

ROSEBERRY CARE CENTRES (ENGLAND) LTD

Annual Report and Financial Statements
for the Period from 27 September 2019 to 31 December 2020

Roseberry Care Centres (England) Ltd

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Roseberry Care Centres (England) Ltd

Company Information

Directors	Mrs M J Auckland Mr J Murphy Mr M Dumble
Company secretary	Ms M Summerson
Registered office	1st Floor Valley View Care Centres Back Lane Penshaw Houghton-Le-Spring DH4 7ER
Bankers	Santander Corporate Banking Tees Valley Corporate Centre 11 Halegrove Court Cygnet Drive Stockton on Tees TS18 3DB
Auditor	MHA Tait Walker Chartered Accountants & Statutory Auditor 1 Massey Road Thomaby Stockton-on-Tees TS17 6DY

Roseberry Care Centres (England) Ltd

Strategic Report for the Period from 27 September 2019 to 31 December 2020

The directors present their strategic report for the period from 27 September 2019 to 31 December 2020.

Principal activity

The principal activity of the company is the running of care homes.

Fair review of the business

Roseberry Care Centres (England) Limited is a care home operator providing residential and nursing care, primarily across the north of England. At the date of the accounts the company were caring for approximately 420 residents in 12 care settings. The 12 homes being operated are considered to be in recovery having previously been placed into administration.

The company was incorporated and started trading on the 18th May 2020. Roseberry Care Centres GB Ltd, a related company, had been operating these homes under a management agreement (whilst they were in administration) since the 10th December 2019 and the homes share the same landlord as those homes operating under Roseberry Care Centres GB Ltd. The deal to take on these homes, was structured in a way that limits financial risk to the company, by way of guaranteeing agreed levels of EBITDAR before payment of any rent. In addition, agreed levels of future rents, will be set once the homes reach predetermined levels of profitability.

The Company's profit on ordinary activities before tax for the year ended 31st December 2020 amounted to £357,531. The company had net assets of £283,474.

During the period the company reinvested £68,000 of capital expenditure back into its homes. However as part of the agreement to acquire the homes, the landlord agreed to fund £2.5m of capital expenditure, of which £1.0m is to be rentalised in the future. This substantial investment has facilitated a high standard of refurbishment throughout the homes.

The company's key financial and other performance indicators during the period were as follows:

	Unit	2020
Occupancy	%	74.60
Average weekly fee*	£	758.00
Home staffing costs as % of fee income*	%	66.80
Home running costs as % of fee income*	%	18.88
Rent cover ratio		1.36
EBITDAR as % of fee income*	%	13.29

* Note the above ratios exclude grant income and COVID-19 support payments

In addition to the above, the company also closely monitors and acts upon inspections by the regulator (the CQC) and its dedicated quality inspection manager which helps improve and maintain strong ratings.

Roseberry Care Centres (England) Ltd

Strategic Report for the Period from 27 September 2019 to 31 December 2020 (continued)

Going concern

At 31 December 2020 the company reported net current assets of £226,041 and net assets of £283,474.

At the date of signing these accounts the world still finds itself fighting the Covid-19 pandemic. These are unprecedented times and our sector found itself at the forefront. Although it's impossible to predict the final impact that Covid-19 will have on the company, management have followed advice from government, the regulator, the NHS and local authorities and taken appropriate and measured steps to steer its way through the crisis.

The Covid-19 pandemic has clearly had an impact on the company's operations. Sadly death rates have been materially higher than historic rates and there have been increases in costs brought about by a reduction in admissions, purchasing of PPE and costs associated with covering staff absences and restricting the movement of staff. Government and some local councils have recognised these pressures and have provided appropriate levels of financial support by way of awarding temporary increases in fees, paying for void beds, providing PPE and making available infection control grants.

