

Company Registration No. 10907041 (England and Wales)

ORCHARD RESIDENTIAL CARE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021



ORCHARD RESIDENTIAL CARE LIMITED

COMPANY INFORMATION

Directors	D J Johnson H W Knight
Company number	10907041
Registered office	The Hamlet Hornbeam Park Harrogate North Yorkshire HG2 8RE
Auditor	RSM UK Audit LLP Chartered Accountants Suite A 7th Floor, East West Building 2 Tollhouse Hill Nottingham NG1 5FS
Bankers	National Westminster Bank plc 8 Market Place Huddersfield HD1 2AL
Solicitors	Pinsent Masons 1 Park Row Leeds LS1 5AB

ORCHARD RESIDENTIAL CARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Fair review of the business

The company is a subsidiary of Plum Bidco Limited, company incorporated in the United Kingdom, and operates as holding company. The results of the company are included in the consolidated financial statements of Cortina Race LLP, which are publically available at Companies House.

Principal risks and uncertainties

The main risk of the company is the recoverability of amounts due from the company's fellow group undertakings, which is reviewed on a regular basis. During the year, impairment of £200,000 (2020 - £529,040) was recognised in respect of amounts due from fellow group undertakings.

Key performance indicators

As the company is a holding company, the directors believe that key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

Future developments

The company will continue to operate as a holding company.

On behalf of the board



D J Johnson
Director

Date: 23/12/21

ORCHARD RESIDENTIAL CARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Principal activities

The principal activity of the company continued to be that of a holding company.

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid (2020 - £nil). The directors do not recommend payment of a final dividend (2020 - £nil).

Directors

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

D J Johnson

H W Knight

L Lee

(Appointed 1 May 2020)

(Resigned 1 May 2020)

Financial instruments

The company's principal financial instruments comprise sterling cash and bank deposits, and amounts owed to and from fellow group undertakings.

The directors regularly review the company's financial instruments and are satisfied that appropriate provisions have been recognised where there is uncertainty over recoverability.

Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

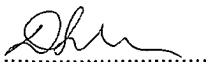
Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

Statement of disclosure to auditor

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

On behalf of the board



D J Johnson

Director

Date: 23/12/21

ORCHARD RESIDENTIAL CARE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the Strategic Report and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD RESIDENTIAL CARE LIMITED

Opinion

We have audited the financial statements of Orchard Residential Care Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of income and retained earnings, the statement of financial position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its loss for the year 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD RESIDENTIAL CARE LIMITED (CONTINUED)

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 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, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD RESIDENTIAL CARE LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, and inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The audit team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to:

- Reviewing journal entries and other adjustments; and
- Evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to CQC regulations. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these laws and regulations and inspected correspondence with regulatory authorities.

A further description of our responsibilities for the audit of the financial statements is located on 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.

Richard King

Richard King FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A
7th Floor, East West Building
2 Tollhouse Hill
Nottingham
NG1 5FS 23/12/21
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ORCHARD RESIDENTIAL CARE LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Administrative expenses		(201,501)	(529,040)
Loss before taxation		(201,501)	(529,040)
Tax on loss	4	-	-
Loss for the financial year		(201,501)	(529,040)
Retained earnings brought forward		(4,079,050)	(3,550,010)
Retained earnings carried forward		<u>(4,280,551)</u>	<u>(4,079,050)</u>

ORCHARD RESIDENTIAL CARE LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	5		-		-
			<u>-</u>		<u>-</u>
Current assets					
Debtors	7	-		70,000	
Cash at bank and in hand		10,332		11,832	
		<u>10,332</u>		<u>81,832</u>	
Creditors: amounts falling due within one year	8	(1,290,882)		(1,160,881)	
Net current liabilities			<u>(1,280,550)</u>		<u>(1,079,049)</u>
Capital and reserves					
Called up share capital	9	3,000,001		3,000,001	
Profit and loss reserves		(4,280,551)		(4,079,050)	
Total equity		<u>(1,280,550)</u>		<u>(1,079,049)</u>	

The financial statements were approved by the board of directors and authorised for issue on 23/12/21
and are signed on its behalf by:



D J Johnson
Director

ORCHARD RESIDENTIAL CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Orchard Residential Care Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is The Hamlet, Hornbeam Park, Harrogate, North Yorkshire, HG2 8RE.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures.

The financial statements of the company are consolidated in the financial statements of Cortina Race LLP. These consolidated financial statements are available from its registered office, 21 Palmer Street, London, SW1H 0AD.

Consolidated financial statements

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Orchard Residential Care Limited is a wholly owned subsidiary of Plum Bidco Limited and the results of Orchard Residential Care Limited are included in the consolidated financial statements of Cortina Race LLP which are available from 21 Palmer Street, London, SW1H 0AD.

Going concern

The group's latest cash flow forecasts, taking account of the inherent risks and uncertainties of the trading environment, indicate that the group has sufficient liquidity to continue trading as a going concern.

A strategic review of the group was concluded in Summer 2019, resulting in an operational plan to move the group to profitability and assure the sustainability of each care home retained within the group. The plan included the decision to sell nine loss-making freehold homes, secure an exit from seven cash-absorbing leasehold homes and restructure the group's central resource. The performance of the retained 24 care homes (23 freehold and 1 leasehold) was improving as planned and in February 2020 the care group of homes was cash break even.

ORCHARD RESIDENTIAL CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

The group's central resource was restructured during the prior year and all of the disposals were completed by November 2020.

