

REGISTERED NUMBER: 07417290 (England and Wales)

RV Care Homes Limited

Strategic Report, Directors' Report and

Audited Financial Statements for the Year Ended 30th September 2020



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RV Care Homes Limited

**Company Information
for the Year Ended 30th September 2020**

DIRECTORS:

Sir D Behan
Mr J A Ransford
Mr D A Smith
Sir W H W Wells
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
Quayside House
110 Quayside
Newcastle-upon-Tyne
NE1 3DX

BANKERS:

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

RV Care Homes Limited

Strategic Report for the Year Ended 30th September 2020

The directors present their strategic report for the year ended 30th September 2020.

REVIEW OF BUSINESS

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 260 residents across 8 homes in the UK.

RESULTS

The Company's profit for the year ended 30 September 2020 amounted to £1,162,000 (2019: loss £446,000) and included £nil exceptional costs (2019: £142,000).

The Company's gross profit on ordinary activities for the year ended 30 September 2020 amounted to £1,381,000 (2019: £226,000) and included £189,000 (2019: £126,000) of depreciation.

As at 30 September 2020 the Company had net assets of £1,641,000 (2019: £479,000).

KEY PERFORMANCE INDICATORS

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

	2020	2019	Increase/(Decrease)
Average Occupancy	66.0%	71.6%	(5.6%)
Average weekly fee rate	£1,096	£1,001	£95

The Company has seen a fall in occupancy of 5.6% due to the challenges of the COVID-19 global pandemic. Further details on the impact of COVID-19 can be found later in this strategic report.

COVID-19 IMPACT

Occupancy

In the year ended 30 September 2020, COVID-19 had a significant impact on the healthcare sector as a whole. During the year, occupancy rates declined considerably, both as a result of significantly increased death rates, as well as restrictions on new admissions within homes in outbreak. The vast majority of the increased death rates occurred at the start of the pandemic, in April and May 2020, before routine testing was widely available.

Government grants and support

During the financial year, the Group received additional income through various government grants, including the Infection Control Fund and Coronavirus Job Retention Scheme. The Group was also able to apply, in England, Scotland and Wales, for support in order to cover increased costs. In addition, the Group benefited from various occupancy guarantees and COVID-19 contract bed bookings from the NHS and Local Authorities.

Funds distributed by local authorities to the Group, in relation to the Infection Control Fund, were 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, and limiting colleague movement between settings.

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 and personal protective equipment ("PPE") costs.

Visiting

Since March 2020 and the start of the pandemic, the lack of visiting into our care homes has been extremely hard and upsetting for residents, relatives and colleagues alike. Our teams have been supporting and caring for our residents and have worked extremely hard to maintain their connections with families and loved ones during periods of lockdown.

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 hard work, dedication and professionalism throughout what has been the single worst health crisis in over a century.

Current trading and outlook

In the period between the year end and the signing of the accounts, there have been many notable developments in the COVID-19 pandemic which have impacted the Group;

- **Vaccinations** - COVID-19 vaccinations have been offered and administered to our residents and colleagues. This has had a dramatic effect on the number of cases in our resident and colleague population and has therefore resulted in a significant fall in the number of our homes in outbreak (and therefore unable to accept admissions).

- **Visiting** - As at the date of signing the accounts, restrictions on face-to-face visiting in our care homes have been lifted, allowing residents to be reunited with their loved ones. Although visiting comes with various infection control protocols for visitors, such as COVID-19 testing and the donning of personal protective equipment, this has been welcomed wholeheartedly by everyone involved.

COVID-19 IMPACT (continued)

- **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 (applicable from October 2020 to March 2021) and the introduction of the Rapid Testing Fund (applicable from December 2020 to March 2021), as well as the provision of personal protective equipment ("PPE") to our English care homes until March 2022. This funding has been welcomed by the sector, and has enabled the Group to maintain levels of staffing in line with the extra work generated by enhanced infection control protocols, as well as being able to ensure that our colleagues are not adversely financially affected if they have to self-isolate at the onset of COVID-19 symptoms and/or as a result of a positive COVID-19 test. Furthermore, on the 18th March 2021, the Government announced an additional £341m funding into adult social care, to continue the Infection Control Fund and Rapid Testing Fund through to 30th June 2021.

