

Company Registration No. 12658809 (England and Wales)

LNT CARE DEVELOPMENTS (4) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022



LNT CARE DEVELOPMENTS (4) LIMITED

COMPANY INFORMATION

Directors	L N Tomlinson P M Raven M G Lowe N F Broadbent K Sharp T J Mather N G Frankland
Company number	12658809
Registered office	Helios 47 1 Isabella Road Garforth Leeds LS25 2DY
Auditor	RSM UK Audit LLP Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL

LNT CARE DEVELOPMENTS (4) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present the strategic report for the year ended 31 March 2022.

Business review

The company purchases land on which to develop a care home, contracts with LNT Construction Limited, a fellow group company, to construct the care home and then sells the care home to a third party operator either once completed or at "golden brick".

During the year, the company was active on 22 sites (period ended 31 March 2021 - 6), generating turnover of £116,052,251 (period ended 31 March 2021 - £16,029,151). As a result of these site activities, the company reports an operating profit of £45,158,268 (period ended 31 March 2021 - £5,441,898).

At 31 March 2022, the company had net assets of £39,953,016 (2021 - £4,407,938), work in progress of £8,703,846 (2021 - £6,010,898), debtors of £47,642,075 (2021 - £3,251,673) and creditors of £22,100,720 (2021 - £5,208,409). The increase in net assets is driven by an increase in trading activity and the underlying profitability of the company.

Key financial and other performance indicators

	Year ended 31 March 2022	Period ended 31 March 2021	% change
Turnover	116,052,251	16,029,151	624.0%
Operating profit	45,158,268	5,441,898	729.8%
Net assets	39,953,016	4,407,938	806.4%
No. of active sites	22	6	266.7%

Principal risks and uncertainties

The key risks and uncertainties which the business has to manage derive principally from macro-economic factors and, in particular, the availability of suitable funding for purchasers of the business' finished product to purchase the asset. The directors address this by looking to broaden the customer base wherever possible.

Section 172 statement

This section satisfies the Section 172 requirements of the Companies Act 2006, which requires the directors to take into consideration the interest of stakeholders in their decision making. The board considers its stakeholders to be shareholders, employees, customers, suppliers and the environment.

The directors have regarded the matters set out in section 172(1)(a) to (f) of the Companies Act as follows:

(a) The likely consequences of any decision in the long term

The directors' role is to promote the long term success of the company through setting a clear sustainable strategy, vision and mission. All decision making is aligned to the mission of the wider group, which is to provide every elderly person in the UK with a quality place to live.

(b) Interest of the company's workforce

The engagement, wellbeing and success of the company's employees is of key importance to the directors. This is achieved through informal and formal appraisals, monthly team meetings and group wide communications.

(c) The desirability of maintaining a reputation for high standards of business conduct

Maintaining a reputation for high standards of business conduct is a key focus for the directors. This is achieved through ensuring sufficient vetting and controls exist in the company's supply chain, providing a top-quality product for both the customer and end consumer and striving to have a greater positive impact both socially and environmentally.

LNT CARE DEVELOPMENTS (4) LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

d) The need to foster business relationships with suppliers, customers and others

The directors value the strong relationships held with key subcontractors, suppliers and customers. The company's procurement team ensures that subcontractors and suppliers comply with the policies in place and that good communication is always maintained. The directors build strong relationships with customers, most of whom are repeat customers that value the service and product provided by the company.

(e) The impact of the company's operations on the community and the environment

One of the key focuses of the company is to produce operationally carbon neutral and subsequently carbon negative care homes. During the year the care homes constructed within the wider group have achieved EPC rating 'A', with net zero carbon emissions and has consistently produced care homes which are sector leading with regard to ESG credentials. The directors' align their decision making to ensure both a top-quality product is built, with as minimal impact of the environment as possible.

(f) The need to act fairly as between members of the company

The directors are the shareholders and therefore recognise the responsibility to act fairly as between members of the company. The directors recognise their legal and regulatory duties and do not take any decisions or actions that would provide any shareholder with any unfair advantage.

