

Company Registration No. 08900912 (England and Wales)

**HARTWOOD CARE (4) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

# HARTWOOD CARE (4) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	C Hunt G A Swire
<b>Company number</b>	08900912
<b>Registered office</b>	The Old House 64 The Avenue Egham TW20 9AD
<b>Auditor</b>	Azets Audit Services Ship Canal House 98 King Street Manchester M2 4WU

# **HARTWOOD CARE (4) LIMITED**

## **CONTENTS**

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	<b>Page</b>
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 19

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# HARTWOOD CARE (4) LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2021**

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

### **Principal activity**

Hartwood Care (4) Limited operates a 63 bed care home in Romsey, Hampshire. The principal activity of the entity is the provision of residential care and dementia care services.

### **Business review and key performance indicators**

The company's key priority is resident welfare and its core strategic focus is on continuing to provide high quality care that meets and exceeds our residents' expectations.

The company's key financial performance indicators during the year are revenue and net profit as reported in the statement of comprehensive income. In addition, the company considers occupancy rate and average weekly fee to be the main non-financial KPI's.

The directors are satisfied with the results for the year which were in line with expectations.

### **Principal risks and uncertainties**

Management consider the principal risk of the business is the retention of Care Quality Commission registration. Strict policies and procedures are in place to ensure a high level of governance is maintained, which is enhanced through central support and the retention of quality personnel.

The business has been financed using a combination of bank loans and loan notes. The business also has cash and other items such as trade debtors and trade creditors that arise directly from operation. Following, the business is exposed to certain financial risks which are described below.

#### **Liquidity risk**

The company has adopted conservative policies for cash flow management and seeks to mitigate liquidity risk by maintaining significant cash headroom to meet foreseeable needs.

#### **Credit risk**

The entities principal credit risk is attributable to trade debtors. Background checks are performed on incoming residents to protect against credit risk.

### **Impact of COVID-19**

The global outbreak of COVID-19 continued during this trading period. The impact of this virus has led to an unprecedented healthcare crisis and the governmental measures taken to contain its spread has inevitably caused significant economic uncertainty.

The group has implemented various new policies and procedures to minimise the spread of the infection at the care home, with the safety and wellbeing of its residents and care staff the key priority.

Amidst this economic uncertainty, the group has continued to report sound financial performance, maintains a healthy liquidity position and accordingly, the group's management remains confident of the long-term financial stability and future of the business.

On behalf of the board

C Hunt

**Director**

21 March 2022

# HARTWOOD CARE (4) LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2021**

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

### Principal activities

The principal activity of the company is the operation and management of a care home providing residential care for the elderly.

### Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

C Hunt  
G A Swire

### Auditor

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **HARTWOOD CARE (4) LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2021***

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#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

C Hunt

**Director**

21 March 2022

# HARTWOOD CARE (4) LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HARTWOOD CARE (4) LIMITED

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#### Opinion

We have audited the financial statements of Hartwood Care (4) Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

## **HARTWOOD CARE (4) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF HARTWOOD CARE (4) LIMITED**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

##### **Responsibilities of directors**

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

##### **Auditor's responsibilities for the audit of the financial statements**

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

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



## **HARTWOOD CARE (4) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF HARTWOOD CARE (4) LIMITED**

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##### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

##### **Use of our report**

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**Lee Van Houplines (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

21 March 2022

**Chartered Accountants**  
**Statutory Auditor**

Ship Canal House  
98 King Street  
Manchester  
M2 4WU

## HARTWOOD CARE (4) LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

		2021	2020
	Notes	£	£
<b>Turnover</b>	<b>2</b>	3,695,294	3,921,225
Cost of sales		(1,934,484)	(1,812,352)
<b>Gross profit</b>		1,760,810	2,108,873
Administrative expenses		(905,283)	(961,673)
Other operating income		125,234	-
<b>Operating profit</b>	<b>3</b>	980,761	1,147,200
Interest payable and similar expenses	<b>5</b>	(201,407)	(249,771)
<b>Profit before taxation</b>		779,354	897,429
Tax on profit	<b>6</b>	(150,258)	(178,781)
<b>Profit for the financial year</b>		629,096	718,648
<b>Other comprehensive income</b>			
Revaluation of tangible fixed assets		6,231,198	-
Deferred tax arising on revaluation gain		(1,183,928)	(125,739)
<b>Total comprehensive income for the year</b>		5,676,366	592,909

