

CARE UK CHEADLE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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CARE UK CHEADLE LIMITED

COMPANY INFORMATION

Directors	M Rosenberg A Knight R Pearman J Calow
Registered number	11914202
Registered office	Connaught House 850 The Crescent Colchester Business Park Colchester Essex CO4 9QB
Independent auditor	KPMG LLP Dragonfly House 2 Gliders Way Norwich NR3 1UB
Banker	National Westminster Bank 10 Station Road Clacton-on-Sea CO15 1TA

CARE UK CHEADLE LIMITED

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CARE UK CHEADLE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors present their report and the financial statements for the year ended 30 September 2022.

Principal activity

Care UK Cheadle Limited ("the company") is a subsidiary of Care UK Property Holdings 2 Limited and was incorporated to provide a residential care home for lease to Care UK Community Partnerships Limited.

Business review

Care UK Cheadle Limited owns a fully operational care home, the lease demands an inflationary uplift every year. Using the rental income the company makes interest and loan repayments on a quarterly basis.

The onset of Covid 19 has had a minimal impact on the operations of the company, Revenue for the rental income is generated from the lease with Care UK Community Partnerships Limited which, despite seeing an impact from Covid, is still showing strong trading results.

Results and dividends

The profit for the year, after taxation, amounted to £183,000 (2021 - profit £278,000).

No Dividend was paid during the financial year from Care UK Cheadle Limited.

Directors

The directors who served during the year were:

M Rosenberg
A Knight
R Pearman
J Calow

Political contributions

The company has made no political donations or incurred any political expenditure during the year (2021: £nil).

CARE UK CHEADLE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Principal risks and uncertainties

The market sector in which the business operates is subject to a number of risks. The principle areas are:

Covid 19

Whilst there has been limited direct impact on the Company as a result of Covid 19, save for short delays to construction programmes following restrictions imposed on the construction industry during the first national lockdown, there is a potential indirect impact on the Company as a result of its cross dependency with the rest of the Care UK Group ("Care UK") including the group's tenant Care UK Community Partnerships Limited.

The impact of the virus has had a significant impact on Care UK. The Board and Management have taken steps to steer their way through this crisis, and while recovery from the pandemic continued in FY22, risks surrounding Covid-19 remain.

Credit Risk

The main financial asset of the Group is cash. We limit the credit risk associated with cash balances by only using banks with high credit ratings assigned by international credit ratings agencies. The directors of the Group have secured a £65m loan facility in order to continue development activities which expires in March 2025. They continue to monitor cash requirements closely.

Liquidity Risk

The Group monitors cash on a daily basis and produces regular cashflow forecasts, the objective being to ensure an overall neutral or positive cashflow and to ensure sufficient liquidity is available to meet forecasted needs. The directors continuously review and monitor the risks the Group faces. It is our goal that any changes in our risk profile are identified early so actions can be taken to manage the Group's exposure at the earliest possible opportunity.

Inflation Risk

The Group has exposure to inflation risks, notably relating to increased material, labour and contract costs on its build program and any related supply issues. The directors monitor costs incurred by the Group closely to mitigate this risk.

Interest Rate Risk

The Group's financing is linked to SONIA, a variable rate, and is therefore subject to interest rate risk. The directors monitor interest rate risks carefully and consider alternative funding strategies as required.

Disclosure of information to auditor's

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

There have been no significant events affecting the Company between the year end and the signing of these financial statements.

CARE UK CHEADLE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

Auditor

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

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 28 April 2023 and signed on its behalf.



M Rosenberg
Director

CARE UK CHEADLE LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

The directors are responsible for preparing 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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 CARE UK CHEADLE LIMITED

Opinion

We have audited the financial statements of Care UK Cheadle Limited ("the Company") for the year ended 30 September 2022 which comprise the Profit and Loss account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARE UK CHEADLE LIMITED (CONTINUED)

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risk of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate incentive or pressure to commit fraud or to provide opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high level policies and procedures to prevent and detect fraud that apply to this Company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud
- Reading board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by the auditing standards and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition as all income received is rental income which is simple in nature. We did not identify any additional fraud risk.