Corporate Governance

The board is satisfied that the current composition provides the required degree of skills, experience, diversity and capabilities appropriate to the needs of the business. Board composition and succession planning are subject to review, taking account of the potential future needs of the business.

The board adopts a broad view during its decision making to take meaningful account of the impact of the business on all key stakeholders. The board recognises the company's long term success is reliant on the efforts of its employees, customers and suppliers. Feedback from stakeholders is actively encouraged.

The board ensures that it has appropriate controls in place to safeguard company assets and protect the business from identified risks including to its reputation; and promotes high ethical and moral standards. The board and all employees expect to be judged by and held accountable for their actions.

The company complies with the provisions of the Modern Slavery Act, its policy concerning which can be found on its website at www.lntcaredevelopments.co.uk.

On behalf of the board



.....
T J Mather
Director

Date: 27/05/22

LNT CARE DEVELOPMENTS (4) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022. The previous financial statements cover the 9 month period ended 31 March 2021.

Principal activities

The principal activity of the company continued to be that of residential care home developers.

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

L N Tomlinson	
P M Raven	
M G Lowe	
N F Broadbent	
Z D Morris	(Resigned 16 April 2021)
D C Callinan	(Resigned 28 February 2022)
K Sharp	
T J Mather	(Appointed 28 February 2022)
N G Frankland	(Appointed 21 December 2021)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year as part of a group-wide policy. These provisions remain in force at the reporting date.

Financial risk management

Exposure to credit risk arises in the normal course of business. The company's credit risk is primarily attributed to its amounts recoverable on construction contracts. Transactions are with related parties and accordingly the directors have a reasonable level of visibility over the recoverability of these balances.

In terms of foreign currency risk, transactions with the company's customers and suppliers are all denominated in Sterling and therefore the company does not have exposure to foreign currency risk.

In the normal course of business the company is exposed to liquidity risk. The company's objective is to ensure that sufficient resources are available to fund short term working capital and longer term strategic requirements. This is achieved through ensuring that the company has sufficient cash and borrowing facilities in place.

LNT CARE DEVELOPMENTS (4) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Future developments

The business will continue to develop further sites going forward and seek to improve profitability of its activities. The company has a large pipeline of sites under build, in legals or in planning which gives the business good visibility of planned activity for the next two years. All of these sites will accommodate one of the business' standard designs.

Corporate and social responsibility

The company recognises its impact, responsibilities and obligations on and towards its environment. The company aims to reduce environmental risk, both internally and externally by employing managers tasked with meeting all health, safety and environmental regulations.

Energy and greenhouse gas emissions

The company's consideration of carbon dioxide emissions are set out in detail in the consolidated financial statements of LNT Construction Limited.

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.

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



.....
T J Mather

Director

Date: 27/05/22
.....

LNT CARE DEVELOPMENTS (4) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

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;
- 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 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 LNT CARE DEVELOPMENTS (4) LIMITED

Opinion

We have audited the financial statements of LNT Care Developments (4) Limited (the 'company') for the year ended 31 March 2022 which comprise the income statement, the statement of financial position, the statement of changes in equity 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 2022 and of its profit 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 LNT CARE DEVELOPMENTS (4) 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 5, 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 LNT CARE DEVELOPMENTS (4) 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, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The audit engagement team identified the risk of management override of controls and the risk of incorrect revenue recognition in respect of the cut off and valuation assertions as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed regarding the risk of management override of controls included but were not limited to testing manual 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. Audit procedures performed regarding the risk of incorrect revenue recognition included ensuring that the company's accounting policy for revenue was correctly applied, obtaining and reviewing management's calculation of revenue during the period based upon the stage of completion (for construction contracts) and corroborating key terms and assumptions for all revenue streams to contracts to ensure that appropriate revenue was recorded in the correct period.

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.

