

## **Signature Lessee I Limited**

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 10493618

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# Signature Lessee I Limited

## Company Information

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<b>Directors</b>	T J Ball A G Roche N Phillips
<b>Registered number</b>	10493618
<b>Registered office</b>	Grosvenor House Horseshoe Crescent Beaconsfield Buckinghamshire HP9 1LJ
<b>Independent auditor</b>	BDO LLP 31 Chertsey Street Guildford Surrey GU1 4HD

# **Signature Lessee I Limited**

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# Signature Lessee I Limited

## Strategic Report For the Year Ended 31 December 2019

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### Introduction

The directors present their Strategic Report together with the audited financial statements for the year ended 31 December 2019.

### Business review

The principal activity of the company is to be master lessee under a lease framework agreement. The company currently has leasehold obligations from the operation of four Care Homes (2018: four). The leases are held and the Care Homes are operated by four of its subsidiary undertakings.

### Principal risks and uncertainties

The risks associated with the activities performed by the company may be summarised as:

#### Failure to meet leasehold obligations

The company currently has leasehold obligations from the operation of four Care Homes (2018: four). Operating income in the year was sufficient to cover rental commitments. All leases were reviewed in December 2019 with leasehold charges in future years deemed to be serviceable based on operating performance.

**A further downturn in the macroeconomic environment, potentially impacted by, both, Brexit, and the effects of the COVID 19 pandemic, reducing the demand for super-premium care facilities resulting in unsatisfactory levels of occupancy being achieved.**

Occupancy levels within the Care Home sector have remained relatively strong in recent years, despite the downturn in the economic environment. Further, the majority of reports suggest that predominantly private pay operators, such as Signature, have been further sheltered from the downturn. Average occupancy levels within this leased portfolio remained above 95%. As highlighted later in the strategic report, the COVID 19 pandemic may negatively effect occupancy levels.

#### Non-compliance with CQC regulations

CQC compliance achieves a high degree of focus from the Signature board. Signature seeks to ensure that the senior team is structured effectively in order to allow all individuals to perform their roles and responsibilities to a high standard, ensuring that residents' needs are always met. Internal governance procedures are in place to monitor all homes operated by Signature on a regular basis. At 31 December 2019, no homes within this portfolio were considered to be inadequate by the CQC.

### Financial key performance indicators

The table below sets out the Key Performance Indicators of the operating lease business of the Signature Group of which the company is the holding company.

	2019	2018
Turnover	£34m	£33m
Operating margin	40%	43%
Average occupancy	96%	97%
Rent cover	1.2	1.0

# Signature Lessee I Limited

## Strategic Report (continued) For the Year Ended 31 December 2019

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### Global Pandemic negatively impacting both resident demand and staff availability

The risk exists that resident demand could be negatively impacted by a global pandemic. The negative impact is divided into two main factors being a) a short term increase in the demand for services, due to deteriorating health whilst residents are in the home, and b) a significant fall in demand for our services in the medium to longer term, due to a downturn in demand following an increased death rate amongst the target market.

From a business perspective, Signature are confident we are able to navigate these challenges. In the short term we have historically been able to flex staff to meet demand. In the longer-term demographics indicate a significant under supply of care and nursing services in the UK market, with the under supply being greater than the anticipated increase in death rate from Pandemics such as Covid-19.

The availability of staff is of some concern to the business, with mitigants in place to address this risk somewhat untested. Signature carehomes are more protected than others in the sector, with staff to resident ratios in a Signature home typically more than double those of other operators. A reduction in labour supply of up to one third could therefore be accommodated and residents would still remain in a good quality of care, albeit less than current standards. We are however confident they would remain safe. The somewhat untested mitigant is a large scale recruitment exercise from other sectors, who in the event of a pandemic are expected to release labour supply into the market. At the time of signing these financial statements, this process is being tested with initial signs showing this can be achieved.

This report was approved by the board on 28 September 2020 and signed on its behalf.



**T J Ball**  
Director

# **Signature Lessee I Limited**

## **Directors' Report For the Year Ended 31 December 2019**

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The directors present their report together with the audited financial statements for the year ended 31 December 2019.

### **Principal activity**

The principal activity of the company is to be a master lessee under a framework agreement.

