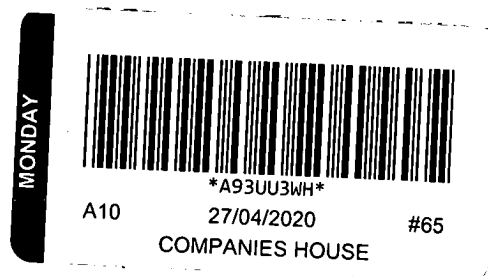


## **RV Care Homes Limited**

### **Annual report and financial statements for the year ended 30 September 2019**

Registered number: 07417290



# **RV Care Homes Limited**

Annual report and financial statements for the year ended 30 September 2019

## **Contents**

	<b>Page</b>
Officers and professional advisers	1
Strategic Report	2
Directors' Report	5
Directors' Responsibilities Statement	7
Independent auditor's report to the members of RV Care Homes Limited	8
Profit and loss account	10
Balance sheet	11
Statement of changes in equity	12
Notes to the financial statements	13

## **RV Care Homes Limited**

Annual report and financial statements for the year ended 30 September 2019

### **Officers and professional advisers**

#### **Directors**

Mr David Smith  
Sir William Wells  
Mr John Ransford  
Sir David Behan  
Dr Chaitanya Patel (resigned 31<sup>st</sup> October 2019)  
Mr Justin Hutchens (resigned 5<sup>th</sup> February 2020)

#### **Registered Office**

Southgate House  
Archer Street  
Darlington  
County Durham  
DL3 6AH

#### **Bankers**

Lloyds Bank  
3rd Floor  
10 Gresham Street  
London  
EC2V 7AE

#### **Auditor**

KPMG LLP  
Quayside House  
110 Quayside  
Newcastle-upon-Tyne  
NE1 3DX

# RV Care Homes Limited

## Strategic Report

### Business Review

The comparative figures in the profit and loss account show the results for the 18 months to 30 September 2018 following a change to the year end in the previous period. The current years figures in the profit and loss account shown are for the year to 30 September 2019.

The principal activity of RV Care Homes Limited ("the Company") during the year was the provision of nursing and residential care services, caring for over 300 residents across 8 homes in the UK.

### Results

The Company's loss for the year ended 30 September 2019 amounted to £446,000 (2018 profit: £925,000) and included £142,000 exceptional costs (2018: £236,000). Before exceptional costs, loss after tax was £304,000 (2018 profit: £1,161,000).

The Company's gross profit on ordinary activities for the year ended 30 September 2019 before exceptional costs amounted to £226,000 (2018: £1,680,000) and included £126,000 (2018: £52,000) of depreciation.

As at 30 September 2019 the Company had net assets of £479,000 (2018: £925,000).

### Key performance indicators

The principal Key Performance Indicators (KPIs) used by the Company to measure its own performance are shown below:

	<u>2019</u>	<u>2018</u>	<u>Increase/(Decrease)</u>
Average occupancy	71.6%	78.6%	(7.0%)
Average weekly fee rate	£1,020	£969	£51

Average occupancy has decreased by 7.0% and average weekly fee rates have increased by 5.3%. The results reflect an increase in average weekly fee which has in turn has resulted in a decrease in average occupancy during 2019, however steps have been taken during the year to help restructure the company to strengthen its position moving forward.

### Principal risks and financial risk management objectives and policies

#### Financial risks

The Company's activities expose it to a number of financial risks including credit risk and liquidity risk.

#### Credit risk

The Company's principal financial assets are bank balances and cash, trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and their assessment of the current economic climate.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

#### Liquidity risk

The Company has continued to maintain liquidity and sufficient working capital for its ongoing operations and future developments. The directors have also received written confirmation from its group undertakings that debts due on demand will not be recalled in the event this would prevent the company from continuing as a going concern.

#### Operational risks

The Company's activities expose it to a number of operational risks including reputational risk and regulatory risk.

