

**HOLMLEIGH CARE HOMES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2021**

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

HOLMLEIGH CARE HOMES LIMITED

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HOLMLEIGH CARE HOMES LIMITED

Company Information

Directors	R W Correia K D Janes M L Western G G Lapham
Registered office	Windsor House Bayshill Road Cheltenham GL50 3AT
Bankers	National Westminster Bank PLC The Promenade Cheltenham Gloucestershire GL50 1LH
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

HOLMLEIGH CARE HOMES LIMITED

Strategic Report for the Year Ended 30 April 2021

The directors present their strategic report for the year ended 30 April 2021.

Principal activity

The principal activity of the company is the provision of residential and supporting people care for persons with learning disabilities and domiciliary care to the elderly.

Fair review of the business

The results for the year, which are set out in the profit and loss account, show turnover of £16,569,262 (2020 - £14,911,533) and operating profit of £2,893,851 (2020 - £1,721,198).

The company had fixed assets valued in the financial statements at net book value amounting to £9,063,883 (2020 - £8,885,939).

Given the nature of the business, the company's directors are of the opinion that key performance indicators are important. The company uses a number of indicators to monitor and improve development, performance or the position of the business. Indicators are reviewed and altered to meet changes both in the internal and external environments. The directors do not consider the inclusion of an analysis using key performance indicators to be necessary to assist users of the financial statements in their understanding of the financial performance or position of the company.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the continued provision of adequate government funding.

Approved by the Board on 8 October 2021 and signed on its behalf by:

M L Western
Director

HOLMLEIGH CARE HOMES LIMITED

Directors' Report for the Year Ended 30 April 2021

The directors present their report and the financial statements for the year ended 30 April 2021.

Directors of the company

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

R W Correia

K D Janes (appointed 30 March 2021)

M L Western

G G Lapham (appointed 30 March 2021)

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk

The group is exposed to the usual credit and cash flow risk associated with selling on credit and manages this through credit control procedures. Company loans are now funded through loans from the new parent company and consequently these loans are not exposed to price and liquidity risk. The subsidiaries are exposed to price and liquidity risk. The board constantly monitor the company's trading results to ensure that the group can meet its future obligations as they fall due.

Employment of disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The group's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Future developments

The external environment is expected to remain competitive in 2021/22, however the directors remain confident that they will continue to improve the future performance of the business.

COVID 19

The spread of the COVID-19 coronavirus presents a significant risk to the UK economy. Our income line remains resilient to the impact of the virus and the business has coped well with its consequences on both the service users we support and the team members we employ. Staff teams in our services have worked diligently to government guidance, supported each other, and have kept Service Users safe and secure. Occupancy rates remain strong and we are confident that our business will continue to prove resilient.

Disclosure of information to the auditors

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

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 8 October 2021 and signed on its behalf by:

M L Western
Director

HOLMLEIGH CARE HOMES LIMITED

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

HOLMLEIGH CARE HOMES LIMITED

Independent Auditor's Report to the Members of Holmleigh Care Homes Limited

Opinion

We have audited the financial statements of Holmleigh Care Homes Limited (the 'company') for the year ended 30 April 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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 original financial statements were 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

HOLMLEIGH CARE HOMES LIMITED

Independent Auditor's Report to the Members of Holmleigh Care Homes Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

HOLMLEIGH CARE HOMES LIMITED

Independent Auditor's Report to the Members of Holmleigh Care Homes Limited

Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK).

In identifying and assessing risks of material mis-statement in respect of fraud, including irregularities and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company financial statements or that had a fundamental effect on the company's operations. We determined that the most significant laws and regulations included UK GAAP, UK Companies Act 2006 and taxation laws.
- We understood how the company is complying with those legal and regulatory frameworks by making inquiries of management, those responsible for legal and compliance procedures.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur.

Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process. Detailed analysis of journals posted through the accounting system during the year to 30 April 2021 has been undertaken;
- Understanding the controls in place to prevent and detect fraud. Reliance was not placed on controls for the entirety of the audit, instead taking a substantive testing approach, however controls were in place to prevent fraud, and they appeared to be working effectively;
- Challenging assumptions and judgements made by management in its significant accounting estimates

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

Simon Worsley (Senior Statutory Auditor)

For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House

Bayshill Road

Cheltenham

GL50 3AT

8 October 2021

HOLMLEIGH CARE HOMES LIMITED**Profit and Loss Account for the Year Ended 30 April 2021**

	Note	2021 £	2020 £
Turnover	<u>3</u>	16,569,262	14,911,533
Cost of sales		<u>(11,172,617)</u>	<u>(10,468,549)</u>
Gross profit		5,396,645	4,442,984
Administrative expenses		(2,747,794)	(2,315,767)
Exceptional items	<u>6</u>	-	(406,019)
Other operating income	<u>4</u>	<u>245,000</u>	<u>-</u>
Operating profit	<u>5</u>	2,893,851	1,721,198
Other interest receivable and similar income	<u>7</u>	34	18,401
Interest payable and similar charges	<u>8</u>	<u>(139,347)</u>	<u>(188,548)</u>
Profit before tax		2,754,538	1,551,051
Taxation	<u>12</u>	<u>34,641</u>	<u>(344,245)</u>
Profit for the financial year		<u><u>2,789,179</u></u>	<u><u>1,206,806</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

The notes on pages 11 to 22 form an integral part of these financial statements.

HOLMLEIGH CARE HOMES LIMITED**(Registration number: 04022083)****Balance Sheet as at 30 April 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	<u>14</u>	9,063,883	8,885,939
Investments	<u>15</u>	444,079	444,079
		<u>9,507,962</u>	<u>9,330,018</u>
Current assets			
Debtors	<u>16</u>	4,031,026	4,581,454
Cash at bank and in hand		<u>1,660,203</u>	<u>1,281,727</u>
		5,691,229	5,863,181
Creditors: Amounts falling due within one year	<u>17</u>	(3,998,466)	(6,048,230)
Net current assets/(liabilities)		<u>1,692,763</u>	<u>(185,049)</u>
Total assets less current liabilities		11,200,725	9,144,969
Creditors: Amounts falling due after more than one year	<u>17</u>	(6,582)	(10,770)
Provisions for liabilities	<u>12</u>	(263,270)	(331,537)
Net assets		<u>10,930,873</u>	<u>8,802,662</u>
Capital and reserves			
Called up share capital	<u>20</u>	2	2
Profit and loss account		<u>10,930,871</u>	<u>8,802,660</u>
Total equity		<u>10,930,873</u>	<u>8,802,662</u>

Approved and authorised by the Board on 8 October 2021 and signed on its behalf by:

M L Western
DirectorThe notes on pages 11 to 22 form an integral part of these financial statements.

HOLMLEIGH CARE HOMES LIMITED**Statement of Changes in Equity for the Year Ended 30 April 2021**

	Share capital	Profit and loss	Total
	£	account	£
		£	
At 1 May 2020	2	8,802,660	8,802,662
Profit for the year	-	2,789,179	2,789,179
Dividends	-	(660,968)	(660,968)
At 30 April 2021	2	10,930,871	10,930,873

	Share capital	Profit and loss	Total
	£	account	£
		£	
At 1 May 2019	2	7,768,115	7,768,117
Profit for the year	-	1,206,806	1,206,806
Dividends	-	(172,261)	(172,261)
At 30 April 2020	2	8,802,660	8,802,662

The notes on pages 11 to 22 form an integral part of these financial statements.

HOLMLEIGH CARE HOMES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2021

1 General information

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

The address of its registered office is:
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

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

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Summary of disclosure exemptions

The company has not presented a cash flow statement on the grounds that the company is a wholly owned subsidiary and a group cash flow statement is included in the financial statements of the ultimate parent company.

Name of parent of group

These financial statements are consolidated in the financial statements of Ancala Care Topco Limited.

The financial statements of Ancala Care Topco Limited may be obtained from Companies House.

Group accounts not prepared

The company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that consolidated accounts are included higher up in the group structure.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Judgements and estimation uncertainty

These financial statements do not contain any significant judgements or estimation uncertainty.

Revenue recognition

Turnover represents amounts receivable during the year for the provision of care services. Where the amount received relates to a period which covers the balance sheet date, it is apportioned over the period to which it relates.

