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Company registration number 10342905 (England and Wales)

CHARNWOOD GROUP HOLDINGS LTD

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 MAY 2023

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CHARNWOOD GROUP HOLDINGS LTD

COMPANY INFORMATION

Directors	Mr Shyamal Raja Mr Sagar Raja Mr Sailesh Raja Mr Shivam Raja	(Appointed 1 October 2023)
Company number	10342905	
Registered office	Unit 2 Forest Business Park Oswin Road Leicester LE3 1HR	
Auditor	HSKSG Audit 3rd Floor Butt Dyke House 33 Park Row Nottingham NG1 6EE	
Business address	Unit 2 Forest Business Park Oswin Road Leicester LE3 1HR	

CHARNWOOD GROUP HOLDINGS LTD

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CHARNWOOD GROUP HOLDINGS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MAY 2023

The directors present the strategic report for the year ended 31 May 2023.

Review of the business

As of May 2023, our organisation managed a portfolio comprising 4 care homes and 1 day centre, specialising in residential and dementia care. Our operational footprint extends across the East Midlands and West Midlands regions, underscoring our dedication to delivering high-quality services. The year showcases resilience and growth while maintaining robust occupancy and staffing levels. The group achieved a post-tax profit of £93,751 compared to a profit of £125,734 in 2022, with net assets standing at £6,534,105 at year-end, compared to £1,580,512 in 2022.

The previous accountants Shah and Co resigned and HSKSG were appointed.

Principal risks and uncertainties

Key risks and uncertainties facing the company are associated with potential adverse findings by the Care Quality Commission and media scrutiny. However, the company remains committed to ensuring compliance and upholding an exceptional standard in the management of care services.

Another significant risk in the care industry has been the shortage of available care staff, leading to reliance on agency personnel to meet demands. While the company endeavours to minimise reliance on agency staff, this year witnessed an increased dependence. Consequently, there were instances where we had to manage and control occupancy at levels lower than historical norms.

The business inherently faces risks, particularly in fluctuating occupancy levels. To address this, we implement a dynamic marketing strategy and prioritise swift responses to inquiries along with safe recruitment. Additionally, uncertainties related to the rising cost of living and escalating operational costs potentially surpassing care fees are closely monitored.

Throughout the year, directors continually review risks and uncertainties, confident in the management systems in place to navigate evolving situations and challenges. Diligent financial review remains a key element in mitigating these challenges.

Key performance indicators

In the directors' view, key performance indicators include the gross profit margin and occupancy levels of individual homes, closely monitored throughout the year. A gross profit of 41.6% was achieved during the year (compared to 33.3% in 2022), with occupancy levels reaching 82% (compared to 73% in 2022). Quarterly financial reporting, coupled with monthly financial monitoring and care compliance monitoring, establishes a robust framework for operational oversight. Additional KPIs include:

Average Fee: Monitoring the average fee aids in optimising sustainability with the rising costs

Wage Bill %: Controlling labour costs to ensure financial sustainability. Whilst staffing cannot be reduced, the operational costs can be controlled by not having reliance on agency staff.

Maintenance and Repairs %: Effectively overseeing the expenses associated with facility maintenance and repairs, and prudently allocating funds for both reactive and regenerative projects.

Stakeholder feedback and satisfaction surveys and measures.

Stakeholder engagement is prioritised through regular meetings and insights sharing, fostering transparency and alignment with organisational goals.

This strategic report provides a comprehensive overview of our business landscape, highlighting achievements, challenges, and the proactive measures taken to secure sustained success.

CHARNWOOD GROUP HOLDINGS LTD

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

On behalf of the board



Mr Sagar Raja
Director

Date: 23/2/24

CHARNWOOD GROUP HOLDINGS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MAY 2023

The directors present their annual report and financial statements for the year ended 31 May 2023.

Principal activities

The principal activity of the company and group continued to be that of providing care to the elderly in residential homes.

