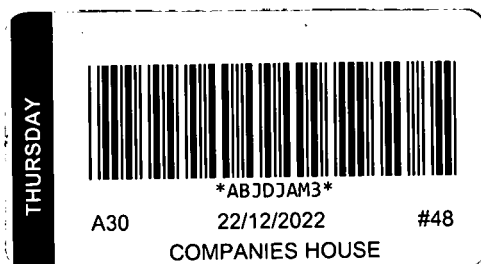


COMPANY REGISTRATION NUMBER: 09349619

SHG (Care Villages) Limited

Financial statements

3rd April 2022



SHG (Care Villages) Limited

Financial statements

period from 29th March 2021 to 3rd April 2022

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SHG (Care Villages) Limited

Officers and professional advisers

The board of directors

Mr G S Lee
Mr M T Rigby
Mr M R S Beadle
Mr P R Phillips
Mr T R Jackson

Registered office

2 Fusion Court
Aberford Road
Garforth
Leeds
UK
LS25 2GH

Auditor

Sagars Accountants Ltd
Chartered accountants & statutory auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

SHG (Care Villages) Limited

Strategic report

period from 29th March 2021 to 3rd April 2022

The directors present their strategic report for the Group for the period ended 3 April 2022.

Review of the business in the period

The principal activity of the company, since its creation, has been the planning, development and operation of care homes through its subsidiaries.

The Group operates 6 successful care homes in Yorkshire with a combined total of 559 registered care beds. The homes provide a full range of services including residential, residential dementia, nursing and nursing dementia. In addition, the homes provide specialist services to working age adults.

The Springfield Group remains committed to achieving the highest standard of quality within all of its care homes.

The Group opened its latest luxury Chapter House 83 bed care home in Beverley in November 2022. Planning permission for a second development in Harrogate, Grove House, is expected in the near future. Grove House will add a further 70 registered care beds taking the Group total to over 625 registered care beds.

The Group made an operating profit/(loss) before depreciation of £1,542,914 (2021 - £2,087,607).

The company has reported a loss of £5,395,775 for the year with the combined Group reporting a loss of £4,757,158 for the year as a result of both the continued investment in management and support costs to successfully roll out the proposed developments and interest costs associated with the acquisition and development of the new and pipelined care homes.

Position of the company's business at the end of the period

The company has net liabilities of £13,417,827 (2021 - £8,022,052) at the period-end which represents the losses associated with investment in the management team, interest and other costs associated with the development and opening of the new and pipelined care homes. The business expects to continue to generate losses until the new care villages are open and trading to near mature levels. The Group has net liabilities of £21,345,702 (2021 - £16,588,544).

The Group will continue to focus on the successful operation and development of care homes in line with the business plan.

Principal risk and uncertainties facing the business

The Covid-19 pandemic has continued to impact our residents, staff and the homes throughout the year through outbreaks and the resulting closure of communities and homes to visitors and new residents. Thanks to the rollout of the Covid vaccine the virus does not pose the same level of risk to our residents health as it initially had. The Group's board and Infection Prevention Team will continue to work to protect our residents, visitors and staff in order to mitigate the risks associated with Covid-19.

Whilst there is uncertainty as to the future impact of Covid-19, the Group continues to have strong relationships with both its bankers and institutional investor, the Business Growth Fund, allowing the directors to be confident that support would be provided should it be necessary as a result of the impact of Covid-19 variants or further outbreaks.

The care sector faces increased pressures to recruit and retain quality care staff resulting from strong competition for new employees amongst competing sectors compounded by the impact of Brexit and the cost of living crisis. This has resulted in an increasing reliance on agency staff. The Group are attempting to mitigate this risk through higher remuneration of care staff as well as improved benefits and incentives.

Wage inflation and the impact of the National Living Wage increase in April 2022 and future increases will have a significant impact on payroll costs for the business and throughout the sector

The Group remains committed to achieving the highest standard of quality within all of its care homes.

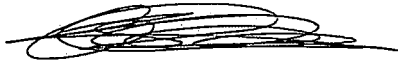
The Group is confident that the new homes will continue to fill in line with forecast due to the rising demand for care beds, the poor quality of a significant proportion of competing care beds in the locations in which we operate and the quality of the new homes we are bringing to the market in the heart of the local communities.

