

Company Registration No. 05267848 (England and Wales)

FAIRBURN VALE HEALTH CARE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2021



FAIRBURN VALE HEALTH CARE LIMITED

COMPANY INFORMATION

Directors	E J Phipps H Baxendale J H Whitehead L Waters A J Blyth
Secretary	E J Phipps
Company number	05267848
Registered office	Ferham House Kimberworth Road Rotherham South Yorkshire S61 1AJ
Auditor	RSM UK Audit LLP Chartered Accountants Suite A 7th Floor, East West Building 2 Tollhouse Hill Nottingham NG1 5FS

FAIRBURN VALE HEALTH CARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Principal activities

The principal activity of the company continued to be that of operators of a nursing home. More details of services provided by the home can be found by visiting www.exemplarhc.com.

Directors

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

E J Phipps

E D Craig

(Resigned 11 July 2020)

H Baxendale

J H Whitehead

L Waters

A J Blyth

(Appointed 11 July 2020)

Results and dividends

The results for the year are set out on page 6.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Future developments

Maintaining the quality of care and the safety of our residents are and always will be the primary objectives of the company. We will continue to proactively deliver these standards and work closely, where required, with external bodies, to keep abreast of developments in the health care sector.

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



J H Whitehead

Director

Date: 27th August 2021

FAIRBURN VALE HEALTH CARE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRBURN VALE HEALTH CARE LIMITED

Opinion

We have audited the financial statements of Fairburn Vale Health Care Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAIRBURN VALE HEALTH CARE LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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 FAIRBURN VALE HEALTH CARE LIMITED (CONTINUED)

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS101, UK tax legislation and Companies Act 2006. 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 relevant correspondence and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the company's financial statements are those in relation to the Care Quality Commission (Registration) Regulations 2019 and the Health and Social Care Act 2008. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these laws and regulations, and reviewed the latest report by the Care Quality Commission.

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.

RSM UK Audit LLP

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

.....
27 August 2021

FAIRBURN VALE HEALTH CARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	2,520,272	2,616,952
Other operating income	5	68,358	-
Staff costs	4	(1,534,870)	(1,489,408)
Consumables		(67,133)	(56,502)
Depreciation	5	(315,923)	(301,367)
Other operating expenses		(178,733)	(279,077)
Operating profit	5	491,971	490,598
Interest payable and similar expenses	6	(320,258)	(324,666)
Profit before taxation		171,713	165,932
Tax on profit	7	(3,266)	3,004
Profit and total comprehensive income for the financial year		168,447	168,936

There were no items of other comprehensive income in the current or prior years. Accordingly no Statement of Other Comprehensive Income has been prepared.

Notes on pages 9 to 20 form an integral part of these financial statements.

FAIRBURN VALE HEALTH CARE LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
Non-current assets					
Deferred taxation	8	18,733		21,999	
Tangible assets	9	6,391,953		6,249,484	
		<u>6,410,686</u>		<u>6,271,483</u>	
Current assets					
Debtors	10	4,034,859		3,410,335	
Cash at bank and in hand		136,994		330,836	
		<u>4,171,853</u>		<u>3,741,171</u>	
Creditors: amounts falling due within one year	11	(988,647)		(764,820)	
Net current assets		<u>3,183,206</u>		<u>2,976,351</u>	
Total assets less current liabilities		<u>9,593,892</u>		<u>9,247,834</u>	
Creditors: amounts falling due after more than one year	12	(6,553,159)		(6,375,548)	
Net assets		<u><u>3,040,733</u></u>		<u><u>2,872,286</u></u>	
Capital and reserves					
Called up share capital	14	1		1	
Profit and loss reserves		3,040,732		2,872,285	
Total equity		<u><u>3,040,733</u></u>		<u><u>2,872,286</u></u>	

The financial statements on pages 6 to 20 were approved by the board of directors and authorised for issue on 27th August 2021 and are signed on its behalf by:



A J Blyth
Director

FAIRBURN VALE HEALTH CARE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 31 March 2019		1	2,763,911	2,763,912
Adjustment on transition to IFRS 16	16	-	(60,562)	(60,562)
Balance at 1 April 2019 as restated		1	2,703,349	2,703,350
Year ended 31 March 2020:				
Profit and total comprehensive income for the year		-	168,936	168,936
Balance at 31 March 2020		1	2,872,285	2,872,286
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	168,447	168,447
Balance at 31 March 2021		1	3,040,732	3,040,733

FAIRBURN VALE HEALTH CARE LIMITED

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

1 Accounting policies

Company information

Fairburn Vale Health Care Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Ferham House, Kimberworth Road, Rotherham, South Yorkshire, S61 1AJ.