Results and dividends

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

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

Directors

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

Mr Shyamal Raja

Mr Sagar Raja

Mr Sailesh Raja

Mr Shivam Raja

(Appointed 1 October 2023)


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 auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Medium-sized companies exemption

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

On behalf of the board



Mr Sagar Raja

Director

Date: 23/2/24

CHARNWOOD GROUP HOLDINGS LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MAY 2023

The directors are responsible for preparing the Annual 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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHARNWOOD GROUP HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CHARNWOOD GROUP HOLDINGS LTD

Qualified opinion on financial statements

We have audited the financial statements of Charnwood Group Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2023 which comprise the group income statement, the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows 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 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, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 May 2023 and of the group's 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 qualified opinion

Both the group and the company's statements of financial position include tangible fixed assets (freehold land and buildings) for which sufficient appropriate audit evidence was not available in order to confirm a carrying value of £7.85m, as revalued by the directors (note 12). Therefore, the value of such assets could not be determined with reasonable certainty. Any appropriate revaluation adjustment or impairment could adversely affect the group result for the financial year, the value of which we have been unable to determine. In addition, should any adjustment affect the net assets and result of the group and company, the strategic report would also need to be amended.

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 group and parent 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 qualified 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 group's and parent 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.

CHARNWOOD GROUP HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHARNWOOD GROUP HOLDINGS LTD

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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves as to the carrying value of fixed assets totalling £7.85m nor determine with reasonable certainty any related impact on the group result for the financial year. We have concluded that references to the results for the year or the net asset position at 31 May 2023 may be materially misstated for the same reason.

Qualified opinion on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of our audit:

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

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, *we have not identified material misstatements in the strategic report or the directors' report.*

Arising solely from the limitation on the scope of our work relating to fixed assets, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 parent 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 parent 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.

CHARNWOOD GROUP HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHARNWOOD GROUP HOLDINGS LTD

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the group's business and its control environment. We also enquired of management about their identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework in which the group operates and identified key laws and regulations that:

- Had a direct effect on the determination of material amounts and disclosures in the financial statements, which included the Companies Act 2006, tax legislation and payroll legislation; and
- Did not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate.

We discussed among the audit engagement team the opportunities and incentives that may exist within the organisation for fraud and how / where fraud might occur in the financial statements.

In common with all audits under ISA's (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of accounting adjustments and journal entries, assessed whether accounting estimates were reasonable and accurate and reviewed the accounting records for any significant or unusual transactions.

In addition, our procedures to respond to the risks identified included:

- Reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provision of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify any unusual or unexpected variances that may indicate risks of material misstatement due to fraud;
- Enquiring of management about any instances of non-compliance with laws and regulations and any instances of known or suspected fraud; and
- Reviewing the latest available Care Quality Commission inspection reports for all registered homes operated by the group.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters which we are required to address

The financial statements of the company for the year ended 31 May 2022 which are presented as comparatives to these financial statements were not audited.

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.

CHARNWOOD GROUP HOLDINGS LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CHARNWOOD GROUP HOLDINGS LTD

HSKSG Audit

Philip Handley FCA (Senior Statutory Auditor)
For and on behalf of HSKSG Audit

Date: *23rd February 2024*

Chartered Accountants
Statutory Auditor

3rd Floor
Butt Dyke House
33 Park Row
Nottingham
NG1 6EE

CHARNWOOD GROUP HOLDINGS LTD

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 MAY 2023

	Notes	2023 £	2022 £
Turnover	3	4,482,150	3,568,435
Cost of sales		(2,617,971)	(2,378,617)
Gross profit		1,864,179	1,189,818
Administrative expenses		(1,347,705)	(1,130,864)
Other operating income		7,910	193,949
Operating profit	4	524,384	252,903
Interest receivable and similar income	8	25,150	-
Interest payable and similar expenses	9	(182,468)	(86,286)
Profit before taxation		367,066	166,617
Tax on profit	10	(273,315)	(40,883)
Profit for the financial year	23	93,751	125,734

Profit for the financial year is all attributable to the owners of the parent company.