### **Results and dividends**

The loss for the year, after taxation, amounted to £1,476,906 (2018: loss of 6,267,750).

The directors do not recommend the payment of a dividend (2018: £Nil).

### **Directors**

The directors who served during the year were:

T J Ball  
A G Roche  
T B Newell (resigned 22 September 2019)  
J Hardy (resigned 22 September 2019)  
T G Wellner (resigned 22 September 2019)  
F Cerrone (resigned 22 September 2019)  
N Phillips (appointed 22 September 2019)

### **Going concern**

At the reporting date, the company had net liabilities of £1,994,654 (2018: £517,748) and made a loss for the year of £1,476,906 (2018: £6,267,750). The company is reliant on the continued support of its ultimate parent undertaking to be able to continue to operate as a going concern. A letter of support has been obtained pledging this support for the foreseeable future, being at least one year from the date of the approval of these financial statements.

Although there can be no absolute certainty that this support will be available throughout the period, the directors have no reason to believe that the support will be withdrawn. As a consequence, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

As indicated in the Strategic Report and below, the directors also consider it necessary to acknowledge the uncertainty created by the current global situation with COVID-19. The company is a master lessee under a lease framework agreement, and currently has leasehold obligations from the operation of four carehomes. The operating companies for these four carehomes are the subsidiaries of the company. Although the company does not make direct payments on the lease as these are made by the subsidiaries and does not otherwise incur any material expenditure in its own right, it is legally liable to pay any amounts owing that have not been paid by its subsidiaries. As such, it is necessary to consider the risks facing the subsidiaries as operating companies in the UK carehome market as this will impact on whether they can expect to meet their rent commitments.

# Signature Lessee I Limited

## Directors' Report (continued) For the Year Ended 31 December 2019

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### Operation of Care Homes:

The risk exists that resident demand could be negatively impacted in the medium to longer term by the global COVID-19 pandemic. The negative impact is divided into two main factors being:

- A short term increase in the demand for services, due to deteriorating health whilst residents are in the home; and
- A significant fall in demand for our services in the medium to longer term, due to a downturn in demand following an increased death rate amongst the target market.

From a business perspective, the directors are confident they will be able to navigate these challenges. In the short term the company has historically been able to flex staff to meet demand. In the longer-term, demographics indicate a significant under supply of care and nursing services in the UK market, with the undersupply being greater than the anticipated increase in death rate from COVID-19.

A separate risk exists in relation to the supply of staff. This is of some concern to the directors, with mitigants in place to address this risk somewhat untested. The company is more protected than others in the sector, with staff to resident ratios in Signature homes typically more than double those of other operators. A reduction in labour supply of up to one third could therefore be accommodated and residents would still receive a good quality of care, albeit less than current high standards. The somewhat untested mitigant is a large scale recruitment exercise from other sectors, whom in the event of a pandemic are expected to release labour supply into the market. At the time of signing these accounts, this process is being tested with initial signs showing this can be achieved.

Based on the above risk assessment, the directors are of the opinion that COVID-19 does pose some risk to the company as there is potential that the subsidiaries may be unable to make payments and the cash currently held by Lessee I would not be enough to cover 12 months' worth of rental expenses, however these risks are being well managed. In any case, the directors note that the ultimate parent company Revera Inc. has significant reserves and has a commercial incentive to continue supporting the company, therefore, even in the worst case scenario, the directors are confident that for the foreseeable future, being twelve months from the approval of these financial statements, the company would be able to meet its liabilities as they fall due. For this reason the directors believe that it remains appropriate to prepare the accounts on the going concern basis, whilst acknowledging the situation is evolving and it is not possible at this stage to determine with any certainty the full impact on the company, its subsidiaries, customers, and suppliers. As such, there is a risk that the ultimate parent company may not be able to provide financial support if the impact of COVID-19 on the wider group is more severe than expected. On this basis there is considered to be a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments that would arise if the company were unable to continue as a going concern.

### Future developments

The Signature Group is currently progressing a number of development opportunities. At the year-end date, nine (2018: five) projects were in various stages of the development program. Once completed, each developed home will be operated and managed by Signature Senior Lifestyle (Operations) Limited. Four of the nine development projects will generate accretive operating management fee incomes in the next 12 months.

The group continues to actively search for and identify new opportunities, and the aim of the business is to ultimately develop and operate in excess of 25 - 30 Care and Nursing home facilities in prime south east locations.