SHG (Care Villages) Limited

Strategic report *(continued)*

period from 29th March 2021 to 3rd April 2022

This report was approved by the board of directors on 14th December 2022 and signed on behalf of the board by:



Mr G S Lee
Director

Registered office:
2 Fusion Court
Aberford Road
Garforth
Leeds
UK
LS25 2GH

SHG (Care Villages) Limited

Directors' report

period from 29th March 2021 to 3rd April 2022

The directors present their report and the financial statements of the group for the period ended 3rd April 2022.

Directors

The directors who served the company during the period were as follows:

Mr G S Lee
Mr M T Rigby
Mr M R S Beadle
Mr P R Phillips
Mr T R Jackson

Dividends

The directors do not recommend the payment of a dividend.

Employment of disabled persons

Disabled persons are employed and trained whenever their aptitudes and abilities allow and suitable vacancies are available. Where an employee becomes disabled, an attempt is made to continue his or her employment and to arrange appropriate re-training or transfer if necessary.

Employee involvement

Regular meetings are held involving employees and management at which employees are informed of matters concerning them, company development and financial and economic factors affecting the performance of the company.

Disclosure of information in the strategic report

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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 period. 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 group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

SHG (Care Villages) Limited

Directors' report *(continued)*

period from 29th March 2021 to 3rd April 2022

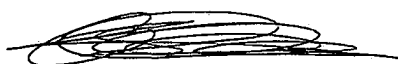
Auditor

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

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

Sagars Accountants Ltd is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 14th December 2022 and signed on behalf of the board by:



Mr G S Lee
Director

Registered office:
2 Fusion Court
Aberford Road
Garforth
Leeds
UK
LS25 2GH

SHG (Care Villages) Limited

Independent auditor's report to the members of SHG (Care Villages) Limited

period from 29th March 2021 to 3rd April 2022

Opinion

We have audited the financial statements of SHG (Care Villages) Limited (the 'parent company') and its subsidiaries (the 'group') for the period ended 3rd April 2022 which comprise the consolidated income statement, company statement of income and retained earnings, consolidated statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 group's and of the parent company's affairs as at 3rd April 2022 and of the group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group 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 group's or the parent 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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

SHG (Care Villages) Limited

Independent auditor's report to the members of SHG (Care Villages) Limited *(continued)*

period from 29th March 2021 to 3rd April 2022

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 period 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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

SHG (Care Villages) Limited

Independent auditor's report to the members of SHG (Care Villages) Limited *(continued)*

period from 29th March 2021 to 3rd April 2022

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the group operates, focusing on those laws and regulations that compliance with might be fundamental to the group's ability to operate or to avoid a material penalty. We identified the following as those areas most likely to have such an effect: Care Quality Commission Regulations, employment law and health and safety.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We also considered the opportunities and incentives that may exist within the group for fraud. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of contract income and the override of controls by management.

Our audit procedures to respond to these risks included; enquiries of management and the Directors about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and reviewing contracts and carrying out detailed substantive testing on income.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with the auditing standards. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

SHG (Care Villages) Limited

Independent auditor's report to the members of SHG (Care Villages) Limited *(continued)*

period from 29th March 2021 to 3rd April 2022

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



Susan Seaman BA, FCA, CIOT (Senior Statutory Auditor)

For and on behalf of
Sagars Accountants Ltd
Chartered accountants & statutory auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

14th December 2022

SHG (Care Villages) Limited

Consolidated income statement

period from 29th March 2021 to 3rd April 2022

	Note	Period from 29-Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Turnover	4	17,250,646	15,452,103
Cost of sales		<u>(11,400,469)</u>	<u>(10,216,203)</u>
Gross profit		5,850,177	5,235,900
Administrative expenses		<u>(6,337,332)</u>	<u>(5,197,476)</u>
Other operating income	5	<u>676,226</u>	<u>859,315</u>
Operating profit	6	189,071	897,739
Other interest receivable and similar income	10	35,485	35,196
Interest payable and similar expenses	11	<u>(5,003,204)</u>	<u>(4,327,766)</u>
Loss before taxation		(4,778,648)	(3,394,831)
Tax on loss	12	<u>21,490</u>	<u>—</u>
Loss for the financial period		<u>(4,757,158)</u>	<u>(3,394,831)</u>

All the activities of the group are from continuing operations.