- **Occupancy** - Occupancy is currently on an increasing trend, following the drastic reduction in the number of our homes in outbreak and unable to accept admissions.

- **Refinement of portfolio** - On 1st March 2021, the Group announced plans to better meet the current and future care needs of the communities it serves, recognising evolving care needs, including the growing demand for more complex care and dementia care. As the Group plans how best to use resources to continuously improve its care homes, it is determined to invest where it can have the greatest impact and more effectively ready itself for the evolving needs of those who it cares for. As a result, the Group has put 52 of its homes up for sale in areas where it feels the communities would better be served by a local operator. The Group has also proposed to close 4 homes. In both cases, the Group will work closely with local partners and commissioners. The sales and closures will only happen when the right alternative operator is found and when residents are able to safely move to their new care placement, ensuring continuity of care.

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.

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 RV Care Homes Limited and its fellow subsidiary, 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:

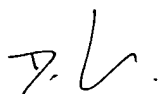
- HC-One Limited will continue to manage the cash flow forecast of the RV Care Group on a consolidated basis such that any short term cash deficit in one company will be funded by a cash surplus in the other company. HC-One Limited has indicated that this remains its intention for at least 12 months 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

18th June 2021

**Directors' Report
for the Year Ended 30th September 2020**

The directors present their report with the financial statements of the Company for the year ended 30th September 2020.

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 2020 (2019: £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 2019 to the date of this report.

Sir D Behan
Mr J A Ransford
Mr D A Smith
Sir W H W Wells

Other changes in directors holding office are as follows:

Mr J J Hutchens - resigned 5th February 2020
Dr C B Patel - resigned 31st October 2019
Mr J W Tugendhat - appointed 14th September 2020

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.

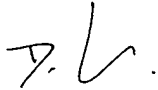
RV Care Homes Limited

**Directors' Report
for the Year Ended 30th September 2020**

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:

A handwritten signature in black ink, appearing to be 'D. L.' with a small dot at the end.

Mr D A Smith - Director

18th June 2021

**Directors' Responsibilities Statement
for the Year Ended 30th September 2020**

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.

Opinion

We have audited the financial statements of RV Care Homes Limited ("the company") for the year ended 30 September 2020, which comprise the Profit and Loss Account, Balance sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30th September 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities 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 Group or the Company or to cease their operations, and as they have concluded that the Group and 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 their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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

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

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 that report 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

**Report of the Independent Auditors to the Members of
RV Care Homes Limited**

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 10, 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.

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

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

18th June 2021

RV Care Homes Limited

**Statement of Comprehensive Income
for the Year Ended 30th September 2020**

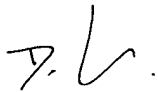
	Notes	2020 £'000	2019 £'000
TURNOVER	4	16,134	16,486
Cost of sales		(14,753)	(16,260)
GROSS PROFIT		1,381	226
Administrative expenses		(239)	(558)
		1,142	(332)
Loss on disposal of fixed assets		-	(2)
OPERATING PROFIT/(LOSS)	7	1,142	(334)
Exceptional Costs	8	-	(142)
		1,142	(476)
Interest payable and similar expenses	9	(7)	(8)
PROFIT/(LOSS) BEFORE TAXATION		1,135	(484)
Tax on profit/(loss)	10	27	38
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		1,162	(446)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,162	(446)

The notes on pages 16 to 28 form part of these financial statements

Balance Sheet
30th September 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	11	(138)	(158)
Tangible assets	12	1,450	1,476
		<u>1,312</u>	<u>1,318</u>
CURRENT ASSETS			
Stocks	13	12	39
Debtors Amounts falling due within one year	14	5,451	5,838
Cash at bank and in hand		1,738	470
		<u>7,201</u>	<u>6,347</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(6,872)	(7,186)
NET CURRENT ASSETS/(LIABILITIES)		<u>329</u>	<u>(839)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,641</u>	<u>479</u>
CAPITAL AND RESERVES			
Called up share capital	16	-	-
Retained earnings		1,641	479
SHAREHOLDERS' FUNDS		<u>1,641</u>	<u>479</u>

The financial statements were approved by the Board of Directors and authorised for issue on 18th June 2021 and were signed on its behalf by:



Mr D A Smith - Director

RV Care Homes Limited

**Statement of Changes in Equity
for the Year Ended 30th September 2020**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1st October 2018	-	925	925
Total comprehensive income	-	(446)	(446)
Balance at 30th September 2019	-	479	479
Total comprehensive income	-	1,162	1,162
Balance at 30th September 2020	-	1,641	1,641

The notes on pages 16 to 28 form part of these financial statements

1. STATUTORY INFORMATION

RV Care Homes 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 413 (2019: 438).