## Signature Lessee I Limited

### Directors' Report (continued) For the Year Ended 31 December 2019

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#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

#### Post balance sheet events

Subsequent to the year end, a pandemic was declared regarding COVID-19. The situation is still evolving and it is not possible at this stage to determine with any certainty the full impact on the company, its customers, and its suppliers. The directors have forecast different scenarios and believe that operational risks are mitigated by the current procedures in place and ongoing future risk planning although the situation still remains uncertain. Although this is considered unlikely at this stage, there is a risk the company could require further funding. On this basis there is considered to be a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The risks, strategies and responses to COVID 19 have been assessed in the Strategic Report on pages 1 - 2.

#### Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 September 2020 and signed on its behalf.



**T J Ball**  
Director



## **Signature Lessee I Limited**

### **Directors' Responsibilities Statement For the Year Ended 31 December 2019**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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.

# Signature Lessee I Limited

## Independent Auditor's Report to the Members of Signature Lessee I Limited

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### Opinion

We have audited the financial statements of Signature Lessee I Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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.

### Material uncertainty related to going concern

We draw attention to note 2.4 to the financial statements, which states that the directors continue to assess the impact of COVID-19 which could lead to the risk that further funding is required within the next twelve months. On this basis there is considered to be a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Signature Lessee I Limited**

### **Independent Auditor's Report to the Members of Signature Lessee I Limited (continued)**

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and financial statements, other than the financial statements and our auditor's report thereon. 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.

#### **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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Signature Lessee I Limited

### Independent Auditor's Report to the Members of Signature Lessee I Limited (continued)

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#### 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 for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### 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.

**BDO LLP**

**Nick Poulter** (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Guildford, UK

Date: 28 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Signature Lessee I Limited

### Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Administrative expenses		(38)	-
Exceptional administrative expenses	6	(1,429,030)	(6,235,684)
<b>Operating loss</b>		<b>(1,429,068)</b>	<b>(6,235,684)</b>
Interest receivable and similar income	7	56,030	45,275
Interest payable and similar charges	8	(103,868)	(77,341)
<b>Loss before tax</b>		<b>(1,476,906)</b>	<b>(6,267,750)</b>
Tax on loss	9	-	-
<b>Loss for the financial year</b>		<b>(1,476,906)</b>	<b>(6,267,750)</b>

There was no other comprehensive income for 2019 (2018: £Nil).

The notes on pages 13 to 22 form part of these financial statements.

**Signature Lessee I Limited**  
Registered number: 10493618

**Statement of Financial Position**  
As at 31 December 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Investments	10	5,750,008	5,750,008
		<u>5,750,008</u>	<u>5,750,008</u>
<b>Current assets</b>			
Cash at bank and in hand	11	6,396	5,463
Creditors: amounts falling due within one year	12	(5,251,058)	(3,773,219)
<b>Net current liabilities</b>		<u>(5,244,662)</u>	<u>(3,767,756)</u>
<b>Total assets less current liabilities</b>		<u>505,346</u>	<u>1,982,252</u>
Creditors: amounts falling due after more than one year	13	(2,500,000)	(2,500,000)
<b>Net liabilities</b>		<u>(1,994,654)</u>	<u>(517,748)</u>
<b>Capital and reserves</b>			
Called up share capital	14	2	2
Profit and loss account	15	(1,994,656)	(517,750)
<b>Total equity</b>		<u>(1,994,654)</u>	<u>(517,748)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2020



**T J Ball**  
Director

The notes on pages 13 to 22 form part of these financial statements.

## Signature Lessee I Limited

### Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2019	2	(517,750)	(517,748)
<b>Comprehensive income for the year</b>			
Loss for the year	-	(1,476,906)	(1,476,906)
<b>Total comprehensive income for the year</b>	-	(1,476,906)	(1,476,906)
<b>At 31 December 2019</b>	<b>2</b>	<b>(1,994,656)</b>	<b>(1,994,654)</b>

### Statement of Changes in Equity For the Year Ended 31 December 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	2	5,750,000	5,750,002
<b>Comprehensive income for the year</b>			
Loss for the year	-	(6,267,750)	(6,267,750)
<b>Total comprehensive income for the year</b>	-	(6,267,750)	(6,267,750)
<b>At 31 December 2018</b>	<b>2</b>	<b>(517,750)</b>	<b>(517,748)</b>

The notes on pages 13 to 22 form part of these financial statements.