Since March 2020, COVID-19 has had an impact on the performance of the homes with an increase in temporary agency costs to cover self-isolation of permanent staff and a decline in occupancy in homes which suffered an outbreak in wave one and/or wave two. Post year end the pandemic continues to have an impact with a third wave of outbreaks in Summer 2021. However, the COVID-19 vaccine has resulted in the operational and financial impact of outbreaks and the number of staff self-isolating being significantly lower than waves one and waves two.

The group adopted a pro-active approach to utilisation of the COVID-19 funding provided by local authorities and central government. £4.2m of grant income was recognised during the year and subsequent to the year end a further £0.8m has been received. On 30th September 2021, the government announced further funding for October to December 2021. The estimated allocation for the group of the latest funding is £0.7m taking total grant income for the two years to £5.7m.

The grant income, proceeds from property disposals and good cost control has resulted in the group having significant cash reserves to support the recovery from the pandemic through 2021 and 2022.

Cash flow forecasts have been prepared, including additional costs to mitigate the national workforce issues in Summer/Autumn 2021. The forecasts include assumptions on an individual home basis which take into account local market factors of workforce availability and demand for beds. Market occupancy is increasing in the majority of areas in which we operate but the downside risk to growth is in relation to headcount improvement. Where an increase in staff headcount is required before occupancy can increase, we have assumed that headcount growth may take several months, due to the challenges in the health and social care sector, and have reflected this risk by assuming no or slow occupancy growth. Under these forecasts, the group has sufficient cash to trade as a going concern without the requirement for funding from the members of Cortina Race LLP.

Cortina Race LLP, the parent company, has confirmed it will provide support to the company for a period not less than 12 months from the date of approval of these financial statements.

Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

ORCHARD RESIDENTIAL CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Financial instruments

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

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

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

ORCHARD RESIDENTIAL CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including other creditors and amounts owed to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

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

Derecognition of financial liabilities

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

Equity instruments

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

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

ORCHARD RESIDENTIAL CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Impairment of group debtors

The company makes an estimate of the recoverable value of amounts owed by group undertakings. When assessing impairment of amounts owed by group undertakings, management considers factors including the financial position of the fellow group undertakings and expected future cash flows. See note 7 for the carrying amount of amounts owed by group undertakings, net of provisions, and the impairment loss recognised during the year.

3 Operating loss

The auditor's remuneration for both years was borne by a fellow group undertaking with no recharge made. The total charge for the year is disclosed in the financial statements of the ultimate parent, Cortina Race LLP. There were no employees or directors' remuneration during both years.

4 Taxation

The total tax charge for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
Loss before taxation	(201,501)	(529,040)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(38,285)	(100,518)
Tax effect of expenses that are not deductible in determining taxable profit	38,000	100,781
Deferred tax not recognised	285	(263)
Taxation charge for the year	-	-

Unrecognised deferred tax assets in respect of losses amounted £285 (2020 - £nil) and have not been recognised in the financial statements as there is uncertainty over the availability and timing of future tax profits.

ORCHARD RESIDENTIAL CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

5 Fixed asset investments

		2021 £	2020 £
Investments in subsidiaries	6	-	-

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2020 & 31 March 2021	1,856,900
Impairment	
At 1 April 2020 & 31 March 2021	1,856,900
Carrying amount	
At 31 March 2021	-
At 31 March 2020	-

6 Subsidiaries

Details of the company's subsidiaries at 31 March 2021 are as follows:

Name of undertaking	Address	Nature of business	Class of shares held	% Held Direct
Orchard Residential Care (2) Limited	1	Provision of elderly care	Ordinary	100.00
Orchard Care Homes.Com (2) Limited	1	Provision of elderly care	Ordinary	100.00
Orchard Care Homes.Com (6) Limited	1	Provision of elderly care	Ordinary	100.00

Registered office addresses (all UK unless otherwise indicated):

1 The Hamlet, Hornbeam Park, Harrogate, North Yorkshire, HG2 8RE

7 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Amounts owed by group undertakings	-	70,000

During the year, an impairment loss of £200,000 (2020 - £559,990) was recognised within administrative expenses in respect of amounts owed by group undertakings.

ORCHARD RESIDENTIAL CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Creditors: amounts falling due within one year

	2021 £	2020 £
Amounts owed to group undertakings	980,425	730,424
Other creditors	310,457	430,457
	<u>1,290,882</u>	<u>1,160,881</u>

Included in other creditors is £310,457 (2020 - £430,457) in relation to a health and safety fine acquired with the purchase of shares of the subsidiary undertakings from a fellow subsidiary undertaking.

9 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	<u>3,000,001</u>	<u>3,000,001</u>	<u>3,000,001</u>	<u>3,000,001</u>

10 Reserves

Profit and loss account

This reserve records retained earnings and accumulated losses.

11 Related party transactions

During the year, the company received net loans of £120,000 (2020 - £1,118,060) from fellow group undertakings. At the year end the net amount owed to group undertakings was £980,425 (2020 - £660,424), after provisions of £1,988,185 (2020 - £1,798,100) for non-collectability.

12 Ultimate parent undertaking and ultimate controlling party

The company's immediate parent undertaking is Plum Bidco Limited. The company's ultimate parent undertaking and ultimate controlling party is Alchemy Special Opportunities Fund III LP, incorporated in Guernsey.

The smallest and largest group in which the results of the company are consolidated is that headed by Cortina Race LLP, incorporated in the United Kingdom. These consolidated financial statements are available to the public and may be obtained from its registered office, 21 Palmer Street, London, SW1H 0AD.