

REGISTERED NUMBER: 07417290 (England and Wales)

HC-One No.3 Limited

Previously known as RV Care Homes Limited

Strategic Report, Directors' Report and

Audited Financial Statements for the Year Ended 30th September 2021



**HC-One No.3 Limited**  
**previously known as RV Care Homes Limited**

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**for the Year Ended 30th September 2021**

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**HC-One No.3 Limited**  
**previously known as RV Care Homes Limited**

**Company Information**  
**for the Year Ended 30th September 2021**

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**DIRECTORS:** Mr J A Ransford  
Mr D A Smith  
Mr J W Tugendhat

**REGISTERED OFFICE:** Southgate House  
Archer Street  
Darlington  
County Durham  
DL3 6AH

**REGISTERED NUMBER:** 07417290 (England and Wales)

**INDEPENDENT AUDITORS :** KPMG LLP  
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110 Quayside  
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NE1 3DX

**BANKERS:** Lloyds Bank  
3rd Floor  
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London  
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**HC-One No.3 Limited**  
**previously known as RV Care Homes Limited**

**Strategic Report**  
**for the Year Ended 30th September 2021**

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The directors present their strategic report for the year ended 30th September 2021.

**REVIEW OF BUSINESS**

The principal activity of HC-One No.3 Limited (formerly RV Care Homes Limited) ("the Company") during the year was the provision of nursing and residential care services, caring for over 190 residents across 8 homes in the UK. During the year ended 30th September 2021, 4 homes were either sold or closed leaving a total of 4 homes operational at the year end.

**RESULTS**

The Company's loss for the year ended 30 September 2021 amounted to £2,410,000 (2020 profit: £1,162,000)

The Company's gross profit on ordinary activities for the year ended 30 September 2021 amounted to £141,000 (2020: £1,381,000) and included £222,000 (2020: £189,000) of depreciation.

As at 30 September 2021 the Company had net liabilities of £769,000 (2020 net assets: £1,641,000).

**KEY PERFORMANCE INDICATORS**

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

	<b>2021</b>	<b>2020</b>	<b>Increase/(Decrease )</b>
Average Occupancy	58.37%	66.00%	(7.63%)
Average weekly fee rate	£1,062	£1,096	(34)

These results are reflective of the companies decision to sell or close 4 homes during the year ended 30th September 2021 as well as the challenges of the ongoing COVID-19 global pandemic. Further details on the impact of COVID-19 can be found later in this strategic report.

## **COVID-19 IMPACT**

### **Occupancy**

During the financial year, occupancy dropped, mainly due to the "second peak" in January to March 2021. However, the fall in occupancy rates was attributable to homes being in outbreak and therefore restricting admissions, rather than increased deaths. Deaths were no higher than any usual year. Occupancy is now in its recovery phase.

### **Government grants and support**

During the financial year, the Group received additional income through government grants, including the Infection Control Fund, Rapid Testing Fund and Coronavirus Job Retention Scheme. The Group was also able to apply, in Scotland, for support in order to cover increased costs, as well as occupancy guarantees.

Funds distributed by local authorities to the Group, in relation to the Infection Control Fund and Rapid Testing Fund, were predominantly allocated to payroll costs; ensuring colleagues who isolated in line with government guidance received their normal wages while doing so, limiting or cohorting colleagues to serve individual groups of residents or floors/wings, limiting colleague movement between settings and time taken testing residents, colleagues and visitors in line with appropriate guidelines.

The Group also benefitted from the Government's provision of personal protective equipment ("PPE") into our English care homes for the full financial year (and will continue until March 2022).

### **Cost impact**

Throughout the pandemic, the priority of the Group has been to protect our residents and colleagues. This has been achieved through comprehensive infection control and safety measures, including investment in safety equipment, colleague training and support. In the financial year, the Group invested heavily to protect and support residents and colleagues, resulting in higher costs, particularly payroll costs. The Group also invested heavily in personal protective equipment ("PPE") costs in Scotland and Wales, where PPE was not provided through the Government portal as in England.

### **Vaccinations**

During the financial year, COVID-19 vaccinations have been offered and administered to our residents and colleagues. This had a dramatic effect on the number of cases in our resident and colleague population and therefore resulted in a significant fall in the number of our homes in outbreak (and therefore unable to accept admissions). The third booster vaccination was made available to our residents and colleagues, six months after each individual's second dose.