# Signature Lessee I Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 1. General information

Signature Lessee I Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office can be found on the Company Information page. The nature of the company's operations and its principal activities are detailed in the Strategic Report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

#### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of SSL Group (UK) Limited as at 31 December 2019 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

#### 2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.



# Signature Lessee I Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.4 Going concern

At the reporting date, the company had net liabilities of £1,994,654 (2018: £517,748) and made a loss for the year of £1,476,906 (2018: £6,267,750). The company is reliant on the continued support of its ultimate parent undertaking to be able to continue to operate as a going concern. A letter of support has been obtained pledging this support for the foreseeable future, being at least one year from the date of the approval of these financial statements.

Although there can be no absolute certainty that this support will be available throughout the period, the directors have no reason to believe that the support will be withdrawn. As a consequence, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

As indicated in the Strategic and Directors' Reports, the directors also consider it necessary to acknowledge the uncertainty created by the current global situation with COVID-19. The company is a master lessee under a lease framework agreement, and currently has leasehold obligations from the operation of four carehomes. The operating companies for these four carehomes are the subsidiaries of the company. Although the company does not make direct payments on the lease as these are made by the subsidiaries and does not otherwise incur any material expenditure in its own right, it is legally liable to pay any amounts owing that have not been paid by its subsidiaries. As such, it is necessary to consider the risks facing the subsidiaries as operating companies in the UK carehome market as this will impact on whether they can expect to meet their rent commitments.

#### Operation of Care Homes:

The risk exists that resident demand could be negatively impacted in the medium to longer term by the global COVID-19 pandemic. The negative impact is divided into two main factors being:

- A short term increase in the demand for services, due to deteriorating health whilst residents are in the home; and
- A significant fall in demand for our services in the medium to longer term, due to a downturn in demand following an increased death rate amongst the target market.

From a business perspective, the directors are confident they will be able to navigate these challenges. In the short term the company has historically been able to flex staff to meet demand. In the longer-term, demographics indicate a significant under supply of care and nursing services in the UK market, with the undersupply being greater than the anticipated increase in death rate from COVID-19.

A separate risk exists in relation to the supply of staff. This is of some concern to the directors, with mitigants in place to address this risk somewhat untested. The company is more protected than others in the sector, with staff to resident ratios in Signature homes typically more than double those of other operators. A reduction in labour supply of up to one third could therefore be accommodated and residents would still receive a good quality of care, albeit less than current high standards. The somewhat untested mitigant is a large scale recruitment exercise from other sectors, whom in the event of a pandemic are expected to release labour supply into the market. At the time of signing these accounts, this process is being tested with initial signs showing this can be achieved.

# Signature Lessee I Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.4 Going concern (continued)

Based on the above risk assessment, the directors are of the opinion that COVID-19 does pose some risk to the company as there is potential that the subsidiaries may be unable to make payments and the cash currently held by Lessee I would not be enough to cover 12 months' worth of rental expenses, however these risks are being well managed. In any case, the directors note that the ultimate parent company Revera Inc. has significant reserves and has a commercial incentive to continue supporting the company, therefore, even in the worst case scenario, the directors are confident that for the foreseeable future, being twelve months from the approval of these financial statements, the company would be able to meet its liabilities as they fall due. For this reason the directors believe that it remains appropriate to prepare the accounts on the going concern basis, whilst acknowledging the situation is evolving and it is not possible at this stage to determine with any certainty the full impact on the company, its subsidiaries, customers, and suppliers. As such, there is a risk that the ultimate parent company may not be able to provide financial support if the impact of COVID-19 on the wider group is more severe than expected. On this basis there is considered to be a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include any adjustments that would arise if the company were unable to continue as a going concern.

#### 2.5 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

#### 2.7 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# Signature Lessee I Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to and from related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other accounts receivables and payables, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an 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.

#### 2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Signature Lessee I Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

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### 2. Accounting policies (continued)

#### 2.12 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Investments (see note 10)

Determine whether there are indicators of impairment of the company's fixed asset investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

### 4. Auditor's remuneration

The audit fee for the company of £2,500 (2018: £2,500) has been borne by Signature Senior Lifestyle Limited, a company which meets all the group overheads.