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

Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

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

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

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the group accounts of the ultimate controlling party, in accordance with FRS 101:

- Presentation of a Statement of Cash Flows and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Disclosure of key management personnel compensation;
- Disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments; income, expenses, gains and losses on financial instruments; effects of initial application of IFRS 9;
- Comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment;
- Related party disclosures for transactions with the parent or wholly owned members of the group;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- Revenue disclosures, including:
 - Description of when performance obligations are satisfied, significant payment terms, and the nature of services to be transferred;
 - Significant judgements in determining the amount and timing of revenue recognition;
 - Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations; and
- Separate lessee disclosures under IFRS 16.

The financial statements of the company are consolidated into the financial statements of EHC Holdings Topco Limited. The consolidated financial statements of EHC Holdings Topco Limited are available from its registered office, Ferham House, Kimberworth Road, Rotherham, South Yorkshire, England, S61 1AJ or Companies House.

FAIRBURN VALE HEALTH CARE LIMITED

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

1 Accounting policies (Continued)

Going concern

The company has net current assets of £3,183,206 (2020 - £2,976,351) and net assets of £3,040,733 (2020 - £2,872,286). The directors of the intermediate parent company have prepared group forecasts and projections, taking account of reasonably possible changes in trading performance, which show that the group and company is expected to have sufficient levels of financial resources available through current group facilities to continue in operational existence for the foreseeable future. The directors believe that the group and company is well placed to manage its business risks successfully despite the general uncertain economic conditions and as such after making enquiries in respect of the factors above they continue to prepare the financial statements on a going concern basis.

The company and the wider EHC Holdings Topco Limited group has evaluated the potential impact of the COVID 19 pandemic on its performance including modelling scenario's significantly worse than those experienced to date. The directors have concluded that the group and company has sufficient financial and operational headroom to withstand any future spikes, even if the outcomes of these spikes are worse than experienced in 2020/2021.

Turnover

Turnover in relation to care services is recognised over time as the services are rendered based on the level of care required.

Contract assets

Contract assets are recognised when the company has transferred services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Contract liabilities

Contract liabilities represent the company's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the company recognises a debtor to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the services to the customer.

Consumables

Consumables represent food, medical and other items used on a day to day basis within the business. Such items are bought as required and no material stocks are held.

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently 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:

Fixtures and fittings	20% - 33% straight line
Motor vehicles	20% straight line
Right-of-use assets	Over the life of the lease

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.

FAIRBURN VALE HEALTH CARE LIMITED

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

1 Accounting policies (Continued)

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.

Recognition of financial instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Initial and subsequent measurement of financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the company with maturities of less than three months.

Trade, group and other debtors

Trade debtors are initially measured at their transaction price. Group and other debtors are initially measured at fair value plus transaction costs.

Debtors are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these debtors are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Trade debtors

For trade debtors, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

FAIRBURN VALE HEALTH CARE LIMITED

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

1 Accounting policies (Continued)

Impairment of group debtors measured at amortised cost

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows.

The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the company compares the risk of default at the year-end with the risk of a default when the debtor was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost.

The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those debtors ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the debtor and are recognised in profit or loss.

Financial liabilities and equity

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.

Initial and subsequent measurement of financial liabilities

Trade, group and other creditors

Trade, group and other creditors are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Equity instruments

Equity instruments issued by the company are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets (including write-off's) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off').

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

Profit and loss reserves

Profit and loss reserves comprise of cumulative profit and loss net of distributions to owners.