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 RV Care Homes Limited and its fellow subsidiary, 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.

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.

2. ACCOUNTING POLICIES - continued

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 and Infection Control Fund, 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. Further information is given in note 7.

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 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 14 for further details of deferred tax liabilities recognised.

4. TURNOVER

The turnover and profit (2019 - loss) before taxation are attributable to the one principal activity of the Company.

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

	2020	2019
	£'000	£'000
Elderly care	16,134	16,486
	<u>16,134</u>	<u>16,486</u>

Notes to the Financial Statements - continued
for the Year Ended 30th September 2020

5. EMPLOYEES AND DIRECTORS

	2020 £'000	2019 £'000
Wages and salaries	9,706	10,694
Social security costs	595	563
Other pension costs	131	112
	<u>10,432</u>	<u>11,369</u>

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

	2020	2019
Managers and care staff	<u>413</u>	<u>438</u>

For further details of pension costs refer to note 17.

6. DIRECTORS' EMOLUMENTS

	2020 £'000	2019 £'000
Aggregate emoluments inclusive of benefits in kind	-	12
Pension contributions	-	-
	<u>-</u>	<u>12</u>
No. of directors accruing benefits under defined contribution scheme	-	1

7. OPERATING PROFIT/(LOSS)

Operating profit / (loss) is stated after charging:

	2020 £'000	2019 £'000
Depreciation of owned assets (Note 12)	189	126
Amortisation of negative goodwill (Note 11)	(20)	(12)
Amortisation of Licences	9	8
Operating lease charges land and buildings	1,599	1,690
Fees payable in respect to the Audit of the Company's annual financial statements	33	32
Government grants (including job retention scheme and infection control grants)*	(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 RV Extra Care Limited, a fellow group undertaking.

In the period ended 30 September 2020, £Nil recharges were made to RV Extra Care Limited for the provision of both audit and non-audit services.

* In addition to government grants, the Company received government assistance in the form of cost recoveries, occupancy guarantees and COVID-19 contract bed bookings from the NHS.

Notes to the Financial Statements - continued
for the Year Ended 30th September 2020

8. EXCEPTIONAL ITEMS

	2020 £'000	2019 £'000
Restructuring costs	-	117
Impairment of fixed assets	-	25
Total exceptional costs	-	142

Restructuring Costs

Exceptional costs totalling £nil (2019: £117,000) have been incurred relating to restructuring costs in the year ended 30 September 2020.

Impairment of fixed assets

The Company carried out an impairment review which resulted in fixed assets being written down by £Nil (2019: £25,000) in the year ended 30 September 2020.

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £'000	2019 £'000
Bank interest	7	8

10. TAXATION

Analysis of the tax credit

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

	2020 £'000	2019 £'000
Deferred tax	(27)	(38)
Tax on profit/(loss)	(27)	(38)

UK corporation tax was charged at 19% in 2019.

Notes to the Financial Statements - continued
for the Year Ended 30th September 2020

10. TAXATION - continued

Tax on profit can be reconciled as follows:

	2020 £'000	2019 £'000
Current tax:		
UK corporation tax on profits for the year	-	-
Adjustment in respect to previous periods	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(25)	(16)
Adjustment in respect to previous periods	(2)	(23)
Effect of changes in tax rates	-	1
Total Deferred tax (see Note 14)	(27)	(38)
Total tax per profit and loss account	(27)	(38)

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

	Year ended 30 September 2020 £'000	Year ended 30 September 2019 £'000
Profit/ (Loss) for the year	1,142	(484)
Tax on profit/(loss) at standard UK tax rate of 19.0% (2019: 19.0%)	217	(92)
Effects of:		
Expenses not deductible	10	11
Effects of group relief/ other reliefs	(248)	65
Adjustments in respect of prior period	(2)	(23)
Tax rate changes	(4)	1
Tax Credit for year	(27)	(38)

The standard rate of tax applied to reported profit is 19.0% (2019: 19.0%).