We performed procedures including:

Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included cash journals posted to unrelated accounts; and journals with certain descriptions, which may indicate high risk.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARE UK CHEADLE LIMITED (CONTINUED)

Identifying and responding to risk of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on financial statements from our general commercial and sector experience and through discussion with the directors (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Company are subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and we assessed the extent of companies with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Company are subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 auditing standard. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing noncompliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARE UK CHEADLE 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 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; or
- the directors were entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARE UK CHEADLE LIMITED
(CONTINUED)**

The purpose of our audit work and to whom we owe our responsibilities

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.

Emma Larcombe

**Emma Larcombe (Senior Statutory Auditor)
for and on behalf of KPMG LLP Statutory Auditor
Chartered Accountants**

Dragonfly House
2 Gliders Way
Norwich
NR3 1UB

3 May 2023

CARE UK CHEADLE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Note	30 September 2022 £000	30 September 2021 £000
Turnover	4	1,058	1,018
Gross profit		1,058	1,018
Administrative expenses		(575)	(597)
Operating profit		483	421
Interest payable and similar expenses	7	(382)	(157)
Profit before tax		101	264
Tax on profit	8	82	14
Profit for the financial year		183	278

The notes on pages 14 to 27 form part of these financial statements.

CARE UK CHEADLE LIMITED
REGISTERED NUMBER: 11914202

BALANCE SHEET
AS AT 30 SEPTEMBER 2022

	Note	30 September 2022 £000	30 September 2021 £000
Fixed assets			
Tangible assets	9	18,620	19,168
		<u>18,620</u>	<u>19,168</u>
Current assets			
Debtors: amounts falling due after more than one year	10	191	-
Debtors: amounts falling due within one year	10	447	267
		<u>638</u>	<u>267</u>
Creditors: amounts falling due within one year	11	(10,216)	(19,073)
Net current liabilities		<u>(9,578)</u>	<u>(18,806)</u>
Total assets less current liabilities		<u>9,042</u>	<u>362</u>
Creditors: amounts falling due after more than one year	12	(8,538)	-
Provisions for liabilities			
Deferred tax	14	-	(41)
		<u>-</u>	<u>(41)</u>
Net assets		<u><u>504</u></u>	<u><u>321</u></u>
Capital and reserves			
Profit and loss account		504	321
		<u><u>504</u></u>	<u><u>321</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 April 2023.



M Rosenberg
Director

The notes on pages 14 to 27 form part of these financial statements.

CARE UK CHEADLE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 October 2021	-	321	321
Comprehensive income for the year			
Profit for the year	-	183	183
Total comprehensive income for the year	-	183	183
At 30 September 2022	-	504	504

The notes on pages 14 to 27 form part of these financial statements.

CARE UK CHEADLE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Profit and loss account	Total equity
	£000	£000
At 1 October 2020	43	43
Comprehensive income for the year		
Profit for the year	278	278
Total comprehensive income for the year	278	278
At 30 September 2021	321	321

The notes on pages 14 to 27 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. General information

Care UK Cheadle Limited is a private company, limited by shares and is incorporated and domiciled in England and Wales.

The company is also a wholly owned subsidiary of Care UK Property Holdings 2 Limited, which is also registered and domiciled in England and Wales.

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 judgment in applying the Company's accounting policies (see note 3).

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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Care UK Midco Limited as at 30th September 2022 and these financial statements may be obtained from Connaught House 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.

CARE UK CHEADLE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on page 1.

Whilst there has been limited direct impact on the Company as a result of Covid 19, save for short delays to construction programmes following restrictions imposed on the construction industry during the first national lockdown, there is a potential indirect impact on the Company as a result of its cross dependency with the rest of the Care UK Group ("Care UK") including the group's tenant Care UK Community Partnerships Limited.

The Board and Management continue to take steps to manage the recovery from the pandemic, remaining vigilant to the continuing risks that Covid-19 presents to our residents.