## **Strategic Report (continued)**

### ***Reputational risk***

The Company is focused on the provision of care to the elderly, either long term, short term, respite nursing or residential care. Any serious incident relating to the provision of care services could result in negative publicity and may result in an increase in scrutiny from regulators, residents and families.

In order to mitigate this risk the Company delivers employee training via a multi-award winning mandatory and specialist Learning and Development programme, has independent quality inspectors, carries out a Disclosure and Barring Service check on all care staff and monitors compliance with an industry-best electronic system.

### ***Regulatory risk***

The Company's operations are subject to an increasingly high level of regulation and scrutiny by various regulators in the UK. Inspections are largely unannounced and often involve several inspectors per home. The failure to meet national regulations could lead to a service being placed under special measures, being subject to enforcement notices or possibly forced to close. The CQC also have the power to issue fines and prosecute.

In order to mitigate this risk the Company has a dedicated compliance department that manages regulatory matters. In addition, quality measures are monitored on a weekly basis, with management interventions where appropriate.

### **Going Concern and COVID-19**

As at the date of signing the accounts, the world is in the early stages of fighting the COVID-19 virus. Although it is not possible to predict the full impact that COVID-19 will have on the Group, management are taking steps to steer their way through this pandemic. These are unprecedented times and the healthcare sector is at the forefront. The Group has a working party, including appropriate management from our Directors, Operational, Clinical, Procurement, Human Resources, Commissioning and Finance departments, which keep the Board fully informed on a daily basis. The Group is working closely with our suppliers, in particular of agency workers, food and medicines, in order to mitigate any shortage in supply. Occupancy is being monitored constantly. We are working tirelessly with our local authorities, CCGs, NHS, relatives and residents to reassure and care for our residents with the kindest possible care. To date, occupancy rates have remained stable, death rates are not materially different to historic rates and the Group has received a number of requests from the NHS and Local Authorities to block book beds.

The Directors cannot predict the longer term impact of the crisis upon the Group, including:

- (i) what the NHS / Local Authority demand for vacant beds will be;
- (ii) what the impact of the crisis will be on the death rate and occupancy levels within the Group's care homes; and
- (iii) what the impact of self-isolation, care home isolation and other social distancing measures will have on payroll costs.

The current predictions of the impact of the virus on UK death rates vary widely but should the more pessimistic estimates prove correct, assuming the current high demand for beds from the NHS reduces and payroll costs are significantly increased, there would be a significant impact on the Group's profitability and cashflows and the Group would be at risk of breaching its financial covenants on the loans. Therefore the Group would require support from the banks by way of a covenant waiver or deferral.

Whilst the Directors believe that the Group would continue to have the support of its shareholders and the banks in these circumstances, there is no certainty that this would be the case.

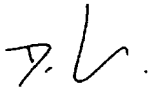
**Strategic Report (continued)**

**Going Concern and COVID-19 (continued)**

Based on the above indications the Directors believe that it remains appropriate to prepare the financial statement on a going concern basis. Nevertheless the Directors consider the specific downside scenario impact of COVID-19 on the group's occupancy levels and cashflows to be so significant that it represents a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

For further information, please see note 1 in the Accounting Policies section of these financial statements.

Approved by the Board and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'D. Smith', written over a horizontal line.

David Smith  
Director  
3<sup>rd</sup> April 2020

## Directors' Report

The directors present their annual report and the audited financial statements together with the auditor's opinion of RV Care Homes Limited ("the Company") for the year ended 30 September 2019.

### Principal activities

The principal activity of the Company is the operation of care homes for the elderly in the United Kingdom.

Details of the principal risks and uncertainties, including financial risk, are provided within the strategic report and form part of this report by cross-reference.

### Dividends

The directors note that £Nil dividends were paid during the year to 30 September 2019 (2018: £Nil).

### Directors

Mr David Smith  
Sir William Wells  
Mr John Ransford  
Sir David Behan

### Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force to the date of this report.

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that 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 their other employees.