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

SHG (Care Villages) Limited

Consolidated statement of income and retained earnings

period from 29th March 2021 to 3rd April 2022

	Note	Period from 29 Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Loss for the financial period and total comprehensive income		(4,757,158)	(3,394,831)
Retained losses at the start of the period		(19,012,935)	(15,618,104)
Retained losses at the end of the period		<u>(23,770,093)</u>	<u>(19,012,935)</u>

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

SHG (Care Villages) Limited

Company statement of income and retained earnings

period from 29th March 2021 to 3rd April 2022

	Period from 29 Mar 21 to 3 Apr 22	Period from 30 Mar 20 to 28 Mar 21
Note	£	£
Loss for the financial period and total comprehensive income	(5,395,775)	(1,735,284)
Retained losses at the start of the period	(8,187,970)	(6,452,686)
Retained losses at the end of the period	<u>(13,583,745)</u>	<u>(8,187,970)</u>

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

SHG (Care Villages) Limited

Consolidated statement of financial position

3rd April 2022

	Note	3 Apr 22 £	28 Mar 21 £
Fixed assets			
Tangible assets	13	58,586,045	49,785,435
Current assets			
Stocks	15	29,100	25,100
Debtors: due within one year	16	1,450,399	1,400,903
Cash at bank and in hand		626,029	2,557,439
		<u>2,105,528</u>	<u>3,983,442</u>
Creditors: amounts falling due within one year	17	<u>(28,470,416)</u>	<u>(4,201,589)</u>
Net current liabilities		<u>(26,364,888)</u>	<u>(218,147)</u>
Total assets less current liabilities		<u>32,221,157</u>	<u>49,567,288</u>
Creditors: amounts falling due after more than one year	18	(53,116,859)	(65,705,832)
Provisions	19	<u>(450,000)</u>	<u>(450,000)</u>
Net liabilities		<u>(21,345,702)</u>	<u>(16,588,544)</u>
Capital and reserves			
Called up share capital	22	15,308	15,308
Share premium account	23	150,610	150,610
Other reserves	23	2,258,473	2,258,473
Profit and loss account	23	<u>(23,770,093)</u>	<u>(19,012,935)</u>
Shareholders deficit		<u>(21,345,702)</u>	<u>(16,588,544)</u>

These financial statements were approved by the board of directors and authorised for issue on 14th December 2022, and are signed on behalf of the board by:

Tim Jackson

Mr T R Jackson
Director

Company registration number: 09349619

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

SHG (Care Villages) Limited

Company statement of financial position

3rd April 2022

	Note	3 Apr 22 £	28 Mar 21 £
Fixed assets			
Tangible assets	13	31,967	40,254
Investments	14	815,818	815,811
		<u>847,785</u>	<u>856,065</u>
Current assets			
Debtors: due within one year	16	1,013,130	1,058,669
Debtors: due after more than one year	16	58,303,395	54,231,015
Cash at bank and in hand		203,306	1,930,092
		<u>59,519,831</u>	<u>57,219,776</u>
Creditors: amounts falling due within one year	17	<u>(23,032,823)</u>	<u>(1,174,430)</u>
Net current assets		<u>36,487,008</u>	<u>56,045,346</u>
Total assets less current liabilities		<u>37,334,793</u>	<u>56,901,411</u>
Creditors: amounts falling due after more than one year	18	<u>(50,752,620)</u>	<u>(64,923,463)</u>
Net liabilities		<u>(13,417,827)</u>	<u>(8,022,052)</u>
Capital and reserves			
Called up share capital	22	15,308	15,308
Share premium account	23	150,610	150,610
Profit and loss account	23	(13,583,745)	(8,187,970)
Shareholders deficit		<u>(13,417,827)</u>	<u>(8,022,052)</u>

The loss for the financial period of the parent company was £5,395,775 (2021: £1,735,284).