CHARNWOOD GROUP HOLDINGS LTD

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MAY 2023

	2023 £	2022 £
Profit for the year	93,751	125,734
	<u> </u>	<u> </u>
Other comprehensive income		
Revaluation of tangible fixed assets	6,254,157	-
Tax relating to other comprehensive income	(1,394,315)	-
	<u> </u>	<u> </u>
Other comprehensive income for the year	4,859,842	-
	<u> </u>	<u> </u>
Total comprehensive income for the year	4,953,593	125,734
	<u> </u>	<u> </u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

CHARNWOOD GROUP HOLDINGS LTD

GROUP STATEMENT OF FINANCIAL POSITION


AS AT 31 MAY 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Goodwill	11		617,617		772,021
Tangible assets	12		10,702,626		4,588,783
			11,320,243		5,360,804
Current assets					
Debtors	15	321,294		181,912	
Cash at bank and in hand		2,157,742		1,024,760	
		2,479,036		1,206,672	
Creditors: amounts falling due within one year	16	(2,740,764)		(1,906,760)	
Net current liabilities			(261,728)		(700,088)
Total assets less current liabilities			11,058,515		4,660,716
Creditors: amounts falling due after more than one year	17		(2,933,969)		(3,080,204)
Provisions for liabilities					
Deferred tax liability	19	1,590,441		-	
			(1,590,441)		-
Net assets			6,534,105		1,580,512
Capital and reserves					
Called up share capital	21		100		100
Revaluation reserve	22		4,834,378		-
Profit and loss reserves	23		1,699,627		1,580,412
Total equity			6,534,105		1,580,512

These financial statements have been prepared in accordance with the provisions relating to medium-sized groups.

The financial statements were approved by the board of directors and authorised for issue on 23/2/24 and are signed on its behalf by:


Mr Sagar Raja
Director


Mr Sailesh Raja
Director

Company registration number 10342905 (England and Wales)

CHARNWOOD GROUP HOLDINGS LTD

COMPANY STATEMENT OF FINANCIAL POSITION


AS AT 31 MAY 2023


	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	12	7,850,000		3,725,376	
Investments	13	2,268,805		2,268,705	
		10,118,805		5,994,081	
Current assets					
Debtors	15	6,453		48,353	
Cash at bank and in hand		1,914,363		460,825	
		1,920,816		509,178	
Creditors: amounts falling due within one year	16	(4,484,893)		(3,086,287)	
Net current liabilities		(2,564,077)		(2,577,109)	
Total assets less current liabilities		7,554,728		3,416,972	
Creditors: amounts falling due after more than one year	17	(2,933,969)		(3,035,839)	
Provisions for liabilities					
Deferred tax liability	19	1,136,615		-	
		(1,136,615)		-	
Net assets		3,484,144		381,133	
Capital and reserves					
Called up share capital	21	100		100	
Revaluation reserve	22	3,223,077		-	
Profit and loss reserves	23	260,967		381,033	
Total equity		3,484,144		381,133	

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £120,066 (2022 - £100,874 profit).

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 23/2/24 and are signed on its behalf by:


 Mr Sagar Raja
 Director


 Mr Sailesh Raja
 Director

Company registration number 10342905 (England and Wales)

CHARNWOOD GROUP HOLDINGS LTD

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2023

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 June 2021	100	-	1,454,678	1,454,778
Year ended 31 May 2022:				
Profit and total comprehensive income	-	-	125,734	125,734
Balance at 31 May 2022	100	-	1,580,412	1,580,512
Year ended 31 May 2023:				
Profit for the year	-	-	93,751	93,751
Other comprehensive income:				
Revaluation of tangible fixed assets	-	6,254,157	-	6,254,157
Tax relating to other comprehensive income	-	(1,394,315)	-	(1,394,315)
Total comprehensive income	-	4,859,842	93,751	4,953,593
Transfers	-	-	25,464	25,464
Other movements	-	(25,464)	-	(25,464)
Balance at 31 May 2023	100	4,834,378	1,699,627	6,534,105

CHARNWOOD GROUP HOLDINGS LTD

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2023

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 June 2021	100	-	280,159	280,259
Year ended 31 May 2022:				
Profit and total comprehensive income for the year	-	-	100,874	100,874
Balance at 31 May 2022	100	-	381,033	381,133
Year ended 31 May 2023:				
Profit for the year	-	-	(120,066)	(120,066)
Other comprehensive income:				
Revaluation of tangible fixed assets	-	4,203,213	-	4,203,213
Tax relating to other comprehensive income	-	(980,136)	-	(980,136)
Total comprehensive income	-	3,223,077	(120,066)	3,103,011
Balance at 31 May 2023	100	3,223,077	260,967	3,484,144