At the date of these accounts, as a result of mass vaccination and lock-down measures, current death rates in England have reduced considerably and the last Covid-19 fatality recorded in any of our homes was early March 2021. We can also report that almost 100% of our residents have been fully vaccinated and similarly, a high proportion of our staff have also received both doses of the vaccine. Rigorous infection control measures and testing also remain in place in all of our care settings. The directors are therefore cautiously confident that we may be seeing a path out of the pandemic.

The deal to take on these homes now operated by the company, was structured in a way that limits financial risk to the company, by way of guaranteeing agreed levels of EBITDAR before payment of any rent. In addition, agreed levels of future rents, will be set once the homes reach predetermined levels of profitability.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. Forecasts for the next 12 months have been prepared which assume a certain level of occupancy and taking into account reasonable possible changes in trading performance, the company is expected to have sufficient level of financial resource available through the next 12 months. Therefore after making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Roseberry Care Centres (England) Ltd

Strategic Report for the Period from 27 September 2019 to 31 December 2020 (continued)

Principal risks and uncertainties

Principal risks and risk management

The company has an established and structured approach to risk management. The company's activities expose it to a variety of financial risks and it has adopted risk management policies that seek to mitigate these risks in a cost effective manner.

Credit risk

The company's main financial assets are bank balances, cash and trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The company's largest customers are primarily local councils with social services responsibilities and NHS clinical commissioning groups.

Liquidity risk

The company has continued to maintain liquidity and sufficient working capital for its ongoing operations and future developments.

Operational risks

The company's activities expose it to a number of operational risks including reputation and of a regulatory nature.

Reputational risk

In order to mitigate this risk the company delivers a comprehensive package of employee training as well as performance management via formal and informal meetings with all of its employees. In addition the management team continue to aim to improve and strengthen the collaborative working relationships with local authorities and NHS commissioners.

Regulatory risk

In order to mitigate this risk the group employs a dedicated quality inspection manager who carries out mock inspections and provides action plans where appropriate. The company also employs regional support managers who's role is to support the regional operations managers and the homes within that region, in order to maintain and improve regulatory compliance and to develop improved commercial business strategies as directed by senior management.

Other risk

The group employs dedicated regional administrators who carry out unannounced financial audits in the homes. This establishes that financial procedures are being carried out in line with group policies and helps to mitigate the risk of potential financial fraud.

Future developments

The company will continue to seek to add growth by challenging and reviewing its current operations and carefully considering any potential acquisition opportunities.

Approved by the Board on 25 June 2021 and signed on its behalf by:

.....

Mr M Dumble
Director

Roseberry Care Centres (England) Ltd

Directors' Report for the Period from 27 September 2019 to 31 December 2020

The directors present their report and the financial statements for the period from 27 September 2019 to 31 December 2020.

Incorporation

The company was incorporated on 27 September 2019 and commenced trading on 18 May 2020

Directors of the company

The directors who held office during the period were as follows:

Mrs M J Auckland (appointed 27 September 2019)

Mr J Murphy (appointed 27 September 2019)

Mr M Dumble (appointed 27 September 2019)

Mrs D J Rogers (appointed 1 July 2020 and resigned 30 September 2020)

Financial instruments

Objectives and policies

The company finances its activities with a combination of working capital and loans from related parties. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. See disclosures in the Strategic Report in respect of the financial risk management of the Company.

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

During the period, the Company has adopted a policy of providing employees with information about the Company through internal media methods in which employees are encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow free flow of information and ideas.

Future developments

See disclosures within the Strategic Report regarding future developments of the Company.

Going concern

The impact of COVID-19 upon the company is included in the Strategic Report and Note 2.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Roseberry Care Centres (England) Ltd

Directors' Report for the Period from 27 September 2019 to 31 December 2020 (continued)

Reappointment of auditor

During the period, MHA Tait Walker were appointed as auditors.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 25 June 2021 and signed on its behalf by:

.....