These financial statements were approved by the board of directors and authorised for issue on 14th December 2022, and are signed on behalf of the board by:

Tim Jackson

Mr T R Jackson
Director

Company registration number: 09349619

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

SHG (Care Villages) Limited

Consolidated statement of cash flows

period from 29th March 2021 to 3rd April 2022

	3 Apr 22 £	28 Mar 21 £
Cash flows from operating activities		
Loss for the financial period	(4,757,158)	(3,394,831)
<i>Adjustments for:</i>		
Depreciation of tangible assets	1,353,843	1,189,868
Other interest receivable and similar income	(35,485)	(35,196)
Interest payable and similar expenses	5,003,204	4,327,766
Tax on loss	(21,490)	–
<i>Changes in:</i>		
Stocks	(4,000)	–
Trade and other debtors	(14,010)	41,066
Trade and other creditors	2,542,445	231,755
Cash generated from operations	4,067,349	2,360,428
Interest paid	(1,202,154)	(605,219)
Tax received	21,490	164,014
Net cash from operating activities	<u>2,886,685</u>	<u>1,919,223</u>
Cash flows from investing activities		
Purchase of tangible assets	(10,159,138)	(6,170,848)
Proceeds from sale of tangible assets	4,685	–
Net cash used in investing activities	<u>(10,154,453)</u>	<u>(6,170,848)</u>
Cash flows from financing activities		
Proceeds from borrowings	6,126,358	6,282,698
Repayments of borrowings	(790,000)	–
Net cash from financing activities	<u>5,336,358</u>	<u>6,282,698</u>
Net (decrease)/increase in cash and cash equivalents	(1,931,410)	2,031,073
Cash and cash equivalents at beginning of period	2,557,439	526,366
Cash and cash equivalents at end of period	<u>626,029</u>	<u>2,557,439</u>

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

SHG (Care Villages) Limited

Notes to the financial statements

period from 29th March 2021 to 3rd April 2022

1. General information

The company is a private company limited by shares, registered in England and Wales, registration number 09349619. The address of the registered office is 2 Fusion Court, Aberford Road, Garforth, Leeds, LS25 2GH.

The principal activity of the company during the year was as a parent company for subsidiaries developing care home and provision of quality residential, dementia and nursing care.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

The Functional currency of the group during the year was Sterling (£).

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities measured at fair value through the profit and loss.

The financial statements are prepared in sterling, which is the functional currency of the entity. The company operates a weekly accounting calendar and this year the financial statements are for the 53 weeks to 3 April 2022 (last year 52 weeks to 28 March 2021).

Going Concern

Forecasts have been prepared by the directors for the period to 31 March 2028 on a group basis.

The Group expected to generate losses in the early years of the developments and has structured its funding accordingly. The loan notes provided by BGF now fall due after one year as does the majority of the interest due on those loans. In addition to the funding provided by BGF, the Group is supported by bank funding and has secured funding with Coutts & Co. and OakNorth Bank to support new developments.

The directors recognise that the future success of the group, including future funding needs for the new developments, is contingent on ensuring the highest quality of care. As described in the Strategic Report the Group continues to invest in its Operations team in order to deliver the highest quality of care at its existing and planned new homes.

The cash flow forecast together with the expected funding and income of its subsidiaries indicate that the group will have sufficient resources to fund the proposed developments and meet its liabilities as they fall due. Based on these forecasts the directors consider that the going concern basis of accounting is appropriate to the company.

Disclosure exemptions

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

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

SHG (Care Villages) Limited

Notes to the financial statements *(continued)*

period from 29th March 2021 to 3rd April 2022

3. Accounting policies *(continued)*

Consolidation

The financial statements consolidate the financial statements of SHG (Care Villages) Limited and all of its subsidiary undertakings.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

Judgements and key sources of estimation uncertainty

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

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

SHG (Care Villages) Limited

Notes to the financial statements *(continued)*

period from 29th March 2021 to 3rd April 2022

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 2% straight line
Fixtures and fittings	- 20% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense. Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

SHG (Care Villages) Limited

Notes to the financial statements *(continued)*

period from 29th March 2021 to 3rd April 2022

4. Turnover

Turnover arises from:

	Period from 29 Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Rendering of services	<u>17,250,646</u>	<u>15,452,103</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Other operating income