CHARNWOOD GROUP HOLDINGS LTD

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	27	1,509,491		249,606	
Interest paid		(182,468)		(86,286)	
Income taxes refunded/(paid)		40,913		(49,383)	
Net cash inflow from operating activities		1,367,936		113,937	
Investing activities					
Purchase of tangible fixed assets		(30,746)		(189,383)	
Interest received		25,150		-	
Net cash used in investing activities		(5,596)		(189,383)	
Financing activities					
Repayment of bank loans		(229,358)		(252,719)	
Net cash used in financing activities		(229,358)		(252,719)	
Net increase/(decrease) in cash and cash equivalents		1,132,982		(328,165)	
Cash and cash equivalents at beginning of year		1,024,760		1,352,925	
Cash and cash equivalents at end of year		2,157,742		1,024,760	

CHARNWOOD GROUP HOLDINGS LTD

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash generated from operations	28	1,792,667		81,527	
Interest paid		(181,796)		(86,286)	
Income taxes refunded/(paid)		48,353		(60,699)	
Net cash inflow/(outflow) from operating activities		1,659,224		(65,458)	
Investing activities					
Purchase of subsidiaries		(100)		-	
Interest received		23,772		-	
Net cash generated from/(used in) investing activities		23,672		-	
Financing activities					
Repayment of bank loans		(229,358)		(252,719)	
Net cash used in financing activities		(229,358)		(252,719)	
Net increase/(decrease) in cash and cash equivalents		1,453,538		(318,177)	
Cash and cash equivalents at beginning of year		460,825		779,002	
Cash and cash equivalents at end of year		1,914,363		460,825	

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

Company information

Charnwood Group Holdings Ltd ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Unit 2, Forest Business Park, Oswin Road, Leicester, LE3 1HR.

The group consists of Charnwood Group Holdings Ltd and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Charnwood Group Holdings Ltd together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 May 2023. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group statement of financial position at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

The current liabilities of the group exceeded its current assets by £161,744 (2022: £700,088)

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Furthermore the group's banking facilities were renewed in July 2023. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

The turnover shown in the profit and loss account represents nursing and residential care services provided during the year. The turnover is recognised on the basis of days the service was provided.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Tangible fixed assets

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

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

Freehold land and buildings	2% straight line
Fixtures and fittings	25% reducing balance and 20% reducing balance
Computers	33.3% straight line
Motor vehicles	25% reducing balance

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

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 recognised in the income statement.

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and loss are recognised in profit or loss.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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

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

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

1.10 Cash and cash equivalents

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

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Taxation

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

Current tax

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

Deferred tax

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

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

1.13 Employee benefits

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

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

1 Accounting policies

(Continued)

1.14 Retirement benefits

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

1.15 Leases

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

1.16 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 group'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.

3 Turnover and other revenue

	2023 £	2022 £
Turnover analysed by class of business		
Sales of services	4,482,150	3,568,435
	<u> </u>	<u> </u>
	2023 £	2022 £
Other revenue		
Interest receivable	25,150	-
Grants received	-	193,949
	<u> </u>	<u> </u>

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

4 Operating profit

	2023 £	2022 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(193,949)
Depreciation of owned tangible fixed assets	171,060	141,102
Amortisation of intangible assets	154,404	154,404
Operating lease charges	19,950	-
	<u>171,060</u>	<u>141,102</u>

5 Auditor's remuneration

	2023 £	2022 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	15,000	-
	<u>15,000</u>	<u>-</u>

6 Employees

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

	Group 2023 Number	2022 Number	Company 2023 Number	2022 Number
	169	171	-	-
	<u>169</u>	<u>171</u>	<u>-</u>	<u>-</u>
Their aggregate remuneration comprised:				
	Group 2023 £	2022 £	Company 2023 £	2022 £
Wages and salaries	2,278,541	2,190,445	-	-
Social security costs	4,214	-	-	-
Pension costs	34,176	36,971	-	-
	<u>2,316,931</u>	<u>2,227,416</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2023 £	2022 £
Remuneration for qualifying services	38,849	40,689
Company pension contributions to defined contribution schemes	207	-
	<u>39,056</u>	<u>40,689</u>

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

7 Directors' remuneration

(Continued)

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1.