### Employment consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the weekly newsletters.

### Future Developments

The Group has established a reputation as a high quality provider of residential and nursing care in the UK. The Group has invested heavily in the portfolio and workforce in order to ensure it offers the best possible environments in which to deliver high quality and kind care. The Group is striving to become the provider of the kindest care in the UK and the first choice care home provider in each community. To do this, the Group will continue to develop relationships with local authority and NHS commissioners with the aim of becoming a genuine and a trusted partner within increasingly integrated and area specific health and social care systems.

### Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 24 to the financial statements.

**Directors' Report (continued)**

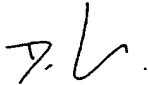
**Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



David Smith  
Director  
3<sup>rd</sup> April 2020

*Registered office address:*  
Southgate House  
Archer Street  
Darlington  
County Durham  
DL3 6AH



## **Statement Of Directors' Responsibilities In Respect Of The Strategic Report, The Directors' Report And The Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report To The Members Of RV Care Homes Limited**

### **Opinion**

We have audited the financial statements of RV Care Homes Limited ("the company") for the year ended 30 September 2019 which comprise the Profit and Loss Account, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to note 1 to the financial statements which indicates the uncertainties related to the ability of FC Skyfall Upper Midco Limited to provide financial support. These events and conditions, along with the other matters explained in note 1, constitute a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### **Strategic report and Directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

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

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

### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

## **Independent Auditor's Report To The Members Of RV Care Homes Limited (continued)**

### **Directors' responsibilities**

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**Nick Plumb (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX  
3<sup>rd</sup> April 2020

## RV Care Homes Limited

### Profit And Loss Account For The Year Ended 30 September 2019

		Ordinary Activities Year ended 2019 £'000	Exceptiona l Costs (Note 8) Year ended 2019 £'000	Total Year ended 2019 £'000	Ordinary Activities 18 months to 30 September 2018 £'000	Exceptional Costs (Note 8) 18 months to 30 September 2018 £'000	Total 18 months to 30 September 2018 £'000
	Note						
<b>Turnover</b>	3	16,486	-	16,486	16,979	-	16,979
Cost of sales	4	(16,260)	(142)	(16,402)	(15,299)	(236)	(15,535)
<b>Gross profit</b>		226	(142)	84	1,680	(236)	1,444
Administrative expenses		(558)	-	(558)	(508)	-	(508)
<b>Operating (loss) profit</b>	5	(332)	(142)	(474)	1,172	(236)	936
Profit (loss) on disposal of fixed assets		(2)	-	(2)	-	-	-
Interest payable and similar expenses	9	(8)	-	(8)	(8)	-	(8)
<b>(Loss) profit before taxation</b>		(342)	(142)	(484)	1,164	(236)	928
Tax on (loss) profit	10	38	-	38	(3)	-	(3)
<b>(Loss) profit after taxation</b>		(304)	(142)	(446)	1,161	(236)	925

All activities relate to continuing operations.


There is no other comprehensive income in the financial year other than the profit for the period. Accordingly no separate statement of comprehensive income is disclosed.

## RV Care Homes Limited

### Balance Sheet As At 30 September 2019

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible assets	11	(158)	(178)
Tangible assets	12	1,476	1,072
<b>Total fixed assets</b>		<b>1,318</b>	<b>894</b>
<b>Current assets</b>			
Stock	13	39	38
Debtors: amounts due within one year	14	5,838	2,781
Cash at bank and in hand	15	470	947
<b>Total current assets</b>		<b>6,347</b>	<b>3,766</b>
Creditors: amounts falling due within one year	16	(7,186)	(3,732)
<b>Net current (liabilities) assets</b>		<b>(839)</b>	<b>34</b>
<b>Total assets less current liabilities</b>		<b>479</b>	<b>928</b>
<b>Provisions for liabilities</b>	17	-	(3)
<b>Net assets</b>		<b>479</b>	<b>925</b>
<b>Capital and reserves</b>			
Called-up share capital	18	-	-
Profit and loss account		479	925
<b>Equity shareholders' funds</b>		<b>479</b>	<b>925</b>