	Period from 29 Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Government grant income	676,226	853,315
Other operating income	—	6,000
	<u>676,226</u>	<u>859,315</u>

6. Operating profit

Operating profit or loss is stated after charging:

	Period from 29 Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Depreciation of tangible assets	1,353,843	1,189,868
Impairment of trade debtors	<u>4,500</u>	<u>—</u>

7. Auditor's remuneration

	Period from 29 Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Fees payable for the audit of the financial statements	<u>21,750</u>	<u>19,050</u>

8. Staff costs

The average number of persons employed by the group during the period, including the directors, amounted to:

	3 Apr 22 No.	28 Mar 21 No.
Care team staff	478	514
Management and administrative staff	<u>42</u>	<u>45</u>
	<u>520</u>	<u>559</u>

SHG (Care Villages) Limited

Notes to the financial statements *(continued)*

period from 29th March 2021 to 3rd April 2022

8. Staff costs *(continued)*

The aggregate payroll costs incurred during the period, relating to the above, were:

	Period from 29 Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Wages and salaries	9,441,605	8,864,337
Social security costs	710,766	608,227
	<u>10,152,371</u>	<u>9,472,564</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	Period from 29 Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Remuneration	<u>278,488</u>	<u>288,733</u>

Remuneration of the highest paid director in respect of qualifying services:

	Period from 29 Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Aggregate remuneration	<u>60,648</u>	<u>111,204</u>

The directors are considered to be the key management personnel of the group, remuneration including employers NI paid in the year was £278,488.

10. Other interest receivable and similar income

	Period from 29 Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Interest on Directors Loan Account	<u>35,485</u>	<u>35,196</u>

11. Interest payable and similar expenses

	Period from 29 Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Interest on banks loans and overdrafts	437,501	692,572
Other interest payable and similar charges	4,565,703	3,635,194
	<u>5,003,204</u>	<u>4,327,766</u>

SHG (Care Villages) Limited

Notes to the financial statements (continued)

period from 29th March 2021 to 3rd April 2022

12. Tax on loss

Major components of tax income

	Period from 29 Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Current tax:		
Adjustments in respect of prior periods	(21,490)	—
Tax on loss	(21,490)	—

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the period is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	Period from 29 Mar 21 to 3 Apr 22 £	Period from 30 Mar 20 to 28 Mar 21 £
Loss on ordinary activities before taxation	(4,778,648)	(3,394,831)
Loss on ordinary activities by rate of tax	(907,943)	(645,004)
Adjustment to tax charge in respect of prior periods	(21,490)	—
Effect of expenses not deductible for tax purposes	250,865	15,107
Effect of capital allowances and depreciation	99,900	68,445
Effect of revenue exempt from tax	(589,000)	—
Unused tax losses	—	488,975
Deferred tax not recognised	1,304,513	72,477
Group relief	(158,335)	—
Tax on loss	(21,490)	—

13. Tangible assets

Group	Freehold property £	Fixtures and fittings £	Total £
Cost			
At 29th March 2021	50,561,126	3,763,627	54,324,753
Additions	8,766,060	1,393,078	10,159,138
Disposals	(3,487)	(1,198)	(4,685)
At 3rd April 2022	59,323,699	5,155,507	64,479,206
Depreciation			
At 29th March 2021	2,380,227	2,159,091	4,539,318
Charge for the period	663,315	690,528	1,353,843
At 3rd April 2022	3,043,542	2,849,619	5,893,161
Carrying amount			
At 3rd April 2022	56,280,157	2,305,888	58,586,045
At 28th March 2021	48,180,899	1,604,536	49,785,435

SHG (Care Villages) Limited

Notes to the financial statements *(continued)*

period from 29th March 2021 to 3rd April 2022

13. Tangible assets *(continued)*

Company	Fixtures and fittings £
Cost	
At 29th March 2021	66,087
Additions	5,679
Disposals	(1,198)
At 3rd April 2022	70,568
Depreciation	
At 29th March 2021	25,833
Charge for the period	12,768
At 3rd April 2022	38,601
Carrying amount	
At 3rd April 2022	31,967
At 28th March 2021	40,254

14. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 29th March 2021	815,811
Additions	7
At 3rd April 2022	815,818
Impairment	
At 29th March 2021 and 3rd April 2022	—
Carrying amount	
At 3rd April 2022	815,818
At 28th March 2021	815,811