8 Interest receivable and similar income

	2023 £	2022 £
Interest income		
Interest on bank deposits	24,301	-
Other interest income	849	-
	<u>25,150</u>	<u>-</u>
Total income	<u>25,150</u>	<u>-</u>

	2023 £	2022 £
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	24,301	-
	<u>24,301</u>	<u>-</u>

9 Interest payable and similar expenses

	2023 £	2022 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	181,796	86,286
Other finance costs:		
Other interest	672	-
	<u>182,468</u>	<u>86,286</u>
Total finance costs	<u>182,468</u>	<u>86,286</u>

10 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	134,696	40,883
Adjustments in respect of prior periods	(57,507)	-
	<u>77,189</u>	<u>40,883</u>
Total current tax	<u>77,189</u>	<u>40,883</u>
Deferred tax		
Origination and reversal of timing differences	161,332	-
Changes in tax rates	10,817	-
Other adjustments	23,977	-
	<u>196,126</u>	<u>-</u>
Total deferred tax	<u>196,126</u>	<u>-</u>
	<u>273,315</u>	<u>40,883</u>
Total tax charge	<u>273,315</u>	<u>40,883</u>

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2023

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2023 £	2022 £
Profit before taxation	367,066	166,617
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2022: 19.00%)	73,423	31,657
Tax effect of expenses that are not deductible in determining taxable profit	591	-
Permanent capital allowances in excess of depreciation	60,682	9,226
Under/(over) provided in prior years	(57,507)	-
Deferred tax timing differences	161,332	-
Deferred tax rate change	10,817	-
Deferred tax discount	23,977	-
Taxation charge	273,315	40,883

In addition to the amount charged to the income statement, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2023 £	2022 £
Deferred tax arising on: Revaluation of property	1,394,315	-

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 June 2022 and 31 May 2023	1,544,049
Amortisation and impairment	
At 1 June 2022	772,028
Amortisation charged for the year	154,404
At 31 May 2023	926,432
Carrying amount	
At 31 May 2023	617,617
At 31 May 2022	772,021

The company had no intangible fixed assets at 31 May 2023 or 31 May 2022.

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

11 Intangible fixed assets

(Continued)

12 Tangible fixed assets

Group	Freehold land and buildings £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost or valuation					
At 1 June 2022	4,956,864	501,781	-	7,420	5,466,065
Additions	-	22,151	8,595	-	30,746
Revaluation	5,618,136	-	-	-	5,618,136
At 31 May 2023	10,575,000	523,932	8,595	7,420	11,114,947
Depreciation and impairment					
At 1 June 2022	552,295	324,987	-	-	877,282
Depreciation charged in the year	124,601	41,739	2,865	1,855	171,060
Revaluation	(636,021)	-	-	-	(636,021)
At 31 May 2023	40,875	366,726	2,865	1,855	412,321
Carrying amount					
At 31 May 2023	10,534,125	157,206	5,730	5,565	10,702,626
At 31 May 2022	4,404,569	176,794	-	7,420	4,588,783
Company					
					Freehold land and buildings £
Cost or valuation					
At 1 June 2022					3,929,455
Revaluation					3,920,545
At 31 May 2023					7,850,000
Depreciation and impairment					
At 1 June 2022					204,079
Depreciation charged in the year					78,589
Revaluation					(282,668)
At 31 May 2023					-
Carrying amount					
At 31 May 2023					7,850,000
At 31 May 2022					3,725,376

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

12 Tangible fixed assets

(Continued)

Freehold land and buildings with a carrying amount of £10,534,125 (2022 - £4,404,569) have been pledged to secure borrowings of the group. The group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Land and buildings with a carrying amount of £2,684,125 were revalued at August 2022 by Colliers, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

Land and buildings with a carrying amount of £7,850,000 were revalued at the year end by the directors using the professional valuations done during 2019 and following market trends and knowledge of the local property market to increase to the value at the year end.