The financial statements were approved by the Board of directors on and authorised for issue on 3<sup>rd</sup> April 2020 and were signed on its behalf by:



David Smith  
Director  
3<sup>rd</sup> April 2020  
RV Care Homes Limited  
Registered number 07417290

## RV Care Homes Limited

### Statement Of Changes In Equity for the year ending 30 September 2019

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 31 March 2017	-	-	-
Profit for the financial period	-	925	925
At 30 September 2018	-	925	925
Loss for the financial year	-	(446)	(446)
At 30 September 2019	-	479	479

## **Notes To The Financial Statements For The Year Ended 30 September 2019**

### **1. Accounting policies**

The comparative figures in the profit and loss account show the results for the 18 months to 30 September 2018 following a change to the year end in the previous period. The current years figures in the profit and loss account shown are for the year to 30 September 2019. The accounting policies have been applied consistently throughout the current year and prior period.

#### **Basis of preparation**

RV Care Homes Limited ('the Company') is a company incorporated in the United Kingdom under the Companies Act 2006. The company is a private company limited by shares and is registered in England and Wales. The address of the registered office is Southgate House, Archer Street, Darlington, County Durham, DL3 6AH. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of FC Skyfall Upper Midco Limited, which can be obtained from Companies House at Crown Way, Cardiff, Wales, CF14 3UZ. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel and related parties.

#### **Going concern and COVID-19**

Notwithstanding net current liabilities as at 30 September 2019 and a loss for the year then ended, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its parent, FC Skyfall Upper Midco Limited. The company is part of the FC Skyfall Upper Midco Limited group of companies (the "Group"). The company meets its day to day working capital requirements from cash resources and intercompany balances with other Group companies. Therefore the going concern assessment of the company is dependent on that of the Group as a whole.

FC Skyfall Upper Midco Limited has indicated its intention to continue to make available such funds as are needed by the company at the balance sheet date for 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, subject to the uncertainty described below, they have no reason to believe that it will not do so. A material uncertainty exists in the Group in respect of going concern as there is a risk of breach of financial covenants on its term loans in a COVID-19 downside scenario.

The Group's directors have prepared detailed cash flow and covenant compliance forecasts for the Group for the period to 30 September 2024. Net debt levels, servicing costs, working capital and covenant requirements are closely monitored and managed in accordance to the Group's objectives, policies and processes, and these have each been considered as part of these forecasts. At 30 September 2019 the Group was financed by £12.2m of cash, £264.7m of terms loans and £14.0m of loan notes with related parties. There are financial covenants on the term loans.

**Notes To The Financial Statements For The Year Ended 30 September 2019  
(continued)**

**1. Accounting policies (continued)**

**Going concern and COVID-19 (continued)**

Excluding the potential impact of COVID-19 which is considered below, these cash flow forecasts and projections indicate that, taking into account reasonably possible downsides in trading performance, the Group will have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

The Group's directors have separately considered the uncertainty as to the future impact of COVID-19 on the going concern assessment.

To date across the Group the impact has been that occupancy rates have remained stable, death rates within the Group's care homes have not materially differed to historical rates and the Group has received a number of requests from NHS and LA to block book beds. However the Group's directors cannot predict the longer term impact of the crisis including:

- (i) what the NHS demand for vacant beds will be;
- (ii) what the impact of the crisis will be on the death rate and occupancy levels within the Group's care homes; and
- (iii) what the impact of self isolation, care home isolation and other social distancing measures will have on payroll costs.

The current predictions of the impact of the virus on UK death rates vary widely but should the more pessimistic estimates prove correct, assuming the current high demand for beds from the NHS reduces and payroll costs are significantly increased, there would be a significant impact on the Group's profitability and cashflows and the Group would be at risk of breaching its financial covenants on the loans. Therefore the Group would require support from the banks by way of a covenant waiver or deferral.