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

Subsidiary undertakings	Class of share	Percentage of shares held
Springfield Healthcare (The Grange) Limited	Preference A Ordinary	100
	Ordinary B	100
	Ordinary B1	100
Springfield Healthcare (Harrogate) Limited	Ordinary B	100
Springfield Healthcare (Ilkley) Limited	Ordinary B	100
Springfield Healthcare (Beverley) Limited	Ordinary B	100
Springfield Healthcare (The Chocolate Works) Limited	Ordinary A	100
Springfield Healthcare (Seacroft Green) Limited	Ordinary A	100
Springfield Healthcare (Grove House) Limited	Ordinary A	100

SHG (Care Villages) Limited

Notes to the financial statements (continued)

period from 29th March 2021 to 3rd April 2022

14. Investments (continued)

	Class of share	Percentage of shares held
Springfield Healthcare (Harcourt) Limited	Ordinary	100
Springfield Healthcare (CW Care Village) Limited	Ordinary	100
Springfield Healthcare (Keldgate) Limited	Ordinary	100

All of the subsidiaries have the same registered office as the parent company being 2 Fusion Court, Aberford Road, Garforth, LS25 2GH.

15. Stocks

	Group		Company	
	3 Apr 22	28 Mar 21	3 Apr 22	28 Mar 21
	£	£	£	£
Consumables	<u>29,100</u>	<u>25,100</u>	<u>—</u>	<u>—</u>

16. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	3 Apr 22	28 Mar 21	3 Apr 22	28 Mar 21
	£	£	£	£
Trade debtors	242,939	140,334	33,743	360
Amounts owed by group undertakings	—	—	—	16,506
Prepayments and accrued income	378,109	464,335	152,524	246,720
Directors loan account	439,952	439,952	439,952	439,952
Other debtors	<u>389,399</u>	<u>356,282</u>	<u>386,911</u>	<u>355,131</u>
	<u>1,450,399</u>	<u>1,400,903</u>	<u>1,013,130</u>	<u>1,058,669</u>

Debtors falling due after one year are as follows:

	Group		Company	
	3 Apr 22	28 Mar 21	3 Apr 22	28 Mar 21
	£	£	£	£
Amounts owed by group undertakings	<u>—</u>	<u>—</u>	<u>58,303,395</u>	<u>54,231,015</u>

17. Creditors: amounts falling due within one year

	Group		Company	
	3 Apr 22	28 Mar 21	3 Apr 22	28 Mar 21
	£	£	£	£
Bank loans and overdrafts	970,445	955,346	970,445	955,346
Trade creditors	1,988,446	1,499,565	48,793	100,725
Accruals and deferred income	2,529,658	1,336,693	268,911	84,626
Corporation tax	82,184	82,184	—	—
Social security and other taxes	193,247	106,553	29,363	30,081
Other creditors - Business Growth Fund	22,479,537	—	21,711,284	—
Other creditors	<u>226,899</u>	<u>221,248</u>	<u>4,027</u>	<u>3,652</u>
	<u>28,470,416</u>	<u>4,201,589</u>	<u>23,032,823</u>	<u>1,174,430</u>

SHG (Care Villages) Limited

Notes to the financial statements *(continued)*

period from 29th March 2021 to 3rd April 2022

18. Creditors: amounts falling due after more than one year

	Group		Company	
	3 Apr 22	28 Mar 21	3 Apr 22	28 Mar 21
	£	£	£	£
Bank loans and overdrafts	30,496,739	24,512,126	28,132,500	24,512,126
Other creditors - Business Growth Fund	22,620,120	41,193,706	22,620,120	40,411,337
	<u>53,116,859</u>	<u>65,705,832</u>	<u>50,752,620</u>	<u>64,923,463</u>

All creditors falling due after more than one year are secured by the company. The loans are secured against a fixed and floating charge over all assets of SHG (Care Villages) Limited and its subsidiaries.

19. Provisions

Group	Deferred tax (note 20) £
At 29th March 2021 and 3rd April 2022	<u>450,000</u>

The company does not have any provisions.