In addition, the COVID-19 vaccination was mandated for all workers within HC-One during the financial year, which resulted in minimal impact to the business in terms of colleagues departing.

### **Visiting**

Since March 2021, residents were gradually able to reunite with their loved ones. All our homes currently allow unlimited named visitors where homes are not in outbreak and indoor visits are only permitted following a negative lateral flow test. All residents are encouraged to have an essential visitor who can continue to visit during periods of isolation and outbreak. Outdoor and window visits continue to be available to other family members. All our homes continue to make sure all families are connected and every resident has a plan that includes involvement from family members.

### **Colleagues**

Throughout the pandemic, the Group has supported its colleagues who have needed to self-isolate by topping up Statutory Sick Pay to average gross pay for those colleagues who have tested positive for COVID-19 or displayed symptoms and were awaiting a test. Our colleagues have worked tirelessly throughout the pandemic, to provide outstanding kind care to our residents. We thank each and every one of our colleagues for their continued hard work, dedication and professionalism throughout what has been the single worst health crisis in over a century.

**HC-One No.3 Limited**  
**previously known as RV Care Homes Limited**

**Strategic Report**  
**for the Year Ended 30th September 2021**

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**Current trading and outlook**

In the period between year-end and signing of the accounts, there have been some notable developments in ways in which the COVID-19 pandemic continues to impact the Group;

- **Government funding** - Since the financial year end, the Government announced further funding into the adult social care sector - specifically the continuation of the Infection Control Fund and Rapid Testing Funds and the introduction of the Workforce Recruitment and Retention Fund (both applicable from October 2021 to March 2022).

- **Occupancy** - Occupancy is currently on an increasing trend, as the recovery from the pandemic continues and homes in outbreak remain at low levels.

The Board, our lenders and our shareholders remain focused, committed and optimistic about the future of the Group. We are all united in our unwavering commitment to be The Kind Care Company, supporting those in our care to lead their best life. The recent refinancing has given the Group a certainty of liquidity, as well as capital available for investment. With the Group's disciplined approach to capital allocation, as well as a committed and experienced management team and strong kind care culture throughout the Group, the Group is poised well for the future.

## 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.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Company's activities are exposed to a number of operational risks, which are listed below:

### **Reputational Risk**

Any serious incident relating to the provision of care services could result in negative publicity and increased scrutiny from regulators, residents and families.

In order to mitigate this risk, the Group 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 Group's operations are subject to an increasingly high level of regulation and scrutiny by various regulators across the UK. Inspections are largely unannounced and often involve several inspectors per home visit. The failure to meet the national regulations could lead to a service being placed under special measures, being subjected to enforcement notices or possibly forced to close.

To mitigate this risk, the Group has a team of internal inspectors who operate using an intelligence-based internal inspection framework to continually monitor compliance to internal quality measures and external regulations. The internal inspections are shared with home managers and their line managers and progress against subsequent required actions is reviewed by both line management and our inspectors. Quality measures, including Key Clinical Indicators, are monitored on a weekly basis, with management interventions where appropriate. The Group also monitors complaints, incidents and safeguarding concerns, with a robust framework in place to assess, investigate, resolve and learn.

## **PRINCIPAL RISKS AND UNCERTAINTIES (continued)**

### **Colleague Capacity and Competency**

There is a risk of not recruiting the right leadership and/or not developing the competencies needed in order to manage an organisation of the Group's scale and complexity. There is also a risk to not having the correct resources in place and establishing the level of carer, manager and clinical capacity and competency, for the different levels of care our residents need and/or for which we are commissioned.

Leadership and cultural changes within the business have supported us in securing further talent. Succession planning has been developed for the leadership team and personal development plans are now being established as part of the performance management process. Our overseas nursing programme is a key mitigating tool to bringing in additional nursing skills. We also have a Workforce Plan in place that matches the right people and skills with the levels of care needed in homes. Our Nursing Assistant Programme helps the upskilling of Nursing Assistants, reducing the care burden and workload of the nurses. Monitoring of key clinical indicators gives management the view of acuity and changing care needs, such that changes can be made to the care model as required.

### **Property Risks**

Property risks include the risk of major fire, legionella outbreak, other loss of buildings and major equipment failure. The impact of a major fire could endanger lives of our residents and colleagues. The effect of loss of buildings and/or major equipment failure may result in significant disruption to care service provided.