Whilst the Group's directors believe that the Group would continue to have the support of its shareholders and the banks in these circumstances, there is no certainty that this would be the case. The Group's directors consider the specific downside scenario impact of COVID-19 on the Group's occupancy levels and cashflows to be so significant that it represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The directors of the Company have assessed the conclusions reached by the Group's directors and agree with their conclusion.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

**Turnover**

Turnover represents fee income receivable from care services provided. Turnover is recognised in the period in which the Company obtains the right to consideration as the services provided under contracts have been delivered and is recorded at the value of the consideration due. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of Creditors due within one year.

**Exceptional costs**

Where applicable, the Company separately presents certain items as exceptional on the face of the profit and loss account. Exceptional items are material items of income or expense that, because of their size or incidence, are shown separately to improve a reader's understanding of the financial information. Further information is given in note 8.



## **Notes To The Financial Statements For The Year Ended 30 September 2019 (continued)**

### **1. Accounting policies (continued)**

#### **Finance income**

Finance income includes interest receivable on deposits calculated using the effective interest method. Interest income is recognised in the profit and loss account as it accrues.

#### **Finance costs**

Finance costs include interest payable on borrowings calculated using the effective interest method. Interest expenses are recognised in the profit and loss account as they accrue.

#### **Pension costs**

The Company operates both a Company Default Pension Scheme and a Stakeholder Pension Scheme. The Company Default Pension Scheme is managed by an external third party. The Stakeholder Pension Scheme is managed by the Company and funds are invested on the employee's behalf. Both the Default Pension Scheme and the Stakeholder Pension Scheme is accounted for as a defined contribution scheme and therefore the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Taxation**

The charge for taxation is based on the result for the period and takes into account deferred taxation.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the year in which timing differences reverse, based on current tax rates and laws.

#### **Intangible fixed assets – Licenses**

Separately acquired licenses are included at cost and amortised on a straight line basis over their estimated useful economic life equal to the length of the license.

#### **Intangible assets – Negative goodwill arising on business combination**

The acquisition of RV Care Homes Limited was completed on 29 September 2018 for total cash consideration of £1 giving rise to negative goodwill. Negative goodwill, which represents the excess of the fair value of the identifiable assets and liabilities acquired over the cost of an acquisition, is included in the balance sheet and is amortised over the years expected to benefit. The period of amortisation is 10 years.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	-	shorter of the term of the lease, or the useful economic life of the asset
Fixtures and fittings	-	over 3-10 years
Motor vehicles	-	over 5 years

Impairment reviews are performed where there are indicators that the carrying value may not be recoverable. An impairment loss is recognised in the income statement to reduce the carrying value to the recoverable amount.

**RV Care Homes Limited**

**Notes To The Financial Statements For The Year Ended 30 September 2019**  
**(continued)**

**1. Accounting policies (continued)**

**Stock**

Stock is valued at the lower of cost and estimated net realisable value.

**Debtors**

Debtors are recognised at cost less any provision for impairment.

**Creditors**

Trade creditors are recorded initially at fair value, net of transaction costs incurred. Any difference between the amount initially recognised and the redemption value is recognised in the profit and loss account over the year of the borrowing using the effective interest rate method. Other creditors and accruals are measured at the best estimate of the expenditure required to settle the obligation.

**Share capital**

Ordinary shares are classified as equity and recorded at the par value of proceeds received, net of direct issue costs.

**Leases**

Leases are operating leases and are charged to the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis. No asset is recognised on the Company's balance sheet.

**2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the Company's accounting policies and key source of estimation uncertainty**

The following are the key sources of estimation uncertainty that the directors have assessed as being applicable to the entity and that have the most significant effect on the amounts recognised in the financial statements. It is deemed that there are no critical accounting judgements.

*Fixtures and fittings*

Accounting for fixtures and fittings involves the use of estimates for determining (a) the useful lives of the assets, over which they are to be depreciated, and (b) the existence and amount of any impairment. Details of fixtures and fittings are provided in note 12.

Fixtures and fittings are depreciated on a straight line basis over their estimated useful lives. When the Company estimates useful lives various factors are considered including expected technology obsolescence and the expected usage of the asset. The Company regularly reviews these assets useful lives and future economic utilisation and the physical condition of the assets concerned. A significant change in these circumstances may have a material impact on the carrying value of these assets.