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	3 Apr 22	28 Mar 21	3 Apr 22	28 Mar 21
	£	£	£	£
Included in provisions (note 19)	<u>450,000</u>	<u>450,000</u>	<u>-</u>	<u>-</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	3 Apr 22	28 Mar 21	3 Apr 22	28 Mar 21
	£	£	£	£
Revaluation of tangible assets	<u>450,000</u>	<u>450,000</u>	<u>-</u>	<u>-</u>

21. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	Group		Company	
	3 Apr 22	28 Mar 21	3 Apr 22	28 Mar 21
	£	£	£	£
Recognised in other operating income:				
Government grants recognised directly in income	<u>676,226</u>	<u>853,315</u>	<u>-</u>	<u>10,000</u>

SHG (Care Villages) Limited

Notes to the financial statements (continued)

period from 29th March 2021 to 3rd April 2022

22. Called up share capital

Issued, called up and fully paid

	3 Apr 22		28 Mar 21	
	No.	£	No.	£
B Ordinary shares of £0.01 each	371,788	3,718	371,788	3,718
B1 Ordinary shares of £0.01 each	644,781	6,448	644,781	6,448
C Ordinary shares of £0.01 each	350,256	3,503	350,256	3,503
Preferred A Ordinary shares of £0.01 each	164,000	1,640	164,000	1,640
	<u>1,530,825</u>	<u>15,308</u>	<u>1,530,825</u>	<u>15,308</u>

Shares issued and fully paid

	3 Apr 22		28 Mar 21	
	No.	£	No.	£
B Ordinary shares of £0.01 each	371,788	3,718	371,788	3,718
B1 Ordinary shares of £0.01 each	644,781	6,448	644,781	6,448
C Ordinary shares of £0.01 each	350,256	3,503	350,256	3,503
Preferred A Ordinary shares of £0.01 each	164,000	1,640	164,000	1,640
	<u>1,530,825</u>	<u>15,308</u>	<u>1,530,825</u>	<u>15,308</u>

The Preferred A Ordinary shares carry a 15% cumulative dividend which is payable in priority to any other class of shares. The Articles of Association allow the distribution of the any residual profits to the holders of the different classes of shares pro rata according to the number of shares held.

In the event of a winding up of the company, any residual funds available for distribution to the shareholders will be made in the following order and priority to the holders of the following classes of shares, preferred A Ordinary shares, B Ordinary shares, B1 Ordinary shares, C Ordinary shares.

For full details of the rights for each class of share can be found in the company's articles.

An amount of £177,727 (2021 - £152,857) of cumulative dividend is owing to the shareholders of the Preferred A Ordinary Shares.

23. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Other Reserves - This reserve records the premium of the shares on consolidation relating to the share for share exchange with Springfield Healthcare (The Grange) Limited, being the difference between the nominal value of the shares issued and fair value of the assets acquired. The fair value of the fixed assets on acquisition were based on a third party valuation by an experienced and qualified valuer in accordance with the RICS valuation - Professional Standards.

SHG (Care Villages) Limited

Notes to the financial statements (continued)

period from 29th March 2021 to 3rd April 2022

24. Analysis of changes in net debt

	At 29 Mar 2021 £	Cash flows £	At 3 Apr 2022 £
Cash at bank and in hand	2,557,439	(1,931,410)	626,029
Debt due within one year	(955,346)	(15,099)	(970,445)
Debt due after one year	(24,512,126)	(5,984,613)	(30,496,739)
	<u>(22,910,033)</u>	<u>(7,931,122)</u>	<u>(30,841,155)</u>

25. Capital commitments

Capital expenditure contracted for but not provided for in the financial statements is as follows:

	Group		Company	
	3 Apr 22 £	28 Mar 21 £	3 Apr 22 £	28 Mar 21 £
Tangible assets	<u>2,103,685</u>	<u>3,440,251</u>	<u>–</u>	<u>–</u>

26. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	3 Apr 22 £	28 Mar 21 £	3 Apr 22 £	28 Mar 21 £
Not later than 1 year	16,706	14,464	309	–
Later than 1 year and not later than 5 years	<u>20,248</u>	<u>24,523</u>	<u>–</u>	<u>1,226</u>
	<u>36,954</u>	<u>38,987</u>	<u>309</u>	<u>1,226</u>