Management have assessed the potential cash generation of the company against a range of projected scenarios, including a severe but plausible downside scenario with additional inflationary pressures. In all scenarios assessed, the company was able to maintain sufficient liquidity to continue trading, generate positive EBITDA, and meet its covenant requirements.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rents received represent amounts due for the occupation of Care UK Cheadle Limited property under operating leases. The agreement for lease and development contains an obligation on Care UK Cheadle Limited to grant, and an obligation on Care UK Community Partnerships Limited to accept, a lease of the relevant site.

2.5 Operating leases: the Company as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.6 Finance costs

Finance costs are charged to profit or loss 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.7 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 balance sheet 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 balance sheet 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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 balance sheet date.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

CARE UK CHEADLE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% on Cost, Less Residual Value of 30% or 10 years
Fixtures and fittings	- 7 years
Computer equipment	- 3 years
Other fixed assets	- No depreciation is charged

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

As Care UK Cheadle Limited leases the property to another company in the Group, section 16.4A(b) of FRS102 has been applied and accounts for the property using the cost model in line with FRS 102 section 17 (Property, Plant and Equipment).

2.10 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.

2.11 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.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

2. Accounting policies (continued)**2.13 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows 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 Profit and Loss Account.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

CARE UK CHEADLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

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

The preparation of the financial statements in conformity with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year then ended. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

Estimates are used in accounting for allowances for uncollectable receivables, depreciation, amortisation and impairment, pensions, taxes, provisions, and contingencies. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the year that an adjustment is determined to be required.

Management regularly discusses with the Group Audit Committee the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

Tangible assets

The group assesses tangible fixed assets where there are indications that the assets could be impaired. Indicators of impairment include factors internal and external to the organisation that suggest the asset's value may have declined. The calculation uses as estimate of rental yield to value the asset and this is compared to it's carrying value in the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	30 September 2022 £000	30 September 2021 £000
Property rental	1,058	1,018
	<u>1,058</u>	<u>1,018</u>

All turnover arose within the United Kingdom.

5. Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	4	4
	<u>4</u>	<u>4</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

6. Employees

The directors received no emoluments during the financial year ended 30 September 2022 for their services to the company (2021: £nil).

During the period the directors received emoluments for services on behalf of other group entities but it is not considered practicable to allocate this between services as director to the company and services on behalf of fellow group entities. Management does not deem the time spent on this to be material.

The emoluments of R Pearman, A Knight, M Rosenberg and J Calow for services to the company are paid by and disclosed within the accounts of other group companies, 12 month period to 30 September 2022 £1,407,000 (12 month period to 30 September 2021 £1,013,000).

The retirement benefits for all directors are shown in other group companies. Retirement benefits under money purchase pension schemes are accruing to 2 directors (2021: 2)

7. Interest payable and similar expenses

	2022	2021
	£000	£000
Interest payable on borrowings	319	157
Other loan interest payable	63	-
	<u>382</u>	<u>157</u>

8. Taxation

	2022	2021
	£000	£000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(14)	50
Prior year adjustment	(68)	(64)
Total deferred tax	<u>(82)</u>	<u>(14)</u>
Taxation on loss on ordinary activities	<u>(82)</u>	<u>(14)</u>

CARE UK CHEADLE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2021 - lower than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	101	264
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% <i>(2021 - 19%)</i>	19	50
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	93	94
Adjustments to tax charge in respect of prior periods	(68)	(64)
Other differences leading to an increase (decrease) in the tax charge	(3)	10
Group relief	(123)	(104)
Total tax charge/(credit) for the year	(82)	(14)

Factors that may affect future tax charges

In the 3 March 2021 Budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023.

This will have a consequential effect on the group's future tax charge. The deferred tax balances have been calculated at the balance sheet date using the rate of 25%.

