

Company Registration No. 13707971 (England and Wales)

**IDEAL CAREHOMES (2) LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**31 MARCH 2023**



# IDEAL CAREHOMES (2) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	A J Boyle M C Greaves S A Linn R V McCafferty
<b>Company number</b>	13707971
<b>Registered office</b>	Marian House 3 Colton Mill Bullerthorpe Lane Leeds LS15 9JN
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants Central Square 5th Floor 29 Wellington Street Leeds LS1 4DL

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# IDEAL CAREHOMES (2) LIMITED

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 MARCH 2023

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The directors present their annual report and financial statements for the period ended 31 March 2023. This is the first period to which financial statements have been drawn up following the incorporation of the company on 27 October 2021.

#### Principal activities

The principal activity of the company is that of a residential care home operator.

#### Results and dividends

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

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

#### Directors

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

A J Boyle	(Appointed 27 October 2021)
M C Greaves	(Appointed 27 October 2021)
S A Linn	(Appointed 27 October 2021)
R V McCafferty	(Appointed 26 November 2021)
P M Raven	(Appointed 27 October 2021 and resigned 26 November 2021)

#### Qualifying third party indemnity provisions

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

#### Auditor

RSM UK Audit LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed 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.

#### Small companies exemption

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

On behalf of the board

*R. McCafferty*

.....  
R V McCafferty  
Director

Date: **26/07/23**  
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## **IDEAL CAREHOMES (2) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

#### **FOR THE PERIOD ENDED 31 MARCH 2023**

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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). 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 IDEAL CAREHOMES (2) LIMITED**

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### **Opinion**

We have audited the financial statements of Ideal Carehomes (2) Limited (the 'company') for the period ended 31 March 2023 which comprise the Income Statement, Statement of Financial Position, 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 2023 and of its loss for the period 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 period 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 IDEAL CAREHOMES (2) LIMITED (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IDEAL CAREHOMES (2) LIMITED (CONTINUED)

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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.

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 but were not limited to reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to compliance with Care Quality Commission standards for the operation of care homes. We performed audit procedures to inquire of management and those charged with governance whether the company is in compliance with these law and regulations and we inspected latest Care Quality Commission ratings and inspection reports.

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 existence 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 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 regarding the risk of incorrect revenue recognition for the provision of elderly care included but were not limited to ensuring that the company's accounting policy for revenue was correctly applied, use of data analytics, corroborating existence of revenue key terms to supporting documentation including a contract, and selecting a sample of revenue items either side of the period end to ensure cut off has been applied correctly.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

*Sarah Mallinson*

Sarah Mallinson FCA (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

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26/07/23

# IDEAL CAREHOMES (2) LIMITED

## INCOME STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2023

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	2023 £
Turnover	509,079
Cost of sales	(674,935)
<b>Gross loss</b>	<u>(165,856)</u>
Administrative expenses	(1,175,940)
<b>Loss before taxation</b>	<u>(1,341,796)</u>
Tax on loss	-
<b>Loss for the financial period</b>	<u><u>(1,341,796)</u></u>

**IDEAL CAREHOMES (2) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2023**

	Notes	2023 £	£
<b>Current assets</b>			
Debtors	3	1,600,014	
Cash at bank and in hand		47	
		<u>1,600,061</u>	
<b>Creditors: amounts falling due within one year</b>	4	<u>(2,941,856)</u>	
<b>Net current liabilities</b>			<u>(1,341,795)</u>
<b>Capital and reserves</b>			
Called up share capital			1
Profit and loss reserves			<u>(1,341,796)</u>
<b>Total equity</b>			<u>(1,341,795)</u>

These financial statements have been prepared 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 26/07/23 and are signed on its behalf by:

*R. McCafferty*

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R V McCafferty  
**Director**

# IDEAL CAREHOMES (2) LIMITED

## STATEMENT OF CHANGES IN EQUITY

### FOR THE PERIOD ENDED 31 MARCH 2023

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	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Period ended 31 March 2023:</b>			
Loss for the period	-	(1,341,796)	(1,341,796)
Issue of share capital	1	-	1
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2023</b>	<b>1</b>	<b>(1,341,796)</b>	<b>(1,341,795)</b>
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# IDEAL CAREHOMES (2) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2023

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### 1 Accounting policies

#### Company information

Ideal Carehomes (2) Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Marian House, 3 Colton Mill, Bullerthorpe Lane, Leeds, LS15 9JN.