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# HARTWOOD CARE (4) LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	7	19,048,757		12,988,083	
<b>Current assets</b>					
Debtors	8	2,967,435		2,688,599	
Cash at bank and in hand		463,849		187,022	
		<u>3,431,284</u>		<u>2,875,621</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(1,344,889)</u>		<u>(1,395,288)</u>	
<b>Net current assets</b>			2,086,395		1,480,333
<b>Total assets less current liabilities</b>			<u>21,135,152</u>		<u>14,468,416</u>
<b>Creditors: amounts falling due after more than one year</b>	10		(6,372,500)		(6,565,000)
<b>Provisions for liabilities</b>					
Deferred tax liability	11	2,479,110		1,296,240	
		<u>(2,479,110)</u>		<u>(1,296,240)</u>	
<b>Net assets</b>			<u>12,283,542</u>		<u>6,607,176</u>
<b>Capital and reserves</b>					
Called up share capital	12		1		1
Revaluation reserve			10,544,559		5,497,289
Profit and loss reserves			1,738,982		1,109,886
<b>Total equity</b>			<u>12,283,542</u>		<u>6,607,176</u>

The financial statements were approved by the board of directors and authorised for issue on 21 March 2022 and are signed on its behalf by:

C Hunt  
Director

Company Registration No. 08900912

# HARTWOOD CARE (4) LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Revaluation reserves	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 April 2019</b>	1	5,623,028	391,238	6,014,267
<b>Year ended 31 March 2020:</b>				
Profit for the year	-	-	718,648	718,648
Other comprehensive income:				
Deferred tax arising on revaluation gain	-	(125,739)	-	(125,739)
Total comprehensive income for the year	-	(125,739)	718,648	592,909
<b>Balance at 31 March 2020</b>	1	5,497,289	1,109,886	6,607,176
<b>Year ended 31 March 2021:</b>				
Profit for the year	-	-	629,096	629,096
Other comprehensive income:				
Revaluation of tangible fixed assets	-	6,231,198	-	6,231,198
Deferred tax arising on revaluation gain	-	(1,183,928)	-	(1,183,928)
Total comprehensive income for the year	-	5,047,270	629,096	5,676,366
<b>Balance at 31 March 2021</b>	1	10,544,559	1,738,982	12,283,542

# HARTWOOD CARE (4) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	16	906,334		916,175	
Income taxes paid		(144,075)		-	
<b>Net cash inflow from operating activities</b>		<u>762,259</u>		<u>916,175</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(91,525)		(223,388)	
<b>Net cash used in investing activities</b>		<u>(91,525)</u>		<u>(223,388)</u>	
<b>Financing activities</b>					
Net movement in bank loans		(192,500)		(750,000)	
Interest paid		(201,407)		(249,771)	
<b>Net cash used in financing activities</b>		<u>(393,907)</u>		<u>(999,771)</u>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>276,827</u>		<u>(306,984)</u>	
Cash and cash equivalents at beginning of year		187,022		494,006	
<b>Cash and cash equivalents at end of year</b>		<u><u>463,849</u></u>		<u><u>187,022</u></u>	

# HARTWOOD CARE (4) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

#### Company information

Hartwood Care (4) Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Old House, 64 The Avenue, Egham, TW20 9AD.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

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

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### 1.3 Turnover

Turnover represents income generated from the principal activity of the company, provision of residential care for the elderly. It is recognised at the point the attributable service is delivered. Turnover is recorded to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received and receivable, excluding discounts, rebates, value added tax and other sales taxes.