**NOTES TO THE FINANCIAL STATEMENTS
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9. Tangible fixed assets

	Freehold property £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 1 October 2021	19,520	700	20,220
At 30 September 2022	19,520	700	20,220
Depreciation			
At 1 October 2021	496	556	1,052
Charge for the year on owned assets	259	289	548
At 30 September 2022	755	845	1,600
Net book value			
At 30 September 2022	18,765	(145)	18,620
At 30 September 2021	19,024	144	19,168

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

10. Debtors

	2022 £000	2021 £000
Due after more than one year		
Other debtors	191	-
	<u>191</u>	<u>-</u>
	2022 £000	2021 £000
Due within one year		
Trade debtors	281	267
Other debtors	125	-
Deferred taxation	41	-
	<u>447</u>	<u>267</u>

11. Creditors: Amounts falling due within one year

	30 September 2022 £000	30 September 2021 £000
Bank loans	326	5,781
Amounts owed to group undertakings	9,525	12,999
Accruals and deferred income	365	293
	<u>10,216</u>	<u>19,073</u>

The amounts owed to group undertakings are unsecured, repayable on demand and carry no interest.

12. Creditors: Amounts falling due after more than one year

	2022 £000	2021 £000
Bank loans	8,538	-
	<u>8,538</u>	<u>-</u>

CARE UK CHEADLE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

13. Loans

The loan has been secured on the company's care home asset. On 1 April 2022 this loan was repaid and replaced with a new loan, this loan has an interest rate of 5.25% and a term of 3 years which finishes 31 March 2025.

Analysis of the maturity of loans is given below:

	30 September 2022 £000	30 September 2021 £000
Amounts falling due within one year		
Bank loans	326	5,781
	<u>326</u>	<u>5,781</u>
Amounts falling due 2-5 years		
Bank loans	8,538	-
	<u>8,538</u>	<u>-</u>
	<u>8,864</u>	<u>5,781</u>

CARE UK CHEADLE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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14. Deferred taxation

	2022 £000
At beginning of year	(41)
Charged to profit or loss	82
At end of year	41

The deferred taxation balance is made up as follows:

	30 September 2022 £000	30 September 2021 £000
Accelerated capital allowances	41	(41)
	41	(41)

15. Share capital

	30 September 2022 £	30 September 2021 £
Allotted, called up and fully paid		
1 (2021 - 1) Ordinary share of £1	1	1

16. Contingent liabilities

Care UK Property Holdings 2 Limited entered in to a £65 million facility split across two reputable banking institutions to provide financing for development activity which expires in March 2025. The interest payable on this facility is 5.25%.

Each individual property company under the umbrella of Care UK Property Holdings 2 Limited accedes to the loan separately once several conditions has been met. Individual loans are repayable at the end of each interest period.

At the balance sheet date £8,863,000 (FY21 £5,781,00) has been drawn on the loan.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

17. Commitments under operating leases

At 30 September 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	30 September 2022 £000	30 September 2021 £000
Not later than 1 year	1,106	1,053
Later than 1 year and not later than 5 years	4,423	4,213
Later than 5 years	14,284	14,657
	<u>19,813</u>	<u>19,923</u>

18. Related party transactions

The Company has a related party relationship with its parent and with its directors and executive officers

Parent and Subsidiaries

The group centrally manages its financing arrangements. Amounts are transferred within the group, dependent on the operational needs of individual companies. The directors do not consider it meaningful to set out the gross amounts of transfers between individual companies. Similarly the directors do not consider it meaningful to set out the interest and dividend payments made within the group as these are a function of the group's central financing arrangements. There are no provisions or expenses recognised for doubtful debts with subsidiary undertakings.

Key Management and Personnel

The group and company have identified key management personnel as being the directors of the company and the members of the executive committee. All key personnel are remunerated through other companies.

Trading

During the period rental income of £1,058,000 (FY21 £1,018,000) was received from Care UK Community Partnerships Ltd, as a related party, due to being owned by a common parent company Care UK Holdings Ltd.

CARE UK CHEADLE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

19. Controlling party

The company is a wholly owned subsidiary of Care UK Property Holdings 2 Limited, which is registered in England and Wales.

The company's ultimate parent company is Care UK Holdings Limited, which is registered in England and Wales. The ultimate controlling party is Bridgepoint Europe IV (Nominees) Limited which is managed by Bridgepoint Advisers Limited.

Copies of the financial statements of Care UK Midco Limited, which includes the consolidated results of Care UK Property Limited group which include this company, are available from the company's registered office at Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.