Michael Thornton

Michael Thornton (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

27/05/22.....

LNT CARE DEVELOPMENTS (4) LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

		Year ended 31 March 2022 £	Period ended 31 March 2021 £
	Notes		
Turnover	3	116,052,251	16,029,151
Cost of sales		(70,497,201)	(10,422,100)
Gross profit		45,555,050	5,607,051
Administrative expenses		(396,782)	(165,153)
Operating profit		45,158,268	5,441,898
Interest receivable and similar income	6	13,315	-
Interest payable and similar expenses	7	(1,288,759)	-
Profit before taxation		43,882,824	5,441,898
Tax on profit	8	(8,337,746)	(1,033,961)
Profit for the financial year		35,545,078	4,407,937

LNT CARE DEVELOPMENTS (4) LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2022**

	Notes	2022 £	£	2021 £	£
Current assets					
Stocks	9	8,703,846		6,010,898	
Debtors	10	47,642,075		3,251,673	
Cash at bank and in hand		5,707,815		353,776	
		<u>62,053,736</u>		<u>9,616,347</u>	
Creditors: amounts falling due within one year	11	<u>(22,100,720)</u>		<u>(5,208,409)</u>	
Net current assets		<u>39,953,016</u>		<u>4,407,938</u>	
Capital and reserves					
Called up share capital	13		1		1
Profit and loss reserves	14	<u>39,953,015</u>		<u>4,407,937</u>	
Total equity		<u>39,953,016</u>		<u>4,407,938</u>	

The financial statements were approved by the board of directors and authorised for issue on 27/05/22
and are signed on its behalf by:



.....
T J Mather
Director

LNT CARE DEVELOPMENTS (4) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Share capital £	Profit and loss reserves £	Total £
Period ended 31 March 2021:				
Profit for the period		-	4,407,937	4,407,937
Issue of share capital	13	1	-	1
Balance at 31 March 2021		1	4,407,937	4,407,938
Year ended 31 March 2022:				
Profit for the year		-	35,545,078	35,545,078
Balance at 31 March 2022		1	39,953,015	39,953,016

LNT CARE DEVELOPMENTS (4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

LNT Care Developments (4) Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office and principal place of business is Helios 47, 1 Isabella Road, Garforth, Leeds, LS25 2DY.

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, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

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;
- Section 11 'Basic financial instruments' and Section 12 'Other Financial Instrument Issues';
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of LNT Construction Limited. These consolidated financial statements are publicly available and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Reporting period

The company's financial statements are presented for the year ended 31 March 2022. The comparative period represents the 9 months ended 31 March 2021, and therefore the comparative amounts presented in the financial statements are not directly comparable.

LNT CARE DEVELOPMENTS (4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the Strategic Report. The Directors' Report also describes the financial position of the company; the company's objectives and policies for managing its capital; its financial risk management objectives and its exposure to credit risk and liquidity risk.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate without the need for external financing.

The directors, having taken into account the factors discussed above as well as the uncertainties of the current economic environment, have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Consequently they continue to adopt the going concern basis of accounting in preparing these financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business and is recorded net of VAT and other sales related taxes. The company's principal activity is the construction and development of care homes. The company has three principal revenue streams:

- Forward funded agreements to sell care homes, including "golden brick" revenue
- Other construction contracts
- Internal transfers

The company records revenue for each of these revenue streams as follows:

Forward funded agreements to sell care homes

A forward funded agreement typically comprises two separately identifiable components:

- A sale at "golden brick". Revenue is recorded in full on achievement of "golden brick" as the significant risks and rewards of ownership have transferred to the customer and it is probable that the economic benefits associated with the contractual arrangement will flow to the company.
- A construction contract (see below) for the building of the care home. Revenue is recorded based on the stage of completion of the construction works.

Other construction contracts (including those relating to Forward funded agreements)

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date compared to the estimated total contracts costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable that they will be recovered. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the inflow of cash or cash equivalents is deferred, and the arrangement constitutes in effect a financing transaction, the fair value of the consideration is the present value of all future receipts determined using an imputed rate of interest.