External fire risk assessments are completed every two years with an internal review carried out in between. This highlights any fire risk concerns, be that physical aspects of the building or elements of operational control. Full compliance is targeted for all statutory pre-planned maintenance activities and this includes fire alarms and gas certification. An extensive programme of colleague training is in place to ensure colleagues are adequately equipped to deal with fire emergencies but also they are aware of things that may result in fire. Legionella testing and compliance programme is in place in all homes.

A significant and comprehensive pre-planned maintenance schedule exists for all major pieces of equipment. Much of this is legally driven and full compliance is the target. The business has various contingencies in place for a variety of major equipment failure.

### **Changes to Commissioning**

Changes to national Adult Social Care funding arrangements, legislation or changes to levels of council/National Health Service funding, in relation to how an individual funds their care, could have a material impact on our business model operations and Group profitability.

The Group has quality processes and arrangements, which support us to be first choice provider in the communities we serve, to ensure continued demand, regardless of funding and system changes. The Group continues to lobby through national, regional and local Care Associations and partner with professional bodies. The Group monitors and contributes to Government research, working groups and consultation exercises.

### **Potential future pandemics**

The impact of a pandemic, like COVID-19, is demonstrably a major risk for those we care for and for the Group's finances and ability to deliver its long term goals.

We continue to work with the Department for Health and Social Care, enabling us to proactively prepare for such events. The Group also has local NHS partnerships and strong relationships with colleague union representatives. Significant emphasis is placed on cost control and cash flow, due to the financial impact of any home going into outbreak and unable to accept admissions. Furthermore, the Group performs scenario analysis and modelling of forecasts and cash flows for next five financial years.

## **POST BALANCE SHEET EVENTS**

Details of significant events since the balance sheet date are contained in note 21 to the financial statements.



**HC-One No.3 Limited**  
**previously known as RV Care Homes Limited**

**Strategic Report**  
**for the Year Ended 30th September 2021**

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**GOING CONCERN**

The Directors have reviewed the going concern of the Company carefully in the preparation of these financial statements. In order to prepare the financial statements on a going concern basis, the Directors have considered detailed financial projections for a period through 12 months from the date of signing the financial statements. These forecasts are based on management's latest assumptions including occupancy rates, fee rates, rental costs and staff costs and assume that Covid-19 related government support will not be extended beyond the currently announced terms. As the Company's immediate parent, HC-One Limited, has elected to manage the cash flow forecast of HC-One No.3 Limited (formerly RV Care Homes Limited) and its fellow subsidiary, HC-One No.6 Limited (formerly RV Extra Care Limited) (together 'the RV Care Group') on a consolidated basis, the RV Care Group's forecasts have been aggregated for the purposes of the going concern assessment. By their very nature, forecasts and projections are inherently uncertain, however, the consolidated forecasts show that the RV Care Group will operate well within their available bank balances, throughout the period of 12 months from the date of signing the financial statements. In making this assessment the Directors have made the following key assumptions:

- HC-One Limited will continue to manage the cash flow forecast of the RV Care Group on a consolidated basis such that any short term cash deficit in one company will be funded by a cash surplus in the other company. HC-One Limited has indicated that this remains its intention for at least 12 months from the date of approval of these accounts; and
- HC-One Limited has also indicated that it will not seek repayment of intra-group amounts owed by the RV Care Group for at least 12 months from the date of approval of these accounts;

In making the above assumptions the Directors are placing reliance on its immediate parent, HC-One Limited. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Sensitivity analysis has been performed to model the impact of more adverse trends compared to those included in the financial projections. These sensitivities seek to model the impact of severe but plausible downside risks to the achievement of the financial projections. The sensitivities applied were a further fall in occupancy due to increased death rates and delay in recovery of admissions due to an increase of homes in outbreak. When these downside sensitivities are applied to the financial projections, there are no indications of liquidity concerns, noting that the company has no financial covenants that need to be complied with.

Based on the Company's forecasts and projections, taking into account reasonable possible changes in trading performance as mentioned above, the Directors have a reasonable expectation that the Company 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. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**ON BEHALF OF THE BOARD:**

  
.....  
Mr D A Smith - Director

Date: 10 February 2022

**HC-One No.3 Limited**  
**previously known as RV Care Homes Limited**

**Directors' Report**  
**for the Year Ended 30th September 2021**

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The directors present their report with the financial statements of the Company for the year ended 30th September 2021.

