

Company Registration No. SC402100 (Scotland)

Renaissance Care (No 2) Limited

Annual Report and Financial Statements

For the Year Ended 30 November 2020

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Renaissance Care (No 2) Limited

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Renaissance Care (No 2) Limited

Balance Sheet

As at 30 November 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	4		69,662		1,228,187
Current assets					
Stocks		600		1,555	
Debtors	5	447,534		106,662	
Cash at bank and in hand		5,473		25,811	
		<u>453,607</u>		<u>134,028</u>	
Creditors: amounts falling due within one year	6	<u>(268,579)</u>		<u>(595,074)</u>	
Net current assets/(liabilities)			185,028		(461,046)
Total assets less current liabilities			<u>254,690</u>		<u>767,141</u>
Provisions for liabilities	7		<u>(7,267)</u>		<u>(141,976)</u>
Net assets			<u>247,423</u>		<u>625,165</u>
Capital and reserves					
Called up share capital			1		1
Revaluation reserve	10		-		598,156
Profit and loss reserves			<u>247,422</u>		<u>27,008</u>
Total equity			<u>247,423</u>		<u>625,165</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 11 May 2021 and are signed on its behalf by:

Mr W D McLeish

Director

Company Registration No. SC402100

Renaissance Care (No 2) Limited

Statement of Changes in Equity

For the Year Ended 30 November 2020

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 December 2018	1	598,156	177,693	775,850
Year ended 30 November 2019:				
Profit and total comprehensive income for the year	-	-	49,315	49,315
Dividends	-	-	(200,000)	(200,000)
Balance at 30 November 2019	1	598,156	27,008	625,165
Year ended 30 November 2020:				
Profit and total comprehensive income for the year	-	-	202,258	202,258
Transfers	-	(18,156)	18,156	-
Other movements	-	(580,000)	-	(580,000)
Balance at 30 November 2020	1	-	247,422	247,423

Renaissance Care (No 2) Limited

Notes to the Financial Statements

For the Year Ended 30 November 2020

1 Accounting policies

Company information

Renaissance Care (No 2) Limited is a private company limited by shares incorporated in Scotland. The registered office is Suite 2, Ground Floor, Stuart House, Eskmills Park, Station Road, Musselburgh, EH21 7PB.

1.1 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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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, modified to include the revaluation of freehold property at fair value. The principal accounting policies adopted are set out below.

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': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Dow Investments PLC. These consolidated financial statements are available from its registered office, Suite 2, Ground Floor, Stuart House Station Road, Eskmills, Musselburgh, United Kingdom, EH21 7PB.

1.2 Going concern

At the time of approving the financial statements, the directors consider that the company has adequate resources to continue in operational existence for a period of not less than 12 months. The directors are aware of the impact on the company of the coronavirus pandemic. The directors have continued to operate the care homes and are ensuring that all relevant operational guidelines are being followed. The directors have reviewed their budgets and cashflow as part of the group based on a reduced level of occupancy and increased staff and medical supply costs and are satisfied that the company and the overall group has sufficient cash reserves and net income to cover any shortfall of income and increase in costs over the next twelve months with the continued support from the groups' bankers. The directors consider that this is sufficient to ensure short term liquidity and longer term financial viability of the company within the group. As such the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Renaissance Care (No 2) Limited

Notes to the Financial Statements

For the Year Ended 30 November 2020

1 Accounting policies

(Continued)

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Land and Buildings Heritable	Nil
Fixtures & Fittings	20% reducing balance
Computer Equipment	25% straight line

No depreciation is provided on the company's land and buildings. The directors' consider that there has been no significant change in the value of the land and buildings since the last valuation was undertaken. The directors also consider that the residual value of the land and buildings is at least equal to the book value. Having regard to this, it is considered that the depreciation of any such land and buildings would not be material.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Renaissance Care (No 2) Limited

Notes to the Financial Statements

For the Year Ended 30 November 2020

1 Accounting policies

(Continued)

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

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.

1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 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 in the company's statement of financial position 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 debtors 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Renaissance Care (No 2) Limited

Notes to the Financial Statements

For the Year Ended 30 November 2020

1 Accounting policies

(Continued)

1.9 Equity instruments

Equity instruments issued by the company are recorded at the 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.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Renaissance Care (No 2) Limited

Notes to the Financial Statements

For the Year Ended 30 November 2020

1 Accounting policies

(Continued)

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	53	56

3 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	16,220	11,314
Adjustments in respect of prior periods	-	318
Total current tax	16,220	11,632