Mr M Dumble

Director

Roseberry Care Centres (England) Ltd

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

Roseberry Care Centres (England) Ltd

Independent Auditor's Report to the Members of Roseberry Care Centres (England) Ltd

Opinion

We have audited the financial statements of Roseberry Care Centres (England) Ltd (the 'company') for the period from 27 September 2019 to 31 December 2020, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and 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 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

Roseberry Care Centres (England) Ltd

Independent Auditor's Report to the Members of Roseberry Care Centres (England) Ltd (continued)

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 period 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 Statement of Directors' Responsibilities (set out on page 7), 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 on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Roseberry Care Centres (England) Ltd

Independent Auditor's Report to the Members of Roseberry Care Centres (England) Ltd (continued)

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.

.....
Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants
Statutory Auditor
1 Massey Road
Thornaby
Stockton-on-Tees
TS17 6DY

25 June 2021

MHA Tait Walker is a trading name of Tait Walker LLP.

Roseberry Care Centres (England) Ltd

Income Statement for the Period from 27 September 2019 to 31 December 2020

	Note	2020 £
Turnover	<u>3</u>	10,331,165
Cost of sales		<u>(8,726,736)</u>
Gross profit		1,604,429
Administrative expenses		(2,302,336)
Other operating income	<u>4</u>	<u>1,055,438</u>
Operating profit	<u>5</u>	<u>357,531</u>
Profit before tax		357,531
Taxation	<u>8</u>	<u>(74,060)</u>
Profit for the financial period		<u><u>283,471</u></u>

The above results were derived from continuing operations.

The company has no recognised gains or losses for the period other than the results above.

The notes on pages 14 to 24 form an integral part of these financial statements.

Roseberry Care Centres (England) Ltd

(Registration number: 12231776)

Statement of Financial Position as at 31 December 2020

	Note	2020 £
Fixed assets		
Tangible assets	<u>9</u>	70,708
Current assets		
Stocks	<u>10</u>	17,262
Debtors	<u>11</u>	1,174,110
Cash at bank and in hand		<u>1,721,574</u>
		2,912,946
Creditors: Amounts falling due within one year	<u>12</u>	<u>(2,686,905)</u>
Net current assets		<u>226,041</u>
Total assets less current liabilities		296,749
Provisions for liabilities	<u>13</u>	<u>(13,275)</u>
Net assets		<u><u>283,474</u></u>
Capital and reserves		
Called up share capital	<u>15</u>	3
Profit and loss account		<u>283,471</u>
Total equity		<u><u>283,474</u></u>

Approved and authorised by the Board on 25 June 2021 and signed on its behalf by:

.....
Mr M Dumble
Director

The notes on pages 14 to 24 form an integral part of these financial statements.

Roseberry Care Centres (England) Ltd

Statement of Changes in Equity for the Period from 27 September 2019 to 31 December 2020

	Share capital	Profit and loss account	Total
	£	£	£
Profit for the period	-	283,471	283,471
Total comprehensive income	-	283,471	283,471
New share capital subscribed	3	-	3
At 31 December 2020	3	283,471	283,474

The notes on pages 14 to 24 form an integral part of these financial statements.

Roseberry Care Centres (England) Ltd

Notes to the Financial Statements for the Period from 27 September 2019 to 31 December 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is 1st Floor Valley View Care Centres, Back Lane, Penshaw, Houghton-Le-Spring, DH4 7ER.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

These financial statements are prepared in sterling which is the functional currency of the entity.

Summary of disclosure exemptions

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

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

The company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Roseberry Care Centres (England) Ltd

Notes to the Financial Statements for the Period from 27 September 2019 to 31 December 2020 (continued)

2 Accounting policies (continued)

Going concern

At 31 December 2020 the company reported net current assets of £226,041 and net assets of £283,474.

At the date of signing these accounts the world still finds itself fighting the Covid-19 pandemic. These are unprecedented times and our sector found itself at the forefront. Although it's impossible to predict the final impact that Covid-19 will have on the company, management have followed advice from government, the regulator, the NHS and local authorities and taken appropriate and measured steps to steer its way through the crisis.