HOLMLEIGH CARE HOMES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2021

Tax

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

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	1% on cost
Leasehold land and buildings	Over the term of the lease
Furniture, fittings and equipment	15% reducing balance/33% on cost
Motor vehicles	25% reducing balance
Freehold land	Nil

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	5% - 7.5% on cost

HOLMLEIGH CARE HOMES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2021

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

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

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade creditors

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

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

HOLMLEIGH CARE HOMES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2021

Share capital

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

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

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

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

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

HOLMLEIGH CARE HOMES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2021

Financial instruments (continued)

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Revenue

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Other operating income

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

	2021	2020
	£	£
Management charges receivable	245,000	-

5 Operating profit

Arrived at after charging:

	2021	2020
	£	£
Depreciation expense	237,180	226,167
Operating lease expense - property	363,232	338,736
Operating lease expense - plant and machinery	28,123	26,539
Operating lease expense - other	-	6,794

HOLMLEIGH CARE HOMES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2021

6 Exceptional items

	2021 £	2020 £
Exceptional expenses	-	406,019

Exceptional costs in the prior year related to legacy bonus payments, one-off legal and professional fees and one-off repairs and maintenance costs incurred.

7 Other interest receivable and similar income

	2021 £	2020 £
Interest income on investments	-	17,052
Interest income on bank deposits	34	1,349
	<u>34</u>	<u>18,401</u>

8 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and borrowings	-	153,212
Interest on obligations under finance leases and hire purchase contracts	811	8,076
Interest payable to parent company	138,536	27,260
	<u>139,347</u>	<u>188,548</u>

9 Staff costs

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

	2021 £	2020 £
Wages and salaries	8,939,154	8,023,752
Social security costs	684,452	625,641
Pension costs, defined contribution scheme	99,130	87,355
	<u>9,722,736</u>	<u>8,736,748</u>

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

	2021 No.	2020 No.
Administration and support	15	15
Care	372	382
	<u>387</u>	<u>397</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	20,833	28,040

HOLMLEIGH CARE HOMES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2021

11 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	7,000	7,000

12 Taxation

Tax charged/(credited) in the profit and loss account

	2021 £	2020 £
Current taxation		
UK corporation tax	35,857	295,356
UK corporation tax adjustment to prior periods	(2,231)	22,359
	33,626	317,715

Deferred taxation

Arising from origination and reversal of timing differences	(68,267)	26,530
Tax (receipt)/expense in the income statement	(34,641)	344,245

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	2,754,538	1,551,051
Corporation tax at standard rate	523,362	294,700
Effect of expense not deductible in determining taxable profit (tax loss)	-	9,613
Increase in UK and foreign current tax from adjustment for prior periods	-	22,359
Tax (decrease)/increase from effect of capital allowances and depreciation	(60,652)	17,573
Tax decrease arising from group relief	(497,351)	-
Total tax (credit)/charge	(34,641)	344,245

HOLMLEIGH CARE HOMES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2021

Deferred tax

Deferred tax assets and liabilities

	Liability £
2021	
Accelerated capital allowances	266,283
Other short-term timing differences	(3,013)
	<u>263,270</u>
	Liability £
2020	
Accelerated capital allowances	334,550
Other short-term timing differences	(3,013)
	<u>331,537</u>

13 Intangible assets

	Goodwill £
Cost	
At 1 May 2020	1,193,582
Amortisation	
At 1 May 2020	<u>1,193,582</u>
Carrying amount	
At 30 April 2021	<u>-</u>
At 30 April 2020	<u>-</u>

HOLMLEIGH CARE HOMES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2021

14 Tangible assets

	Freehold land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 May 2020	9,221,736	2,095,191	234,074	11,551,001
Additions	512,550	160,016	4,690	677,256
Disposals	(313,851)	-	(33,050)	(346,901)
At 30 April 2021	9,420,435	2,255,207	205,714	11,881,356
Depreciation				
At 1 May 2020	1,253,240	1,260,218	151,604	2,665,062
Charge for the year	83,761	133,041	20,378	237,180
Eliminated on disposal	(53,255)	-	(31,514)	(84,769)
At 30 April 2021	1,283,746	1,393,259	140,468	2,817,473
Carrying amount				
At 30 April 2021	8,136,689	861,948	65,246	9,063,883
At 30 April 2020	7,968,496	834,973	82,470	8,885,939

Freehold land of £1,854,336 (2020 - £1,854,336) is not depreciated.