#### 1.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Capitalised values have been based on the purchase or construction price including related legal, professional and consultancy expenditure, finance arrangement fees capitalised and any irrecoverable VAT.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Nil
Plant and equipment	10% straight line
Fixtures and fittings	5% - 25% straight line
Computers	50% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

# HARTWOOD CARE (4) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

Freehold property is carried at fair value at the date of the revaluation plus additions at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date. The surplus or deficit on book value is transferred to the revaluation reserve.

#### 1.5 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and represent cash in hand and deposits held at call with banks.

#### 1.6 Financial instruments

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

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

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

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price. Financial assets classified as receivable within one year are not amortised.

##### **Derecognition of financial assets**

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

##### **Classification of financial liabilities**

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

##### **Basic financial liabilities**

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

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

##### **Derecognition of financial liabilities**

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

# HARTWOOD CARE (4) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### 1.7 Equity instruments

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

#### 1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

The company is exempt from corporation tax, it being a company not carrying on a business for the purposes of making a profit.

#### 1.9 Employee benefits

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

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

#### 1.10 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.11 Government grants

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

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



## HARTWOOD CARE (4) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

#### 2 Turnover and other revenue

	2021	2020
	£	£
<b>Other significant revenue</b>		
Grants received	125,234	-

	2021	2020
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	3,695,294	3,921,225

#### 3 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(125,234)	-
Fees payable to the company's auditor for the audit of the company's financial statements	6,500	6,500
Depreciation of owned tangible fixed assets	262,049	232,413

#### 4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Operative	91	93
Management and administrative	8	6
Total	99	99

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	1,667,417	1,581,192
Social security costs	111,297	94,846
Pension costs	25,387	23,676
	1,804,101	1,699,714

# HARTWOOD CARE (4) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 5 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and loans	201,407	249,771

### 6 Taxation

	2021	2020
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	152,298	145,057
Adjustments in respect of prior periods	(982)	-
Total current tax	151,316	145,057
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1,058)	33,724
Total tax charge	150,258	178,781

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	779,354	897,429
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	148,077	170,512
Tax effect of expenses that are not deductible in determining taxable profit	1,128	2,495
Adjustments in respect of prior years	(982)	-
Effect of change in corporation tax rate	-	7,765
Deferred tax adjustments in respect of prior years	2,035	(1,991)
Taxation charge for the year	150,258	178,781

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021	2020
	£	£
Deferred tax arising on:		
Revaluation of property	1,183,928	125,739

## HARTWOOD CARE (4) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

#### 7 Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 April 2020	11,203,673	1,378,065	1,200,051	88,874	22,755	13,893,418
Additions	-	8,943	42,326	40,256	-	91,525
Revaluation	6,231,198	-	-	-	-	6,231,198
At 31 March 2021	17,434,871	1,387,008	1,242,377	129,130	22,755	20,216,141
<b>Depreciation and impairment</b>						
At 1 April 2020	-	616,849	243,606	43,363	1,517	905,335
Depreciation charged in the year	-	138,403	95,398	23,697	4,551	262,049
At 31 March 2021	-	755,252	339,004	67,060	6,068	1,167,384
<b>Carrying amount</b>						
At 31 March 2021	17,434,871	631,756	903,373	62,070	16,687	19,048,757
At 31 March 2020	11,203,673	761,216	956,445	45,511	21,238	12,988,083

The valuation of freehold land and buildings was made as at September 2021 by Prina Shah MRICS and Henry Harris MRICS of Cushman & Wakefield on an open market for existing use basis with subsequent additions recorded at cost pending external valuation. It is the opinion of the directors that the carrying value stated above is a fair reflection of the market value of the property at the balance sheet date.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2021 £	2020 £
Cost	7,139,255	7,087,986
Carrying value	7,139,255	7,087,986

# HARTWOOD CARE (4) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 8 Debtors

	2021	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	301,154	286,984
Amounts owed by group undertakings	2,534,206	2,190,909
Other debtors	96,690	9,881
Prepayments and accrued income	35,385	22,712
	<u>2,967,435</u>	<u>2,510,486</u>
<b>Amounts falling due after more than one year:</b>		
	£	£
Amounts owed by group undertakings	-	178,113
	<u>-</u>	<u>178,113</u>
<b>Total debtors</b>	<u>2,967,435</u>	<u>2,688,599</u>