The revaluation surplus is disclosed in note 22.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

	Freehold property	
	2023 £	2022 £
Group		
Cost	4,956,865	-
Accumulated depreciation	(651,432)	-
Carrying value	4,305,433	-
Company		
Cost	3,929,456	-
Accumulated depreciation	(282,668)	-
Carrying value	3,646,788	-

13 Fixed asset investments

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Investments in subsidiaries	14	-	-	2,268,805	2,268,705

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

13 Fixed asset investments (Continued)

Movements in fixed asset investments Company

	Shares in subsidiaries £
Cost or valuation	
At 1 June 2022	2,268,705
Additions	100
At 31 May 2023	2,268,805
Carrying amount	
At 31 May 2023	2,268,805
At 31 May 2022	2,268,705

14 Subsidiaries

Details of the company's subsidiaries at 31 May 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Dwell Limited	Unit 2 Forest Business Park, Oswin Road, Leicester, England, LE3 1HR	Ordinary	100.00
Dwell Holdings Limited	Unit 2 Forest Business Park, Oswin Road, Leicester, England, LE3 1HR	Ordinary A, B, C	100.00
S2 Care Limited	Unit 2 Forest Business Park, Oswin Road, Leicester, England, LE3 1HR	Ordinary	100.00
S3 Care Limited	Unit 2 Forest Business Park, Oswin Road, Leicester, England, LE3 1HR	Ordinary	100.00
S4 Care Limited	Unit 2 Forest Business Park, Oswin Road, Leicester, England, LE3 1HR	Ordinary	100.00
S5 Care Limited	Unit 2 Forest Business Park, Oswin Road, Leicester, England, LE3 1HR	Ordinary	100.00

The following subsidiaries have claimed audit exemption for the year ended 31 May 2023 under S479A of the Companies Act 2006, as the parent company has provided a guarantee in accordance with S479C of the Companies Act 1986: Dwell Holdings Limited (registered number 04107829); Dwell Limited (registered number 01987431); S3 Care Ltd (registered number 11467527); S4 Care Ltd (registered number 11342523) and S5 Care Ltd (registered number 12223131).

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

15 Debtors

	Group 2023 £	2022 £	Company 2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	264,421	133,559	-	-
Corporation tax recoverable	-	48,353	-	48,353
Other debtors	11,973	-	-	-
Prepayments and accrued income	44,900	-	6,453	-
	<u>321,294</u>	<u>181,912</u>	<u>6,453</u>	<u>48,353</u>

16 Creditors: amounts falling due within one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	18	243,109	370,597	243,109	370,597
Trade creditors		58,964	112,493	-	-
Amounts owed to group undertakings		-	-	2,343,966	1,432,690
Corporation tax payable		139,565	69,816	28,272	-
Other taxation and social security		21,934	9,200	-	-
Other creditors		1,871,787	1,315,735	1,840,146	1,277,960
Accruals and deferred income		405,405	28,919	29,400	5,040
		<u>2,740,764</u>	<u>1,906,760</u>	<u>4,484,893</u>	<u>3,086,287</u>

17 Creditors: amounts falling due after more than one year

	Notes	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans and overdrafts	18	2,933,969	3,035,839	2,933,969	3,035,839
Other creditors		-	44,365	-	-
		<u>2,933,969</u>	<u>3,080,204</u>	<u>2,933,969</u>	<u>3,035,839</u>

18 Loans and overdrafts

	Group 2023 £	2022 £	Company 2023 £	2022 £
Bank loans	<u>3,177,078</u>	<u>3,406,436</u>	<u>3,177,078</u>	<u>3,406,436</u>
Payable within one year	243,109	370,597	243,109	370,597
Payable after one year	<u>2,933,969</u>	<u>3,035,839</u>	<u>2,933,969</u>	<u>3,035,839</u>

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

18 Loans and overdrafts

(Continued)

The long-term loans of £3,177,078 (2022: £3,406,436) are secured by fixed charges over the properties and undertaking on the parent company.

Barclays Bank PLC hold a fixed and floating charge, and a negative pledge over the properties and undertakings of the parent company.