#### 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. The principal accounting policies adopted are set out below.

#### Going concern

The directors are required to make an assessment of the company's ability to continue as a going concern. The directors have undertaken forecasting of performance and cash flows in determining the appropriateness of continuing to adopt the going concern basis in preparing the financial statements, including the impact of increased costs and inflation.

At 31 March 2023 the company has made a loss of £1,341,796 and has net liabilities of £1,341,795, due to investment during the year in two new care homes. As each home matures profits will level out and a profit will start to be made after around 15-18 months when occupancy in the homes reaches c45%, at this point net liabilities will reduce down. The company is supported by other group companies to enable the investment to be made and a letter of support has been received from Ideal Carehomes Topco Limited.

The directors consider that, as at the date of approving the financial statements and in light of the company assessment outlined, above, there is a reasonable expectation that the company will have adequate resources to remain in operations for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

#### Reporting period

These financial statements are prepared for the period 27 October 2021 (being the date of incorporation) to 31 March 2023, to bring the accounting reference date in line with that of fellow group companies. As such, there are no comparative amounts to disclose.

#### Turnover

Turnover represents fees earned in respect of care home operations, excluding value added tax. Turnover is derived wholly within the United Kingdom, from the company's principal activity.

Turnover is recognised at the point at which services are supplied to residents. Where services are performed gradually over time, turnover is recognised as the activity progresses by reference to the value of services provided.

# IDEAL CAREHOMES (2) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2023

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#### 1 Accounting policies (Continued)

##### **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, 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.

##### **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 trade and other creditors and amounts owed to group undertakings, 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.

##### **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.

# IDEAL CAREHOMES (2) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2023

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#### 1 Accounting policies (Continued)

##### 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.

##### Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

##### 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 other creditors or other debtors.

##### Leases

Rentals payable under operating leases, including any lease incentives received and stamp duty land tax, are charged to profit or loss on a straight line basis over the term.

#### 2 Employees

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

	<b>2023</b>
	<b>Number</b>
Total	24

The directors' remuneration figure is £nil as the directors of the company are remunerated by other group or related entities and no allocation of their services to this company is made.

# IDEAL CAREHOMES (2) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2023

#### 3 Debtors

	2023
	£
<b>Amounts falling due within one year:</b>	
Trade debtors	30,654
Amounts owed by group undertakings	1
Amounts owed by related parties	363,330
Prepayments and accrued income	485,731
	<u>879,716</u>
	<u>2023</u>
	<u>£</u>
<b>Amounts falling due after more than one year:</b>	
Prepayments and accrued income	720,298
	<u>720,298</u>
<b>Total debtors</b>	<u>1,600,014</u>

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

#### 4 Creditors: amounts falling due within one year

	2023
	£
Trade creditors	88,596
Amounts owed to group undertakings	1,748,948
Taxation and social security	22,341
Other creditors	1,081,971
	<u>2,941,856</u>

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

#### 5 Financial commitments, guarantees and contingent liabilities

The following entities hold fixed and floating charges over the company in respect of long-term leasehold property used by the company to operate care homes:

Rhr Newark Limited  
Elli Healthcare Properties Limited

# IDEAL CAREHOMES (2) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2023

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#### 6 Operating lease commitments

##### Lessee

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

	2023 £
Within one year	2,279,930
Between one and five years	9,558,904
In over five years	95,888,014
	<u>107,726,848</u>

#### 7 Related party transactions

##### Transactions with related parties

During the period the company entered into the following transactions with related parties:

During the period £7,336 was paid to Coolcare Limited, a company under common ownership, in respect of purchases. At 31 March 2023 £nil was due to Coolcare Limited.

During the period £578,600 was received from LNT Care Developments (3) Limited, a company under common ownership, in respect of lease incentives for the period. At 31 March 2023 £nil was due from LNT Care Developments (3) Limited.

During the period £363,330 was received from LNT Care Developments (4) Limited, a company under common ownership, in respect of a lease incentives for the period. At 31 March 2023 £363,330 was due from LNT Care Developments (4) Limited.

All balances with related parties are interest free and repayable on demand.

#### 8 Ultimate controlling party

Ideal Carehomes Bidco Limited, a company incorporated in England and Wales, is the immediate parent company.

The smallest and largest group for which consolidated accounts including the company are prepared is Ideal Carehomes Topco Limited, a company incorporated in England and Wales. The consolidated financial statements of Ideal Carehomes Topco Limited are publicly available and may be obtained from Marian House, 3 Colton Mill, Bullerthorpe Lane, Leeds, LS15 9JN.

The ultimate controlling party is Warwick Capital Partners LLP due to its majority shareholding in Ideal Carehomes Topco Limited.