**CHANGE OF NAME**

The Company passed a special resolution on 24th August 2021 changing its name from RV Care Homes Limited to HC-One No.3 Limited.

**PRINCIPAL ACTIVITY**

The principal activity of the Company in the year under review was that of 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 2021 (2020: £Nil).

**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 SINCE THE END OF THE YEAR**

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

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1st October 2020 to the date of this report.

Mr J A Ransford  
Mr D A Smith  
Mr J W Tugendhat

Other changes in directors holding office are as follows:

Sir W H W Wells - resigned 27th April 2021

Sir D Behan ceased to be a director after 30th September 2021 but prior to the date of this report.

**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.

**ENGAGEMENT WITH EMPLOYEES**

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.

**HC-One No.3 Limited**  
**previously known as RV Care Homes Limited**

**Directors' Report**  
**for the Year Ended 30th September 2021**

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

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

  
.....  
Mr D A Smith - Director

Date: 10 February 2022

**HC-One No.3 Limited**  
**previously known as RV Care Homes Limited**

**Directors' Responsibilities Statement**  
**for the Year Ended 30th September 2021**

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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 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.

## **Report of the Independent Auditors to the Members of HC-One No.3 Limited**

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### **Opinion**

We have audited the financial statements of HC-One No.3 Limited (the 'Company') for the year ended 30th September 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30th September 2021 and of its loss 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 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.

### **Conclusions relating to going concern**

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

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

**Fraud and breaches of laws and regulations - ability to detect**

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, and the audit committee, as to the group's high-level policies and procedures to prevent and detect fraud, including the group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for senior management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of properties within the group. On this audit we do not believe there is a fraud risk related to revenue recognition because:

- Revenue recognition is non-complex in nature; and
- There is sufficient segregation of duties within the revenue recognition process to mitigate the opportunity for revenue recognition to be fraudulently manipulated.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to cash accounts, finance expenses and rental expenses, with a corresponding entry in unusual accounts.
- Evaluated the business purpose of significant unusual transactions

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and UK Care Standards as defined by the Care Quality Commission, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

**Report of the Independent Auditors to the Members of  
HC-One No.3 Limited**

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Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the group's licence to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, general data protection regulation (GDPR), employment law, and environmental protection legislation, recognising the nature of the group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**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; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

**Responsibilities of directors**

As explained more fully in their statement set out on page ten, 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.

**Report of the Independent Auditors to the Members of  
HC-One No.3 Limited**

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**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

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



Nick Plumb (Senior Statutory Auditor)  
for and on behalf of KPMG LLP  
Quayside House  
110 Quayside  
Newcastle-upon-Tyne  
NE1 3DX

Date: 10 February 2022



**HC-One No.3 Limited**  
**previously known as RV Care Homes Limited**

**Statement of Comprehensive Income**  
**for the Year Ended 30th September 2021**

	Notes	2021 £'000	2020 £'000
<b>TURNOVER</b>	4	11,703	16,134
Cost of sales		(11,562)	(14,753)
<b>GROSS PROFIT</b>		141	1,381
Administrative expenses		(2,778)	(239)
<b>OPERATING (LOSS)/PROFIT</b>	7	(2,637)	1,142
Interest payable and similar expenses	8	(5)	(7)
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		(2,642)	1,135
Tax on (loss)/profit	9	232	27
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		(2,410)	1,162
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		<u>(2,410)</u>	<u>1,162</u>

The notes on pages 18 to 29 form part of these financial statements

**HC-One No.3 Limited (Registered number: 07417290)**  
**previously known as RV Care Homes Limited**

**Balance Sheet**  
**30th September 2021**

	Notes	2021 £'000	2020 £'000
<b>FIXED ASSETS</b>			
Intangible assets	10	(118)	(138)
Tangible assets	11	685	1,450
		<u>567</u>	<u>1,312</u>
<b>CURRENT ASSETS</b>			
Stocks	12	5	12
Debtors Amounts falling due within one year	13	986	5,451
Cash at bank and in hand		384	1,738
		<u>1,375</u>	<u>7,201</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	<u>(2,536)</u>	<u>(6,872)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(1,161)</u>	<u>329</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(594)</u>	<u>1,641</u>
<b>PROVISIONS FOR LIABILITIES</b>	15	<u>(175)</u>	<u>-</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u><u>(769)</u></u>	<u><u>1,641</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	-	-
Retained earnings		<u>(769)</u>	<u>1,641</u>
<b>SHAREHOLDERS' FUNDS</b>		<u><u>(769)</u></u>	<u><u>1,641</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 10 February 2022 and were signed on its behalf by:

  
 .....  
 Mr D A Smith - Director

The notes on pages 18 to 29 form part of these financial statements

**HC-One No.3 Limited**  
**previously known as RV Care Homes Limited**

**Statement of Changes in Equity**  
**for the Year Ended 30th September 2021**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1st October 2019</b>	-	479	479
Total comprehensive income	-	1,162	1,162
<b>Balance at 30th September 2020</b>	-	1,641	1,641
Total comprehensive loss	-	(2,410)	(2,410)
<b>Balance at 30th September 2021</b>	-	(769)	(769)

The notes on pages 18 to 29 form part of these financial statements

1. **STATUTORY INFORMATION**

HC-One No.3 Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The average monthly number of employees (excluding executive directors) was 377 (2020: 413).

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**2. ACCOUNTING POLICIES - continued**

**Going concern**

The Directors have reviewed the going concern of the Company carefully in the preparation of these financial statements. In order to prepare the financial statements on a going concern basis, the Directors have considered detailed financial projections for a period through 12 months from the date of signing the financial statements. These forecasts are based on management's latest assumptions including occupancy rates, fee rates, rental costs and staff costs and assume that Covid-19 related government support will not be extended beyond the currently announced terms. As the Company's immediate parent, HC-One Limited, has elected to manage the cash flow forecast of HC-One No.3 Limited (formerly RV Care Homes Limited) and its fellow subsidiary, HC-One No.6 Limited (formerly RV Extra Care Limited) (together 'the RV Care Group') on a consolidated basis, the RV Care Group's forecasts have been aggregated for the purposes of the going concern assessment. By their very nature, forecasts and projections are inherently uncertain, however, the consolidated forecasts show that the RV Care Group will operate well within their available bank balances, throughout the period of 12 months from the date of signing the financial statements. In making this assessment the Directors have made the following key assumptions:

- HC-One Limited will continue to manage the cash flow forecast of the RV Care Group on a consolidated basis such that any short term cash deficit in one company will be funded by a cash surplus in the other company. HC-One Limited has indicated that this remains its intention for at least 12 months from the date of approval of these accounts; and
- HC-One Limited has also indicated that it will not seek repayment of intra-group amounts owed by the RV Care Group for at least 12 months from the date of approval of these accounts;

In making the above assumptions the Directors are placing reliance on its immediate parent, HC-One Limited. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Sensitivity analysis has been performed to model the impact of more adverse trends compared to those included in the financial projections. These sensitivities seek to model the impact of severe but plausible downside risks to the achievement of the financial projections. The sensitivities applied were a further fall in occupancy due to increased death rates and delay in recovery of admissions due to an increase of homes in outbreak. When these downside sensitivities are applied to the financial projections, there are no indications of liquidity concerns, noting that the company has no financial covenants that need to be complied with.

Based on the Company's forecasts and projections, taking into account reasonable possible changes in trading performance as mentioned above, the Directors have a reasonable expectation that the Company 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. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**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.

**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.

2. **ACCOUNTING POLICIES - continued**

**Intangible assets- licences**

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

**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:

Buildings and grounds - 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.

**Government grants**

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the assets. Where part of a grant relating to an asset is deferred, it is recognised as deferred income. Government grants received are for use in capital improvement projects of qualifying care homes. Government support received during the pandemic has been treated as a government grant where it is dependent on compliance with specified conditions, for example the Job Retention Scheme, Infection Control and Rapid Testing Funds, and has been included within revenue. Other forms of government support have been treated as government assistance.

**Stocks**

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

**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.

2. **ACCOUNTING POLICIES - continued**

**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 provided in full on 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. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing differences and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense and income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise that assets and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: (a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis; or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**Leases**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

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.

2. **ACCOUNTING POLICIES - continued**

**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.

**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.



### 3. 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 11.

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 13 for further details of deferred tax liabilities recognised.

### 4. TURNOVER

The turnover and loss (2020 - profit) before taxation are attributable to the one principal activity of the Company.

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

	2021 £'000	2020 £'000
Elderly care	11,703	16,134
	<u>11,703</u>	<u>16,134</u>

**HC-One No.3 Limited**  
**previously known as RV Care Homes Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 30th September 2021**

**5. EMPLOYEES AND DIRECTORS**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	8,386	9,706
Social security costs	540	595
Other pension costs	111	131
	<u>9,037</u>	<u>10,432</u>

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

	<b>2021</b>	<b>2020</b>
Managers and care staff	<u>377</u>	<u>413</u>

For further details of pension costs refer to note 17.