# Signature Lessee I Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 5. Employees

The company has no employees other than the three directors (2018: six directors).

The company's directors are remunerated by a fellow group company Signature Senior Lifestyle Limited and no recharge is made given the size of the group and the practicality of making such a charge. The directors have assessed that, having regard to the level of time spent and the nature of the company's affairs, a fair apportionment of the directors' annual remuneration that would be attributable to this company is approximately £16,000 (2018: £26,000).

### 6. Exceptional administrative expenses

	2019 £	2018 £
Waiver of intercompany debtors	<u>1,429,030</u>	<u>6,235,684</u>

### 7. Interest receivable and similar income

	2019 £	2018 £
Interest receivable from group companies	<u>56,030</u>	<u>45,275</u>

### 8. Interest payable and similar charges

	2019 £	2018 £
On loans from group undertakings	<u>103,868</u>	<u>77,341</u>

# Signature Lessee I Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 9. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on losses for the year	-	-
<b>Total current tax</b>	-	-

#### Taxation on loss on ordinary activities

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	(1,476,906)	(6,267,750)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(280,612)	(1,190,872)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	271,516	1,184,780
Group relief surrendered	9,096	6,092
<b>Total tax charge for the year</b>	-	-

#### Factors that may affect future tax charges

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This will increase the company's future tax charge accordingly.

# Signature Lessee I Limited

## Notes to the Financial Statements For the Year Ended 31 December 2019

### 10. Fixed asset investments

Investments  
in subsidiary  
companies  
£

#### Cost

At 1 January 2019 and 31 December 2019

**5,750,008**

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Signature of Brentwood (Operations) Limited	Ordinary	100%	Care and nursing home operator
Signature of Coombe (Operations) Limited	Ordinary	100%	Care and nursing home operator
Signature of Epsom (Operations) Limited	Ordinary	100%	Care and nursing home operator
Signature of Hindhead (Operations) Limited	Ordinary	100%	Care and nursing home operator

The registered office of the above subsidiary undertakings is Grosvenor House, Horseshoe Crescent, Beaconsfield, Buckinghamshire, HP9 1LJ.

### 11. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<b>6,396</b>	<b>5,463</b>

### 12. Creditors: amounts falling due within one year

	2019 £	2018 £
Amounts owed to group undertakings	<b>5,251,058</b>	<b>3,773,219</b>

Amounts owed to group undertakings are unsecured, bear interest at 4% plus Bank of England base rate and are repayable on demand.

## Signature Lessee I Limited

### Notes to the Financial Statements For the Year Ended 31 December 2019

#### 13. Creditors: amounts falling due after more than one year

	2019 £	2018 £
Amounts owed to group undertakings	2,500,000	2,500,000

Amounts owed to group undertakings are unsecured, bear interest at 4% plus Bank of England base rate and are repayable until 1 January 2025.

#### 14. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2

#### 15. Reserves

The company's reserves are as follows:

##### Profit and loss account

The profit and loss account represents cumulative profit or losses, net of dividends paid and other adjustments.

#### 16. Related party transactions

The company has taken advantage of the exemption available in section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

#### 17. Post balance sheet events

Subsequent to the year end, a pandemic was declared regarding COVID-19. The situation is still evolving and it is not possible at this stage to determine with any certainty the full impact on the company, its customers, and its suppliers. The directors have forecast different scenarios and believe that operational risks are mitigated by the current procedures in place and ongoing future risk planning although the situation still remains uncertain. Although this is considered unlikely at this stage, there is a risk the company could require further funding. On this basis there is considered to be a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The risks, strategies and responses to COVID 19 have been assessed in the Strategic Report on pages 1 - 2.



## **Signature Lessee I Limited**

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

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#### **18. Ultimate parent undertaking and controlling party**

The company's immediate parent company is Signature Senior Lifestyle Finance Limited, a company registered in England and Wales, and its ultimate parent company is Revera Inc., a company incorporated in Canada.

The intermediate parent company which is the largest and smallest group for which consolidated accounts are produced is SSL Group (UK) Limited, a company registered in England and Wales. These consolidated accounts are publicly available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The directors consider the ultimate controlling party to be The Public Sector Pension Investment Board of Canada.