FAIRBURN VALE HEALTH CARE LIMITED

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

1 Accounting policies (Continued)

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in Other Comprehensive Income or directly in equity. In this case, the tax is also recognised in Other Comprehensive Income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Leases

The amounts recognised for leases have been measured as follows:

Operating leases under IAS 17, except 'low-value' and 'short-term' leases

The lease liability is measured at the present value of the lease payments on commencement of the lease, discounted at the company's incremental borrowing rate at that date.

The right-of-use asset is measured using the company's incremental borrowing rate of 5% on commencement of the lease to discount future payments.

'Low-value' leases

When the value of the underlying asset (if new) is £5,000 or less, the company recognises the lease payments associated with those leases on a straight-line basis over the lease term.

'Short-term' leases

Where the lease term ends before 31 March 2021, the company recognises the lease payments associated with those leases on a straight-line basis over the lease term.

FAIRBURN VALE HEALTH CARE LIMITED

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

1 Accounting policies (Continued)

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 grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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. The directors do not consider there to be any critical judgements.

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.

Recognition of deferred taxes

The carrying value of deferred tax assets are dependent on the estimates of future cash flows arising from the group's operations. The realisation of the deferred tax asset recognised at 31 March 2021 of £18,733 (2020 - £21,999) is dependent on the generation of future taxable profits. The group recognises deferred tax assets where it is more likely than not that benefit will be realised, and this is currently expected to be the case.

Leases

In determining the lease term the company assesses whether it is reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. This assessment is made at the start of the lease and is re-assessed if significant events of changes in circumstances occur that are within the lessee's control.

When the interest rate implicit in the lease is not readily determinable, the company estimates the incremental borrowing rate based on its external borrowings secured against similar assets, adjusted for the term of the lease. The company applied a rate of 5% to all its leases.

FAIRBURN VALE HEALTH CARE LIMITED

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

3 Turnover

All turnover arises from rendering of services. The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of the company's turnover is as follows:

	2021 £	2020 £
Turnover analysed by geographical market		
United Kingdom	2,520,272	2,616,952

4 Employees

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

	2021 Number	2020 Number
Nursing and other care home staff	73	75
Administration	2	2
Total	75	77

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,356,910	1,357,550
Social security costs	95,040	90,888
Pension costs	24,874	23,938
	1,476,824	1,472,376

Directors' emoluments and pension contributions are borne by fellow group companies in the current and prior years.

Staff costs in the Statement of Comprehensive Income include agency staff costs.

5 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(68,358)	-
Depreciation of tangible fixed assets (note 9)	315,923	301,367
Staff costs (note 4)	1,534,870	1,489,408

FAIRBURN VALE HEALTH CARE LIMITED

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

5 Operating profit (Continued)

Included in government grants is income of £8,068 received in respect of the Coronavirus Job Retention Scheme.

Audit fees were borne by fellow group companies in both the current and prior years.

6 Interest payable and similar expenses

	2021 £	2020 £
Interest on lease liabilities	320,258	324,666

7 Taxation

	2021 £	2020 £
Deferred tax		
Origination and reversal of timing differences	2,020	(620)
Changes in tax rates	-	(2,250)
Adjustment in respect of prior periods	1,246	(134)
Total deferred tax	3,266	(3,004)

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.

There is no expiry date on the timing differences, unused tax losses or tax credits.

The total tax charge/(credit) 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:

	2021 £	2020 £
Profit before taxation	171,713	165,932
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2020: 19%)	32,625	31,527
Tax effect of expenses that are not deductible in determining taxable profit	5,718	858
Adjustments in respect of prior years	1,246	(134)
Effect of change in corporation tax rate	-	(2,250)
Group relief	(67,135)	(59,567)
Transfer pricing adjustments	30,812	26,562
Taxation charge/(credit) for the year	3,266	(3,004)

FAIRBURN VALE HEALTH CARE LIMITED

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

8 Deferred taxation

The major deferred tax assets recognised by the company are:

	Assets 2021 £	Assets 2020 £
Balances:		
Accelerated capital allowances	5,800	7,763
Short term timing differences	225	950
IFRS16 spreading adjustment	12,708	13,286
	<u>18,733</u>	<u>21,999</u>
Movements in the year:		2021 £
Asset at 1 April 2020		21,999
Charge to profit or loss		(3,266)
		<u>18,733</u>

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax assets are recognised for accelerated capital allowances to the extent that the realisation of the related tax benefit through future taxable profits is probable.