The Covid-19 pandemic has clearly had an impact on the company's operations. Sadly death rates have been materially higher than historic rates and there have been increases in costs brought about by a reduction in admissions, purchasing of PPE and costs associated with covering staff absences and restricting the movement of staff. Government and some local councils have recognised these pressures and have provided appropriate levels of financial support by way of awarding temporary increases in fees, paying for void beds, providing PPE and making available infection control grants.

At the date of these accounts, as a result of mass vaccination and lock-down measures, current death rates in England have reduced considerably and the last Covid-19 fatality recorded in any of our homes was early March 2021. We can also report that almost 100% of our residents have been fully vaccinated and similarly, a high proportion of our staff have also received both doses of the vaccine. Rigorous infection control measures and testing also remain in place in all of our care settings. The directors are therefore cautiously confident that we may be seeing a path out of the pandemic.

The deal to take on these homes now operated by the company, was structured in a way that limits financial risk to the company, by way of guaranteeing agreed levels of EBITDAR before payment of any rent. In addition, agreed levels of future rents, will be set once the homes reach predetermined levels of profitability.

Based on the above indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. Forecasts for the next 12 months have been prepared which assume a certain level of occupancy and taking into account reasonable possible changes in trading performance, the company is expected to have sufficient level of financial resource available through the next 12 months. Therefore after making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Roseberry Care Centres (England) Ltd

Notes to the Financial Statements for the Period from 27 September 2019 to 31 December 2020 (continued)

2 Accounting policies (continued)

Judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

Assessing nature of lease - The Company has entered into commercial leases and as a lessee it obtains use of property, plant and equipment. The classification as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The carrying amount is £5,711.

Impairment of debtors - The company makes an estimate of the recoverable value of the trade and other debtors. When assessing impairment of trade and other debtor, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. The carrying amount is £Nil.

Revenue recognition

Revenue from providing nursing and care services is measured by reference to period of occupancy.

Government grants

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

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the assets expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the assets carrying amount.

Government grants included within other operating income includes the UK Government assistance provided through Coronavirus Job Retention Scheme and the Adult Social Care Infection Control Fund during the Covid-19 pandemic.

Roseberry Care Centres (England) Ltd

Notes to the Financial Statements for the Period from 27 September 2019 to 31 December 2020 (continued)

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixtures and fittings	4 years straight line
Plant and machinery	4 years straight line
Leasehold property	4 years straight line
Office equipment	4 years straight line

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stock, consisting of consumables and cleaning supplies, are recorded at cost.

Roseberry Care Centres (England) Ltd

Notes to the Financial Statements for the Period from 27 September 2019 to 31 December 2020 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the company's revenue for the period from continuing operations is as follows:

	27 September 2019 to 31 December 2020
	£
Provision of nursing and care services	<u>10,331,165</u>

Roseberry Care Centres (England) Ltd

Notes to the Financial Statements for the Period from 27 September 2019 to 31 December 2020 (continued)

4 Other operating income

The analysis of the company's other operating income for the period is as follows:

	27 September 2019 to 31 December 2020
	£
Government grants	1,010,421
Miscellaneous other operating income	42,017
Rental income	3,000
	<hr/>
	1,055,438
	<hr/>

Government grants consist of the Adult Social Care Infection Control Fund grants and other Coronavirus related support measures.