Internal transfers

Internal transfers represent the sale of land from one entity to another entity owned by the same ultimate parent company. These sales are for plots of land which is a sale of goods. Revenue is recognised at the point at which the risks & rewards of ownership pass from one company to the other.

LNT CARE DEVELOPMENTS (4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Stocks

Stocks comprise of land and part completed care homes held for resale and are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost comprises the purchase price of land and associated expenses.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

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 trade and other debtors, gross amounts owed by contract customers, amounts owed by related parties, 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 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.

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.

LNT CARE DEVELOPMENTS (4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, other borrowings, amounts owed to group undertakings and accruals, 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.

LNT CARE DEVELOPMENTS (4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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.

Judgements

The directors have concluded there are no judgements which have a material impact on the financial statements.

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.

Revenue recognition

Construction contracts require management to make estimates. Where the outcome of a construction contract can be measured reliably, revenue and costs are recognised by reference to the stage of completion of the contract at the balance sheet date. Typically this is calculated by the proportion of costs incurred for work performed to date bear the total estimated contracts costs.

Where the outcome of a construction contract cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred where it is probable that they will be recovered.

The key estimation is the expected total contract costs to be incurred and the stage of completion of the contract. Management undertake a thorough forecasting and review process, prior to and throughout the build process. These estimates are reviewed and challenged on a periodic basis and updated where required.

3 Turnover

	Year ended 31 March 2022 £	Period ended 31 March 2021 £
Turnover analysed by class of business		
"Golden brick" revenue	48,949,534	10,375,662
Construction contracts	50,601,787	5,653,489
Internal transfers	16,500,930	-
	<u>116,052,251</u>	<u>16,029,151</u>

LNT CARE DEVELOPMENTS (4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 0 (period ended 31 March 2021 - 0).

No remuneration was paid to the directors for qualifying services to the company (period ended 31 March 2021 - £nil).

The directors remuneration figure does not include sums for seven of the directors as they are remunerated by other group or related entities and no allocation of their services to this company is made.

5 Auditor's remuneration

Audit fees of £29,500 (period ended 31 March 2021 - £10,500) are borne by another group company.

Fees payable to the auditors and their associates for non-audit services are not disclosed as the financial statements of LNT Construction Limited disclose such fees on a consolidated basis.

6 Interest receivable and similar income

	Year ended 31 March 2022 £	Period ended 31 March 2021 £
Interest income		
Other interest income	13,315	-

7 Interest payable and similar expenses

	Year ended 31 March 2022 £	Period ended 31 March 2021 £
Interest payable to related parties	78,300	-
Other interest	1,210,459	-
	1,288,759	-

8 Taxation

	Year ended 31 March 2022 £	Period ended 31 March 2021 £
Current tax		
UK corporation tax on profits for the current period	8,337,746	47,042
Group tax relief	-	986,919
Total current tax	8,337,746	1,033,961

LNT CARE DEVELOPMENTS (4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

8 Taxation (Continued)

In the March 2021 Budget it was announced that the standard rate of corporation tax would remain at 19%, increasing to 25% from 1 April 2023.

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

	Year ended 31 March 2022 £	Period ended 31 March 2021 £
Profit before taxation	43,882,824	5,441,898
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	8,337,737	1,033,961
Tax effect of expenses that are not deductible in determining taxable profit	9	-
Payment for group relief	-	986,918
In year group relief	-	(452,205)
Brought forward group relief	-	(534,713)
Taxation charge for the year	8,337,746	1,033,961

9 Stocks

	2022 £	2021 £
Stock of land and associated costs	8,703,846	6,010,898

10 Debtors

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	6,721,273	749,502
Gross amounts owed by contract customers	8,535,526	2,366,432
Amounts owed by related parties	27,000,000	-
Amounts owed by group undertakings	4,930,565	-
Other debtors	454,711	135,739
	47,642,075	3,251,673

Amounts owed by group undertakings do not incur interest and are repayable on demand.