The carrying value of fixtures and fittings is assessed periodically to determine whether there are indications of any impairment of the value beyond the depreciation charge. If this is the case, an impairment charge is taken against the carrying value of the assets and charged to profit and loss account.

*Deferred tax assets and liabilities*

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised; in particular judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income. Refer to note 17 for further details of deferred tax liabilities recognised.

# RV Care Homes Limited

## Notes To The Financial Statements For The Year Ended 30 September 2019 (continued)

### 3. Segmental analysis

RV Care Homes Limited operates under one segment, of which the origin and destination of all turnover is the United Kingdom.

### 4. Cost of sales

Cost of sales includes home payroll costs, home running costs, rent, depreciation and amortisation.

### 5. Operating (loss) profit

	Year ended 2019 £'000	Period ended 2018 £'000
<b>Operating (loss) profit is stated after charging:</b>		
Wages and salaries	10,694	10,461
Social security costs	563	541
Other pension costs	112	79
<b>Staff costs</b>	<b>11,369</b>	<b>11,081</b>
Depreciation of owned tangible fixed assets (note 12)	126	52
Amortisation of intangible assets (note 11)	(12)	(31)
Operating Lease Charges – Land & Buildings	1,690	1,421
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	32	29

Fees payable to the Company's auditor for the audit of the Company's annual financial statements include an amount payable for the audit of RV Extra Care Limited, a fellow group undertaking.

In the period ended 30 September 2019, £Nil recharges were made to RV Extra Care Limited for the provision of both audit and non-audit services.

### 6. Directors' emoluments

	Year ended 2019 £'000	Period ended 2018 £'000
Aggregate emoluments inclusive of benefits in kind	12	12
Pension contributions	-	-
	<b>12</b>	<b>12</b>
No. of directors accruing benefits under defined contribution scheme	1	1

**RV Care Homes Limited**

**Notes To The Financial Statements For The Year Ended 30 September 2019**  
**(continued)**

**7. Employee information**

The average monthly number of persons employed by the Company during the period was:

By activity	Year ended 2019 No.	Period ended 2018 No.
Managers and care staff	438	474
<b>Total average monthly number of employees</b>	<b>438</b>	<b>474</b>

**8. Exceptional costs**

	Year ended 2019 £'000	Period ended 2018 £'000
Restructuring costs	117	236
Impairment costs	25	-
<b>Total exceptional costs</b>	<b>142</b>	<b>236</b>

**Restructuring costs**

Exceptional costs totalling £117,000 (2018: £236,000) have been incurred relating to restructuring costs in the year ended 30 September 2019.

**Impairment costs**

The Company carried out an impairment review which resulted in fixed assets being written down by £25,000 (2018: £Nil) in the year ended 30 September 2019.

**9. Interest payable and similar expenses**

	Year ended 2019 £'000	Period ended 2018 £'000
Bank loans and overdraft	8	8
<b>Total interest payable and similar expenses</b>	<b>8</b>	<b>8</b>

## RV Care Homes Limited

### Notes To The Financial Statements For The Year Ended 30 September 2019 (continued)

#### 10. Tax on (loss)/ profit

	Year ended 2019 £'000	Period ended 2018 £'000
<b>Current tax:</b>		
UK Corporation tax on profits for the period	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(16)	4
Adjustments in respect of prior periods	(23)	-
Effect of changes in tax rates	1	(1)
<b>Total deferred tax (see note 17)</b>	(38)	3
<b>Total tax per profit and loss account</b>	(38)	3

The charge for the period can be reconciled to the profit per the profit and loss account as follows:

	2019 £'000	2018 £'000
(Loss)/profit for the period	(484)	928
Tax on profit at standard UK tax rate of 19.0% (2018: 19.0%)	(92)	176
Effects of:		
Expenses not deductible	11	-
Effects of group relief/other reliefs	65	(172)
Adjustments in respect of prior periods	(23)	
Tax rate changes	1	(1)
<b>Tax (credit) charge for the period</b>	(38)	3