Hire purchase agreements

Included within the net book value of £9,063,883 (2020 - £8,885,939) is £15,612 (2020 - £20,816) relating to assets held under hire purchase agreements. The depreciation charge to the financial statements in the year in respect of such assets amounted to £5,204 (2020 - £6,939).

HOLMLEIGH CARE HOMES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2021

15 Investments

	2021 £	2020 £
Investments in subsidiaries	444,079	444,079
Subsidiaries		£
Cost and carrying amount		
At 1 May 2020 and at 30 April 2021		444,079

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
Holmleigh Properties (Gloucester) Limited	England and Wales	Ordinary	100%	100%
Holmleigh (Pirton) Limited	England and Wales	Ordinary	100%	100%
Cathedral Care (Gloucester) Limited	England and Wales	Ordinary	100%	100%

Subsidiary undertakings

Holmleigh Properties (Gloucester) Limited

The principal activity of Holmleigh Properties (Gloucester) Limited is property development for the care sector.

Holmleigh (Pirton) Limited

The principal activity of Holmleigh (Pirton) Limited is the provision of residential care for persons with learning disabilities.

Cathedral Care (Gloucester) Limited

The principal activity of Cathedral Care (Gloucester) Limited is residential care services.

16 Debtors

	2021 £	2020 £
Trade debtors	709,337	727,428
Amounts owed by group undertakings	1,610,817	2,046,880
Other debtors	968,457	995,714
Prepayments	641,360	811,432
Corporation tax asset	101,055	-
	4,031,026	4,581,454

HOLMLEIGH CARE HOMES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2021

17 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	<u>18</u>	3,590	6,582
Trade creditors		571,490	594,695
Amounts due to group undertakings		709,802	3,001,042
Social security and other taxes		370,161	328,797
Outstanding defined contribution pension costs		43,459	37,235
Other creditors		1,523,085	1,600,071
Accrued expenses		776,879	359,602
Corporation tax liability	<u>12</u>	-	120,206
		<u>3,998,466</u>	<u>6,048,230</u>
Due after one year			
Loans and borrowings	<u>18</u>	<u>6,582</u>	<u>10,770</u>

18 Loans and borrowings

	2021 £	2020 £
Current loans and borrowings		
HP and finance lease liabilities	<u>3,590</u>	<u>6,582</u>
Non-current loans and borrowings		
HP and finance lease liabilities	<u>6,582</u>	<u>10,770</u>

Hire purchase liabilities are secured on the assets to which they relate.

19 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £99,130 (2020 - £87,355).

Contributions totalling £43,459 (2020 - £37,235) were payable to the scheme at the end of the year and are included in creditors.

HOLMLEIGH CARE HOMES LIMITED

Notes to the Financial Statements for the Year Ended 30 April 2021

20 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
A Ordinary shares of £0.10 each	3	0.30	3	0.30
B Ordinary shares of £0.10 each	3	0.30	3	0.30
C Ordinary shares of £0.10 each	10	1.00	10	1.00
D Ordinary shares of £0.10 each	2	0.20	2	0.20
E Ordinary shares of £0.10 each	2	0.20	2	0.20
	20	2	20	2

Rights, preferences and restrictions

All shares rank pari passu in all respects, other than dividend rights.

21 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	18,500	18,500
Later than one year and not later than five years	74,000	74,000
Later than five years	64,750	83,250
	157,250	175,750

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2020 - £Nil).

22 Dividends

	2021	2020
	£	£
Dividends paid	660,968	172,261

23 Contingent liabilities

The company is bound by an intra-group cross guarantee in respect of bank debt with other members of the group at the balance sheet date. The amount guaranteed is £25,000,000.

24 Related party transactions

Summary of transactions with key management

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 10 to the financial statements.

25 Parent and ultimate parent undertaking

The company's immediate parent is Ancala Care Limited, incorporated in England and Wales. The ultimate parent is Ancala

Care Topco Limited, incorporated in England and Wales. The ultimate controlling party is funds managed by Ancala Care LLP, a limited liability partnership registered in England and Wales.

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.