

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