## RV Care Homes Limited

### Notes to the Financial Statements for the Year Ended 30 September 2019 (continued)

#### 11. Intangible assets

	Negative Goodwill £'000	Software Licences £'000	Total £'000
<b>Cost</b>			
At 1 October 2018	(198)	51	(147)
Additions	-	8	8
<b>At 30 September 2019</b>	<b>(198)</b>	<b>59</b>	<b>(139)</b>
<b>Amortisation</b>			
At 1 October 2018	(20)	51	31
Charge/ (credit) in year	(20)	8	(12)
<b>At 30 September 2019</b>	<b>(40)</b>	<b>59</b>	<b>19</b>
<b>Net Book Value</b>			
At 30 September 2018	(178)	-	(178)
<b>At 30 September 2019</b>	<b>(158)</b>	<b>-</b>	<b>(158)</b>

#### 12. Tangible fixed assets

	Leasehold Improvements £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>			
At 1 October 2018	614	510	1,124
Additions	267	289	556
Disposals	-	(2)	(2)
<b>At 30 September 2019</b>	<b>881</b>	<b>797</b>	<b>1,678</b>
<b>Depreciation</b>			
At 1 October 2018	19	33	52
Charge in year	24	102	126
Impairment in year	7	18	25
Disposals	-	(1)	(1)
<b>At 30 September 2019</b>	<b>50</b>	<b>152</b>	<b>202</b>
<b>Net Book Value</b>			
At 30 September 2018	595	477	1,072
<b>At 30 September 2019</b>	<b>831</b>	<b>645</b>	<b>1,476</b>

## RV Care Homes Limited

### Notes To The Financial Statements For The Year Ended 30 September 2019 (continued)

#### 13. Stock

	2019 £'000	2018 £'000
Consumables	39	38

The replacement cost of the above stock would not be significantly different from the values stated.

#### 14. Debtors – amounts falling due within one year

	2019 £'000	2018 £'000
Trade debtors	1,117	1,566
Amounts owed from Parent entities	3,871	-
Amounts owed from other Group entities	509	697
Other debtors	45	65
Prepayments and accrued income	261	453
Deferred tax asset (note 17)	35	-
<b>Total debtors</b>	<b>5,838</b>	<b>2,781</b>

##### Amounts owed from Parent entities

As at 30 September 2019 HC-One Limited owed £3,871,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018 creditor: £447,000).

##### Amounts owed from other Group entities

As at 30 September 2019 Meridian Healthcare Limited owed £251,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £Nil).

As at 30 September 2019 RV Extra Care Limited owed £216,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £697,000).

As at 30 September 2019 HC-One Oval Limited owed £42,000 and this amount is due on demand with no fixed repayment date and bears no interest (2018: £Nil).

#### 15. Cash at bank and in hand

	2019 £'000	2018 £'000
Total Cash at bank and in hand	470	947

## RV Care Homes Limited

### Notes To The Financial Statements For The Year Ended 30 September 2019 (continued)

#### 16. Creditors – amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	811	1,183
Amounts owing to Parent entities	-	447
Amounts owing to other Group entities	4,430	-
Other taxes and social security costs	133	140
Other creditors	26	780
Accruals and deferred income	1,786	1,182
<b>Total creditors – amounts falling due within one year</b>	<b>7,186</b>	<b>3,732</b>

#### Amounts owed to Parent entities

As at 30 September 2019 HC-One Limited owed the Company £3,871,000 and this amount is due on demand with no fixed repayment date and bears no interest (included in debtors) (2018: creditor of £447,000).

#### Amounts owing to other Group entities

As at 30 September 2019 HC-One Beamish Limited were owed £4,423,000 by the company and this amount is due on demand with no fixed repayment date and bears no interest (2018: £Nil).

As at 30 September 2019 NHP Management Limited were owed £4,000 by the company and this amount is due on demand with no fixed repayment date and bears no interest (2018: £Nil).