Renaissance Care (No 2) Limited

Notes to the Financial Statements

For the Year Ended 30 November 2020

3 Taxation

	2020 £	2019 £
Deferred tax		
Origination and reversal of timing differences	2,095	2,188
Other adjustments	(136,804)	-
Total deferred tax	(134,709)	2,188
Total tax (credit)/charge	(118,489)	13,820

4 Tangible fixed assets

	Land and Buildings Heritable £	Fixtures & Fittings £	Computer Equipment £	Total £
Cost or valuation				
At 1 December 2019	1,150,000	129,991	2,590	1,282,581
Additions	-	7,307	1,222	8,529
Disposals	(1,150,000)	-	(1,390)	(1,151,390)
At 30 November 2020	-	137,298	2,422	139,720
Depreciation and impairment				
At 1 December 2019	-	52,751	1,643	54,394
Depreciation charged in the year	-	16,239	679	16,918
Eliminated in respect of disposals	-	-	(1,254)	(1,254)
At 30 November 2020	-	68,990	1,068	70,058
Carrying amount				
At 30 November 2020	-	68,308	1,354	69,662
At 30 November 2019	1,150,000	77,240	947	1,228,187

Tangible fixed assets with a carrying amount of £69,662 (2019 - £1,228,187) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Renaissance Care (No 2) Limited

Notes to the Financial Statements

For the Year Ended 30 November 2020

4 Tangible fixed assets

(Continued)

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2020 £	2019 £
Cost	-	415,040
Accumulated depreciation	-	-
	<hr/>	<hr/>
Carrying value	-	415,040
	<hr/>	<hr/>

5 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	79,562	95,814
Amounts owed by group undertakings	359,652	-
Other debtors	8,320	10,848
	<hr/>	<hr/>
	447,534	106,662
	<hr/>	<hr/>

6 Creditors: amounts falling due within one year

	2020 £	2019 £
Amounts owed to group undertakings	148,572	470,920
Corporation tax	16,220	11,314
Other creditors	103,787	112,840
	<hr/>	<hr/>
	268,579	595,074
	<hr/>	<hr/>

Barclays Bank Plc hold a floating charge, dated 21st February 2017.

7 Provisions for liabilities

	2020 £	2019 £
Deferred tax liabilities	7,267	141,976
	<hr/>	<hr/>

Renaissance Care (No 2) Limited

Notes to the Financial Statements

For the Year Ended 30 November 2020

8 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	7,267	5,172
Revaluations	-	136,804
	<u>7,267</u>	<u>141,976</u>
Movements in the year:		2020 £
Liability at 1 December 2019		141,976
Credit to profit or loss		(134,709)
Liability at 30 November 2020		<u>7,267</u>

9 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>16,263</u>	<u>13,813</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

10 Revaluation reserve

	2020 £	2019 £
At the beginning of the year	598,156	598,156
Transfer to retained earnings	(18,156)	-
Other movements	<u>(580,000)</u>	<u>-</u>
At the end of the year	<u>-</u>	<u>598,156</u>

On disposal of Wyndwell Care Home to another group company, the revaluation reserve has been transferred to retained earnings.

Renaissance Care (No 2) Limited

Notes to the Financial Statements

For the Year Ended 30 November 2020

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Sharon Collins.

The auditor was Thomson Cooper.

12 Financial commitments, guarantees and contingent liabilities

There is an unlimited guarantee in favour of Barclays Bank Plc given by Dow Investments PLC, Renaissance Care (Scotland) Limited, Renaissance Care (UK) Limited, Renaissance Care (No 1) Limited, Renaissance Care (No 2) Limited, Renaissance Care (No 5) Limited, Renaissance Care (No 6) Ltd, Renaissance Care (No 7) Limited and Renaissance Care (No 8) Limited.

13 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2020	2019
£	£
992,939	-
<u> </u>	<u> </u>

14 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 1A not to disclose inter-group transactions and balances on the grounds that 100% of the voting rights of the company are controlled within the group and that consolidated accounts are prepared by the ultimate holding company Dow Investments PLC and are publicly available at the address detailed below with the exception of the transactions Dow Investments PLC which has a 85% majority interest.

15 Parent company

The immediate parent company is Renaissance Care (Scotland) Limited, a company incorporated in Scotland which held 100% of the ordinary share capital of the company in the current and previous financial period.

The directors consider the ultimate controlling party to be Dow Investments PLC, a company incorporated in Scotland, as a result of its controlling interest in Renaissance Care (Scotland) Limited. Dow Investments PLC is controlled by Mr R D Kilgour, director.

The accounts of Dow Investments PLC are available to the public via Companies House. The registered office of this company is Suite 2, Ground Floor, Stuart House Station Road, Eskmills, Musselburgh, United Kingdom, EH21 7PB. The company heads its largest group and smallest group in which the results of this company are included.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.