Amounts owed by related parties do not incur interest and are repayable on demand.

LNT CARE DEVELOPMENTS (4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

11 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Other borrowings	12	3,000,000	-
Payments received on account		2,138,642	1,134,906
Trade creditors		204,693	115,606
Amounts owed to group undertakings		11,364,481	2,655,855
Corporation tax		4,536,005	47,042
Other creditors		605,589	1,200,000
Accruals and deferred income		251,310	55,000
		<u>22,100,720</u>	<u>5,208,409</u>

Amounts owed to group undertakings do not incur interest and are repayable on demand.

12 Borrowings

	2022 £	2021 £
Loans from related parties	<u>3,000,000</u>	<u>-</u>
Payable within one year	<u>3,000,000</u>	<u>-</u>

Loans from related parties accrue interest at 4% and are repayable on demand.

13 Share capital

	2022 Number	2021 Number	2022 £	2021 £
Ordinary share capital Issued and fully paid				
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The ordinary shares control 100% of the voting rights, and are entitled to 100% of the profits and capital of the company.

14 Reserves

Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

LNT CARE DEVELOPMENTS (4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

15 Related party transactions

During the year the company entered into the following transactions with related parties, and had the following balances outstanding at the year end date:

	Sales 2022 £	Interest 2022 £	AMROC* 2022 £	Debtors 2022 £	Purchases 2022 £	Creditors 2022 £
Flintwick Derby Devco Limited	3,998,027	1,973	-	4,000,000	-	-
Flintwick Aldershot Devco Limited	3,997,781	2,219	-	4,500,000	-	-
Flintwick Newark Devco Limited	3,998,274	1,726	-	3,500,000	-	-
Flintwick Grimsby Devco Limited	3,998,274	1,726	-	3,500,000	-	-
Flintwick Lydney Devco Limited	3,998,027	1,973	-	4,000,000	-	-
Flintwick Wesham Devco Limited	3,998,274	1,726	-	3,500,000	-	-
Flintwick Brompton Devco Limited	3,998,027	1,973	-	4,000,000	-	-
Coolcare Limited	-	-	-	-	2,363	-
	<u>27,986,684</u>	<u>13,316</u>	<u>-</u>	<u>27,000,000</u>	<u>2,363</u>	<u>-</u>

* AMROC represents amounts recognised as revenue and is a component of amounts recoverable on contracts

All balances are repayable on demand.

The company had no transactions or outstanding balances with related parties in the period to 31 March 2021, other than the one item detailed below.

During the year, the company received a loan of £2,000,000 (period ended 31 March 2021 - £nil) from Mrs C Raven (spouse of P M Raven) and a loan of £1,000,000 (period ended 31 March 2021 - £nil) from Mrs A Lowe (spouse of M G Lowe). The company was charged interest on these loans of £78,300 (period ended 31 March 2021 - £nil). Both loans incur interest at 4% and are repayable on demand.

During the year, the company received a loan of £nil (period ended 31 March 2021 - £1,200,000) from L N Tomlinson, who is a director of the company. At 31 March 2022 £nil (2021 - £nil) was due to L N Tomlinson. The balance did not incur interest and was repayable on demand.

LNT CARE DEVELOPMENTS (4) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

16 Ultimate controlling party

LNT Care Developments Limited, a company incorporated in the England and Wales, is the immediate parent company.

The smallest group for which consolidated accounts including this company are prepared is LNT Construction Limited, a company incorporated in the England and Wales. The consolidated financial statements of LNT Construction Limited are publicly available and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The largest group for which consolidated accounts including this company are prepared is LNT Care Developments Holdings Limited, a company incorporated in the England and Wales. The consolidated financial statements of LNT Care Developments Holdings Limited are publicly available and may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The ultimate controlling party is L N Tomlinson by virtue of his majority shareholding.