FAIRBURN VALE HEALTH CARE LIMITED

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

9 Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Right-of-use assets £	Total £
Cost				
At 1 April 2020	385,832	15,629	6,538,232	6,939,693
Additions	179,322	-	-	179,322
IFRS 16 revaluation	-	-	279,070	279,070
At 31 March 2021	565,154	15,629	6,817,302	7,398,085
Depreciation and impairment				
At 1 April 2020	264,195	15,629	410,385	690,209
Depreciation charged in the year	54,508	-	261,415	315,923
At 31 March 2021	318,703	15,629	671,800	1,006,132
Carrying amount				
At 31 March 2021	246,451	-	6,145,502	6,391,953
At 31 March 2020	121,637	-	6,127,847	6,249,484

The carrying amount of right-of-use assets relates entirely to land and buildings.

10 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	127,709	223,670
Amounts owed by group undertakings	3,889,253	3,166,719
Other debtors	235	323
Prepayments and accrued income	17,662	19,623
	4,034,859	3,410,335

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

FAIRBURN VALE HEALTH CARE LIMITED

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

11 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Trade creditors		14,494	-
Amounts due to group undertakings		645,940	455,696
Other taxation and social security		30,138	29,545
Deferred income		74,464	77,680
Other creditors		125,263	111,505
Short term lease liabilities	16	82,901	65,442
Accruals		15,447	24,952
		<u>988,647</u>	<u>764,820</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

Other creditors includes £39,717 (2020 - £29,754) in relation to amounts held on behalf of customers, with a corresponding balance held within cash balances.

12 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Long term lease liabilities	16	<u>6,553,159</u>	<u>6,375,548</u>

13 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>24,874</u>	<u>23,938</u>

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in funds under control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the group are reduced by the amount of forfeited contributions.

As at 31 March 2021, included within other creditors are contributions payable of £3,864 (2020 - £5,000).

14 Share capital

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

FAIRBURN VALE HEALTH CARE LIMITED

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

14 Share capital (Continued)

The company has one class of ordinary share which carries no right to fixed income. All shares are held at cost.

15 Financial commitments, guarantees and contingent liabilities

The company is part of the group banking facility which includes an unlimited guarantee in respect of the indebtedness to the bank. At 31 March 2021 and 31 March 2020, there was no contingent liability to recognise in respect of this.

16 Leases

The total cash outflow for leases during the year was £404,258.

The maturity of the gross contractual undiscounted cash flows due on the company's lease liabilities is set out below based on the period between 31 March and the contractual maturity date.

	2021 £	2020 £
Land and buildings		
Within one year	481,996	481,996
Between one and five years	1,927,986	1,927,986
Over five years	8,415,868	8,897,864
	<u>10,825,850</u>	<u>11,307,846</u>

The company's leasing activities relate to rentals payable for its home property. Leases are negotiated for a term of 35 years. Leases of buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

17 Ultimate controlling party

The company is a wholly owned subsidiary of Exemplar Holdings Limited, whose ultimate parent company, at the balance sheet date, is EHC Holdings Topco Limited, all of these companies are domiciled in the United Kingdom and incorporated in England and Wales.

Consolidated financial statements are prepared by the group headed by EHC Holdings Topco Limited and copies can be obtained from its registered office at Ferham House, Kimberworth Road, Rotherham, South Yorkshire, England, S61 1AJ or Companies House. EHC Holdings Topco Limited Limited is the largest group and Exemplar Health Care Group Limited is the smallest group into which these financial statements are consolidated.

At the end of the financial period the directors noted the ultimate controlling party was Ares Management Corporation based on the disposition of the shareholdings in the company.