Roseberry Care Centres (England) Ltd

Notes to the Financial Statements for the Period from 27 September 2019 to 31 December 2020 (continued)

5 Operating profit

Arrived at after charging/(crediting)

	27 September 2019 to 31 December 2020 £
Depreciation expense	<u>12,123</u>

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	27 September 2019 to 31 December 2020 £
Wages and salaries	7,415,077
Social security costs	489,503
Pension costs, defined contribution scheme	<u>112,419</u>
	<u>8,016,999</u>

The average number of persons employed by the company (including directors) during the period, analysed by category was as follows:

	27 September 2019 to 31 December 2020 No.
Care staff	640
Administration and support	<u>21</u>
	<u>661</u>

7 Auditor's remuneration

	2020 £
Audit of the financial statements	<u>8,000</u>
Other fees to auditors	
Taxation compliance services	<u>1,500</u>

Roseberry Care Centres (England) Ltd

Notes to the Financial Statements for the Period from 27 September 2019 to 31 December 2020 (continued)

8 Taxation

Tax charged/(credited) in the income statement

	27 September 2019 to 31 December 2020 £
Current taxation	
UK corporation tax	60,785
Deferred taxation	
Arising from origination and reversal of timing differences	13,275
Tax expense in the income statement	74,060

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	27 September 2019 to 31 December 2020 £
Profit before tax	357,531
Corporation tax at standard rate	67,931
Effect of expense not deductible in determining taxable profit (tax loss)	6,129
Total tax charge	74,060

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was deemed substantively enacted on 17 March 2020. The deferred tax balances at 31 December 2020 have been calculated based on this rate. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This new law was deemed substantively enacted on 24 May 2021. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Deferred tax

Deferred tax assets and liabilities

	Liability £
2020	
Accelerated capital allowances	13,275

Roseberry Care Centres (England) Ltd

Notes to the Financial Statements for the Period from 27 September 2019 to 31 December 2020 (continued)

9 Tangible assets

	Long leasehold property £	Fixtures and fittings £	Plant and machinery £	Office equipment £	Total £
Cost or valuation					
Additions	330	48,847	25,659	1,583	76,419
At 31 December 2020	330	48,847	25,659	1,583	76,419
Depreciation					
Charge for the period	28	3,586	2,005	92	5,711
At 31 December 2020	28	3,586	2,005	92	5,711
Carrying amount					
At 31 December 2020	302	45,261	23,654	1,491	70,708

The amounts capitalised as Long leasehold property consist entirely of improvements made to leased properties.

Roseberry Care Centres (England) Ltd

Notes to the Financial Statements for the Period from 27 September 2019 to 31 December 2020 (continued)

10 Stocks

	2020 £
Food and cleaning materials	17,262

11 Debtors

	2020 £
Trade debtors	1,091,308
Other debtors	5,120
Prepayments	77,682
	1,174,110

12 Creditors

	2020 £
Due within one year	
Trade creditors	425,980
Amounts owed to group undertakings	275,094
Social security and other taxes	152,629
Other creditors	467,665
Accruals and deferred income	1,304,752
Corporation tax liability	60,785
	2,686,905

13 Provisions for liabilities

	Deferred tax £	Total £
Provision in period	13,275	13,275
At 31 December 2020	13,275	13,275

14 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £112,419.

Roseberry Care Centres (England) Ltd

Notes to the Financial Statements for the Period from 27 September 2019 to 31 December 2020 (continued)

15 Share capital

Allotted, called up and fully paid shares

	No.	2020 £
Ordinary shares of £1 each	3	3

New shares allotted

During the period 3 Ordinary shares having an aggregate nominal value of £3 were allotted for an aggregate consideration of £3.

16 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2020 £
Not later than one year	2,054,953
Later than one year and not later than five years	10,514,456
Later than five years	31,366,947
	<u>43,936,356</u>

The company's rent is currently based on achieving a certain level of EBITDAR. Fixed rents will be agreed when the company reaches a predetermined level of profitability. Rent commitments disclosed above are based on management's current forecasts for the company.

The amount of non-cancellable operating lease payments recognised as an expense during the period was £ 1,009,322 .

17 Parent and ultimate parent undertaking

The company's immediate parent is Cleveland Healthcare Group Limited, incorporated in England and Wales.

The ultimate parent is Ceres Holdings, incorporated in Cayman Islands.

The most senior parent entity producing publicly available financial statements is Cleveland Healthcare Group Limited

. These financial statements are available upon request from Companies House

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