As at 30 September 2019 Hailsham House and Operations Limited were owed £3,000 by the company and this amount is due on demand with no fixed repayment date and bears no interest (2018: £Nil).



## Notes To The Financial Statements For The Year Ended 30 September 2019 (continued)

### 17. Provision for liabilities

	2019 £'000	2018 £'000
<b>Deferred tax liabilities:</b>		
Provision at start of the period	3	-
Deferred tax charge to profit and loss account for the period	(38)	3
<b>Provision at end of the period</b>	<b>(35)</b>	<b>3</b>

	Booked 30 September 2019 £'000	Booked 30 September 2018 £'000
Fixed asset timing differences	(31)	5
Short term timing differences - trading	(4)	(2)
	<b>(35)</b>	<b>3</b>

<b>Deferred tax (assets)</b>		
Recoverable within 12 months	(4)	(2)
	<b>(4)</b>	<b>(2)</b>

<b>Deferred tax liabilities</b>		
Payable within 12 months	(31)	5
	<b>(31)</b>	<b>5</b>

Finance Act No.2 2015, which was substantively enacted on 26 October 2015, includes provisions to reduce the corporation tax to 19% with effect from 1 April 2018 and 18% with effect from 1 April 2020. In addition, the Finance Act 2016 which was substantively enacted on 6th September 2016 introduced a further reduction in the main rate of corporation tax from 18% to 17% from 1 April 2020. Accordingly these rates have been applied when calculating deferred tax assets and liabilities as at 30 September 2019.

During the period commencing 1 October 2019, the net reversal of deferred tax assets is expected to reduce the corporation tax charge for the year by £4,000. This is primarily due to a reversal of timing differences.

In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £4,000.

There is no expiry date on timing differences, unused tax losses or tax credits.

**RV Care Homes Limited**

**Notes To The Financial Statements For The Year Ended 30 September 2019**  
**(continued)**

**18. Called-up share capital**

	2019 £	2018 £
<b>Allotted and fully paid</b>		
One hundred ordinary shares of £1 each	100	100

The profit and loss reserve represents cumulative profits and losses.

**19. Defined Contribution schemes**

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to the profit and loss in the year ended 30 September 2019 was £112,000 (2018: £79,000).

**20. Financial commitments**

Capital commitments relate to amounts contracted for in relation to the purchase of property, plant and equipment. The total capital commitment in the period ended 30 September 2019 was £Nil (2018: £Nil).

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019 £'000	2018 £'000
- within one year	1,536	1,304
- between one and five years	6,144	5,224
- in more than five years	27,648	24,812

The operating lease of land and buildings relates to care homes which are subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

**21. Related party transactions**

*Identity of related parties*

The Company has taken the exemption provided under FRS 102 to not disclose intercompany transactions with other group undertakings within the FC Skyfall Upper Midco Limited group.

**22. Ultimate parent undertakings**

The Company's immediate parent undertaking is HC-One Limited, a company incorporated in England.

The ultimate parent undertaking and controlling party is FC Skyfall LP, a limited partnership incorporated and registered in the Cayman Islands. FC Skyfall Upper Midco Limited is both the smallest and largest group for which consolidated financial statements are drawn up. The registered address of FC Skyfall Upper Midco Limited is 25 Canada Square, Level 37, London, England, E14 5LQ.

Copies of FC Skyfall Upper Midco Limited financial statements to 30 September 2019 are available from the Companies House at Crown Way, Cardiff, Wales CF14 3UZ.

**Notes To The Financial Statements For The Year Ended 30 September 2019  
(continued)**

**23. Contingent Liabilities and Guarantees**

The Company and its group undertakings are guarantors to a facility agreement entered into by FC Skyfall Bidco Limited, the Company's intermediate parent undertaking. The facility is secured by a fixed and floating charge over the group assets and unlimited guarantee from its group undertakings. As at 3<sup>rd</sup> April 2020 the outstanding loan amount is £254.2m.

**24. Subsequent events**

No subsequent events are noted between the year end date and the date of signing this report.