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 2017 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.

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset at 30 September 2020 has been calculated at 19% (2019: 17%). This will have a consequential effect on the company's future tax charge. A rate change adjustment has therefore been made which has increased the balance sheet deferred tax asset by £4,000.

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

Notes to the Financial Statements - continued
for the Year Ended 30th September 2020

11. INTANGIBLE FIXED ASSETS

	Negative Goodwill £'000	Licences £'000	Totals £'000
COST			
At 1st October 2019	(198)	59	(139)
Additions	-	9	9
At 30th September 2020	(198)	68	(130)
AMORTISATION			
At 1st October 2019	(40)	59	19
Amortisation for year	(20)	9	(11)
At 30th September 2020	(60)	68	8
NET BOOK VALUE			
At 30th September 2020	(138)	-	(138)
At 30th September 2019	(158)	-	(158)

12. TANGIBLE FIXED ASSETS

	Buildings and Grounds £'000	Fixtures and fittings £'000	Totals £'000
COST			
At 1st October 2019	881	797	1,678
Additions	127	284	411
Disposals	(228)	(20)	(248)
At 30th September 2020	780	1,061	1,841
DEPRECIATION			
At 1st October 2019	50	152	202
Charge for year	32	157	189
At 30th September 2020	82	309	391
NET BOOK VALUE			
At 30th September 2020	698	752	1,450
At 30th September 2019	831	645	1,476

13. STOCKS

	2020 £'000	2019 £'000
Stocks	12	39

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 2020

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade debtors	645	1,117
Amounts owed by group undertakings	4,055	4,380
Other debtors	2	45
Deferred tax asset	62	35
Prepayments and accrued income	687	261
	<u>5,451</u>	<u>5,838</u>

As at 30 September 2020, amounts owed by Group undertakings totalled £4,055,000 (2019: £4,380,000). These amounts are due on demand with no fixed repayment date and bear no interest.

Deferred tax asset

Deferred tax liabilities/(assets):	2020 £'000	2019 £'000
(Asset)/Provision at start of year	(35)	3
Deferred tax charge to profit and loss account for the year	(27)	(38)
Asset at the end of the year	(62)	(35)

	2020 £'000	2019 £'000
Fixed asset timing differences	(57)	(31)
Short term timing differences (trading)	(5)	(4)
	<u>(62)</u>	<u>(35)</u>

Deferred tax (assets)	2020 £'000	2019 £'000
Recoverable within 12 months	(62)	(35)
	<u>(62)</u>	<u>(35)</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	645	811
Amounts owed to group undertakings	4,434	4,430
Social security and other taxes	365	133
Other creditors	29	26
Accruals and deferred income	1,399	1,786
	<u>6,872</u>	<u>7,186</u>

As at 30 September 2020, amounts owed to Group undertakings totalled £4,434,000 (2019: £4,430,000). These amounts are due on demand with no fixed repayment date and bear no interest

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2020 £	2019 £
Number:	Class:			
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 2020 was £131,000 (2019: £112,000).

18. CONTINGENT LIABILITIES & 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 2020 was £nil (2019: £nil).

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

	At 30 September 2020 £'000	At 30 September 2019 £'000
- within one year	1,582	1,536
- between one and five years	6,328	6,144
- in more than five years	26,895	27,648

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 FC Skyfall Upper Midco Limited group.

21. POST BALANCE SHEET EVENTS**Plans to better meet current and future care needs**

On 1 March 2021, the Group announced plans to better meet the current and future care needs of the communities it serves, recognising evolving care needs, including growing demand for more complex care and dementia care. As the Group plans how best to use resources to continuously improve its care homes, it is determined to invest where it can have the greatest impact and more effectively ready itself for the evolving needs of those who it cares for. As a result, the Group is putting 52 of its homes up for sale in areas where it feels the communities would better be served by a local operator in conjunction with other local services. The Group is also proposing to close 4 homes. In both cases, the Group will work closely with local partners and commissioners. The sales and closures will only happen when the right alternative operator is found and when residents are able to safely move to their new care placement, ensuring continuity of care.

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.

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 Southgate House, Archer Street, Darlington, DL3 6AH.

Copies of FC Skyfall Upper Midco Limited financial statements to 30 September 2020 are available from the Companies House at Crown Way, Cardiff, Wales CF14 3UZ