### 9 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans	385,000	385,000
Trade creditors	47,340	75,239
Amounts due to group undertakings	-	280
Corporation tax	152,298	145,057
Other taxation and social security	47,307	42,802
Other creditors	296,473	258,429
Accruals and deferred income	416,471	488,481
	<u>1,344,889</u>	<u>1,395,288</u>

The bank loan is repayable in quarterly instalments with a bullet repayment in February 2024. Interest is charged at margin plus LIBOR. The bank loan is secured by way of a debenture incorporating a fixed and floating charge covering the property and undertaking of the company.

### 10 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans	<u>6,372,500</u>	<u>6,565,000</u>

The bank loan is repayable in quarterly instalments with a bullet repayment in February 2024. Interest is charged at margin plus LIBOR. The bank loan is secured by way of a debenture incorporating a fixed and floating charge covering the property and undertaking of the company.

## HARTWOOD CARE (4) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

#### 11 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	107,762	110,074
Short term timing differences	(7,102)	(8,357)
Unrealised revaluation gain	2,378,450	1,194,523
	<u>2,479,110</u>	<u>1,296,240</u>
<b>Movements in the year:</b>		2021 £
Liability at 1 April 2020		1,296,240
Credit to profit or loss		(1,057)
Charge to other comprehensive income		1,183,927
		<u>2,479,110</u>
Liability at 31 March 2021		<u>2,479,110</u>

#### 12 Share capital

	2021 £	2020 £
<b>Ordinary share capital Issued and fully paid</b>		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

#### 13 Financial commitments, guarantees and contingent liabilities

The company is party to unlimited cross guarantees, in favour of NatWest, in respect of certain borrowings of the company and Hartwood Care (3) Limited, a fellow group company of the group headed by Cinnamon Care Homes LP. At 31 March 2021, the net borrowing encompassed by the cross guarantee amounted to £9,435,500 (2020: £9,695,000).

## HARTWOOD CARE (4) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

#### 14 Related party transactions

At the balance sheet date, the company was owed £2,176,092 (2020: £2,176,092) by Cinnamon Finance Company Limited, a fellow member of the group headed by Cinnamon Care Homes LP. The balance is interest free and repayable on demand, and has therefore been classified as falling due within one year.

At the balance sheet date, the company was owed £358,113 (2020: £178,113) by Bexhill Care Limited, a fellow member of the group headed by Cinnamon Care Homes LP. The balance is interest free and repayable on demand, and has therefore been classified as falling due within one year.

Unless otherwise stated, notional interest charges between fellow subsidiary undertakings have been disregarded on the grounds of materiality.

Also during the year, the company received recharges from Cinnamon Care Collection Limited ("CCC"), a company related by common control, of centrally incurred expenditure. In addition, CCC raised management charges of £179,172 (2020: £182,923). At the year end the company owed £30,296 (2020: £496) to CCC.

#### 15 Controlling party

The parent and ultimate controlling company is Cinnamon Care Homes LP by virtue of its beneficial shareholding. There is no individual controlling party.

#### 16 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	629,096	718,648
<b>Adjustments for:</b>		
Taxation charged	150,258	178,781
Finance costs	201,407	249,771
Depreciation and impairment of tangible fixed assets	262,049	232,413
<b>Movements in working capital:</b>		
(Increase)/decrease in debtors	(278,836)	180,550
Decrease in creditors	(57,640)	(643,988)
<b>Cash generated from operations</b>	<b>906,334</b>	<b>916,175</b>

#### 17 Analysis of changes in net debt

	1 April 2020 £	Cash flows £	31 March 2021 £
Cash at bank and in hand	187,022	276,827	463,849
Borrowings excluding overdrafts	(6,950,000)	192,500	(6,757,500)
	<b>(6,762,978)</b>	<b>469,327</b>	<b>(6,293,651)</b>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.