**6. DIRECTORS' EMOLUMENTS**

The Directors of the Company are also the Directors of other group undertakings. Management do not believe it is possible to allocate these costs to each individual company. Further details can be found in the financial statements of HC-One Limited.

**7. OPERATING (LOSS)/PROFIT**

**Operating (loss)/ profit is stated after charging:**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Depreciation of owned assets (Note 11)	222	189
Amortisation of negative goodwill (Note 10)	(20)	(20)
Amortisation of Licences (Note 10)	9	9
Operating lease charges land and buildings	1,456	1,599
Fees payable in respect to the Audit of the Company's annual financial statements	33	33
Government grants Government grants (including Job Retention Scheme, Infection Control Grant and Rapid Testing Grant)	(316)	(369)

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 HC-One No.6 Limited, a fellow group undertaking.

In the period ended 30 September 2021, £Nil recharges were made to HC-One No.6 Limited for the provision of both audit and non-audit services.

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Bank interest	<u>5</u>	<u>7</u>

Notes to the Financial Statements - continued  
for the Year Ended 30th September 2021

9. TAXATION

**Analysis of the tax credit**

The tax credit on the loss for the year was as follows:

	2021 £'000	2020 £'000
Deferred tax	(232)	(27)
Tax on (loss)/profit	<u>(232)</u>	<u>(27)</u>

Tax on profit can be reconciled as follows:

	2021 £'000	2020 £'000
<b>Current tax:</b>		
UK corporation tax on profits for the year	-	-
Adjustment in respect to previous periods	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(141)	(25)
Adjustment in respect to previous periods	(21)	(2)
Effect of changes in tax rates	(70)	-
<b>Total Deferred tax</b>	<u>(232)</u>	<u>(27)</u>
<b>Total tax per profit and loss account</b>	<u><u>(232)</u></u>	<u><u>(27)</u></u>

The charge for the period can be reconciled to the loss per the Statement of Comprehensive Income as follows:

	Year ended 30 September 2021 £'000	Year ended 30 September 2020 £'000
Profit/ (Loss) for the year	(2,642)	1,135
Tax on profit/(loss) at standard UK tax rate of 19.0% (2019: 19.0%)	<u>(502)</u>	<u>217</u>
Effects of:		
Expenses not deductible	63	10
Effects of group relief/ other reliefs	298	(248)
Adjustments in respect of prior period	(21)	(2)
Tax rate changes	<u>(70)</u>	<u>(4)</u>
<b>Tax Credit for year</b>	<u><u>(232)</u></u>	<u><u>(27)</u></u>

Finance Act 2020 enacted provision to increase the UK Corporation tax rate to 19% from 1 April 2020 and accordingly the deferred tax at 30th September 2021 was calculated at this rate.

Finance Act 2021 which was Substantively Enacted on 24 May 2021 included provisions to increase the rate further to 25% effective from 1 April 2023 and the rate has been applied when calculating the deferred tax at the year end.

**HC-One No.3 Limited**  
**previously known as RV Care Homes Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 30th September 2021**

**10. INTANGIBLE FIXED ASSETS**

	<b>Negative Goodwill £'000</b>	<b>Licences £'000</b>	<b>Totals £'000</b>
<b>COST</b>			
At 1st October 2020	(198)	68	(130)
Additions	-	9	9
At 30th September 2021	(198)	77	(121)
<b>AMORTISATION</b>			
At 1st October 2020	(60)	68	8
Amortisation for year	(20)	9	(11)
At 30th September 2021	(80)	77	(3)
<b>NET BOOK VALUE</b>			
At 30th September 2021	(118)	-	(118)
At 30th September 2020	(138)	-	(138)

**11. TANGIBLE FIXED ASSETS**

	<b>Buildings and Grounds £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Totals £'000</b>
<b>COST</b>			
At 1st October 2020	780	1,061	1,841
Additions	141	233	374
Disposals	(467)	(655)	(1,122)
At 30th September 2021	454	639	1,093
<b>DEPRECIATION</b>			
At 1st October 2020	82	309	391
Charge for year	35	187	222
Eliminated on disposal	(67)	(286)	(353)
Impairments	59	89	148
At 30th September 2021	109	299	408
<b>NET BOOK VALUE</b>			
At 30th September 2021	345	340	685
At 30th September 2020	698	752	1,450

As at 30 September 2021 management conducted an impairment review resulting in a downwards impairment of £148,000 recognised through administrative expenses.