27. Contingencies

SHG (Care Villages) Limited has provided a Guarantee dated 17 October 2019 to Coutts in respect of Springfield Healthcare (Seacroft Green) Limited, Springfield Healthcare (The Grange) Limited, Springfield Healthcare (The Chocolate Works) Limited, Springfield Healthcare (Ilkley) Limited, Springfield Healthcare (Harrogate) Limited, Springfield Healthcare (CW Care Village) Limited, Springfield Healthcare (Harcourt) Limited, Springfield Healthcare (Seacroft Grange) Ltd, Springfield Healthcare (Green Care Centre) Ltd and Springfield Healthcare (Mayfield View) Ltd. At 3 April 2022 the balance owing to the bank under this guarantee was limited to £29,012,500.

28. Directors' advances, credits and guarantees

At the year end, an amount of £439,952 (2021 £439,952) was owed to the company from one of the directors. Interest is charged on the amount at 8% per annum and the loan is repayable on demand. Accrued interest at the year end was £203,571 (2021 £168,086) included in other debtors.

SHG (Care Villages) Limited

Notes to the financial statements *(continued)*

period from 29th March 2021 to 3rd April 2022

29. Related party transactions

Group

Transactions

The Business Growth Fund

As part of the investment in the SHG (Care Villages) group during the period ended 3 April 2022 the Business Growth Fund provided a further loan amount of £nil to SHG (Care Villages) Limited (2021 - £1,250,000), bringing the total values of the loans to £28,877,669 (2021 - £28,877,669). The loans are subject to a mixture of interest of 8% compounding per annum and redemption premium. £3,920,067 (2021 - £3,477,851) was charged in the period and £15,453,735 (2021 - £11,533,668) of interest is included in creditors at the period end. During the year the company paid fees totalling £14,400 (2021 - £42,215) in respect of monitoring and investment drawdown fees.

At 3 April 2022 Springfield Healthcare (The Grange) Limited held a loan provided by Business Growth Fund of £600,000 (2021 £600,000). The loan is subject to interest of 12% per annum. £72,049 (2021 £72,000) was charged to the company in the period and interest of £168,253 (2021 £182,368) is included in creditors at the year end.

Spring2recruitment Limited

During the period to 3 April 2022, Spring2recruitment Limited, a company in which the director has an interest, provided services to a value of £365,583 to the group (2021 - £169,948). At 3 April 2022 there was a balance of £33,566 (2021 - £52,134) due to Spring2recruitment Limited which is shown within trade creditors in the group.

SHG (Care Villages) Limited

Notes to the financial statements *(continued)*

period from 29th March 2021 to 3rd April 2022

29. Related party transactions *(continued)*

Company

Control

During the period the company was controlled by Mr G S Lee by virtue of his majority shareholding in the company.

Transactions

The company has taken advantage of the exemption in FRS 102 section 33 "Related Party disclosures" not to disclose transactions with its wholly-owned subsidiaries, on the grounds that all the voting rights of the companies are controlled by this entity.

Springfield Home Care Services Limited

During the period Springfield Homecare Services Limited, a connected company, made payments for staff salaries, directors and disbursements on behalf of SHG (Care Villages) Limited totalling £189,266 (2021 - £215,423). An amount of £203,956 (2021 - £200,583) was reimbursed from SHG (Care Villages) Limited to Springfield Homecare Services Limited.

SHG (Care Villages) recharged disbursements on behalf of Springfield Homecare Services Limited totalling £45,697 (2021 - £166,665). An amount of £44,198 (2021 - £157,258) was reimbursed from Springfield Homecare Services Limited to SHG (Care Villages) Limited.

At the period end an amount of £11,108 (2021 - £27,301) was owed to Springfield Homecare Services Limited.

Springfield Care Services Limited

During the period SHG (Care Villages) Limited paid disbursements and director salaries on behalf of Springfield Care Services Limited, a company wholly owned and controlled by one of the directors, totalling £103,017 (2021 - £96,977), of which £88,855 (2021 - £111,880) was reimbursed.

At the period end a balance of £27,953 (2021 - £13,791) was owed to SHG (Care Villages) Limited from Springfield Care Services Limited.