**12. STOCKS**

	<b>2021 £'000</b>	<b>2020 £'000</b>
Stocks	5	12

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

Notes to the Financial Statements - continued  
for the Year Ended 30th September 2021

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade debtors	301	645
Amounts owed by group undertakings	202	4,055
Other debtors	16	2
Deferred tax asset	294	62
Prepayments and accrued income	173	687
	<u>986</u>	<u>5,451</u>

As at 30 September 2021, amounts owed by Group undertakings totalled £202,000 (2020: £4,055,000). These amounts are due on demand with no fixed repayment date and bear no interest.

Deferred tax asset

Deferred tax asset:	2021 £'000	2020 £'000
Asset at start of year	62	35
Adjustment in respect of prior years	21	-
Deferred tax charge to Statement of Comprehensive Income for the year	211	27

<b>Asset at the end of the year</b>	<b>294</b>	<b>62</b>
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	2021 £'000	2020 £'000
Fixed asset timing differences	291	57
Short term timing differences (trading)	3	5
	<u>294</u>	<u>62</u>

Deferred tax assets	2021 £'000	2020 £'000
Recoverable within 12 months	294	62
	<u>294</u>	<u>62</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £'000	2020 £'000
Trade creditors	365	645
Amounts owed to group undertakings	1,293	4,434
Social security and other taxes	71	365
Other creditors	14	29
Accruals and deferred income	793	1,399
	<u>2,536</u>	<u>6,872</u>

As at 30 September 2021, amounts owed to Group undertakings totalled £1,293,000 (2020: £4,434,000). These amounts are due on demand with no fixed repayment date and bear no interest

15. PROVISIONS FOR LIABILITIES

	2021£'000	2020£'000
Other provisions	125	-
Onerous Lease	50	-
	<u>175</u>	<u>-</u>

**Other provisions**

During the year, the Group created provisions totalling £125,000 for various items including insurances and litigation amongst others. The provisions are expected to unwind as and when the outcomes of the specific provisions become more certain.

**Onerous lease provision**

Following a review of the property lease portfolio £50,000 has charged to the Statement of Comprehensive Income for closed homes where there is an ongoing rent liability.

16. CALLED UP SHARE CAPITAL

**Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	2021 £	2020 £
100	Ordinary	1	<u>100</u>	<u>100</u>

The profit and loss reserve represents cumulative profits and losses.

17. PENSION COMMITMENTS

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 2021 was £111,000 (2020: £131,000).

18. CONTINGENT LIABILITIES AND GUARANTEES

There are no noted contingent liabilities and guarantees.

19. FINANCIAL COMMITMENTS

Capital commitments relate to amounts contracted for in relation to the purchase of property, plant and equipment. The total capital commitment as at 30 September 2021 was £nil (2020: £nil).

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

	At 30 September 2021 £'000	At 30 September 2020 £'000
- within one year	881	1,582
- between one and five years	3,523	6,328
- in more than five years	14,972	26,895

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.

**20. RELATED PARTY DISCLOSURES**

The Company has taken the exemption provided under FRS 102 to not disclose intercompany transactions with other group undertakings within the HC-One Holdco 3 group (formerly FC Skyfall Holdco 3 Limited).

**21. POST BALANCE SHEET EVENTS**

No significant events are noted between the year ended 30 September 2021 and to date of signing of this report.

**22. ULTIMATE PARENT UNDERTAKING & CONTROLLING PARTY**

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

The Directors regard Skyfall LP (formerly FC Skyfall LP), a limited partnership incorporated and registered in the Cayman Islands, as the ultimate parent undertaking. The ultimate controlling party, beyond Skyfall LP, is Skyfall GP Limited (formerly FC Skyfall GP Limited), a company incorporated in Cayman Islands.

The smallest and largest group into which these financial statements are consolidated is HC-One Holdco 3 Limited (Formerly FC Skyfall Holdco 3 Limited) with registered office at C/O Maples Corporate Services Limited PO BOX 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

Copies of HC-One Holdco 3 Limited financial statements to 30 September 2021 are available from the Companies House at Crown Way, Cardiff, Wales CF14 3UZ