19 Deferred taxation

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

	Liabilities 2023 £	Liabilities 2022 £
Group		
Accelerated capital allowances	1,590,441	-
	Liabilities 2023 £	Liabilities 2022 £
Company		
Accelerated capital allowances	1,136,615	-
	Group 2023 £	Company 2023 £
Movements in the year:		
Asset at 1 June 2022	-	-
Charge to profit or loss	185,309	156,479
Charge to other comprehensive income	1,394,315	980,136
Effect of change in tax rate - profit or loss	10,817	-
Liability at 31 May 2023	1,590,441	1,136,615

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

20 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	34,176	36,971

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

21 Share capital

Group and company Ordinary share capital Issued and fully paid	2023 Number	2022 Number	2023 £	2022 £
Ordinary shares of £1 each	100	100	100	100

22 Revaluation reserve

	Group 2023 £	2022 £	Company 2023 £	2022 £
At the beginning of the year	-	-	-	-
Revaluation surplus arising in the year	6,254,157	-	4,203,213	-
Deferred tax on revaluation of tangible assets	(1,394,315)	-	(980,136)	-
Other movements	(25,464)	-	-	-
At the end of the year	4,834,378	-	3,223,077	-

This reserve records the value of assets revaluations and fair value movements on assets recognised in other comprehensive income. Amounts representing the equivalent depreciation are transferred to retained earnings each year

23 Profit and loss reserves

	Group 2023 £	2022 £	Company 2023 £	2022 £
At the beginning of the year	1,580,412	1,454,678	381,033	280,159
Profit/(loss) for the year	93,751	125,734	(120,066)	100,874
Transfer from revaluation reserve	25,464	-	-	-
At the end of the year	1,699,627	1,580,412	260,967	381,033

24 Operating lease commitments

Lessee

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

	Group 2023 £	2022 £	Company 2023 £	2022 £
Within one year	18,000	-	-	-
Between two and five years	42,000	-	-	-
	60,000	-	-	-

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

25 Events after the reporting date

Following the year end, Charnwood Group Holdings Ltd acquired the entire share capital of St Martin's Residential Homes Ltd for £nil, which in turn owns the entire share capital of T & K Stevenson Limited. Furthermore, Charnwood Group Holdings Limited acquired a further care home for £1,949,424 which trades through S2 Care Ltd, a subsidiary company.

26 Related party transactions

Transactions with related parties

During the year the group entered into the following transactions with related parties:

	Management charges	
	2023	2022
	£	£
Group		
Other related parties	107,800	107,049

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2023	2022
	£	£
Group		
Other related parties	1,420,440	876,405
Company		
Other related parties	1,416,405	876,405

27 Cash generated from group operations

	2023	2022
	£	£
Profit for the year after tax	93,751	125,734
Adjustments for:		
Taxation charged	273,315	40,883
Finance costs	182,468	86,286
Investment income	(25,150)	-
Amortisation and impairment of intangible assets	154,404	154,404
Depreciation and impairment of tangible fixed assets	171,060	141,102
Movements in working capital:		
(Increase)/decrease in debtors	(187,735)	1,573,724
Increase/(decrease) in creditors	847,378	(1,872,527)
Cash generated from operations	1,509,491	249,606

CHARNWOOD GROUP HOLDINGS LTD

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2023

28 Cash generated from operations - company

	2023 £	2022 £
(Loss)/profit for the year after tax	(120,066)	100,874
Adjustments for:		
Taxation charged	184,751	12,346
Finance costs	181,796	86,286
Investment income	(23,772)	-
Depreciation and impairment of tangible fixed assets	78,589	76,028
Movements in working capital:		
(Increase)/decrease in debtors	(6,453)	14,730
Increase/(decrease) in creditors	1,497,822	(208,737)
Cash generated from operations	1,792,667	81,527

29 Analysis of changes in net debt - group

	1 June 2022 £	Cash flows £	31 May 2023 £
Cash at bank and in hand	1,024,760	1,132,982	2,157,742
Borrowings excluding overdrafts	(3,406,436)	229,358	(3,177,078)
	<u>(2,381,676)</u>	<u>1,362,340</u>	<u>(1,019,336)</u>

30 Analysis of changes in net debt - company

	1 June 2022 £	Cash flows £	31 May 2023 £
Cash at bank and in hand	460,825	1,453,538	1,914,363
Borrowings excluding overdrafts	(3,406,436)	229,358	(3,177,078)
	<u>(2,945,611)</u>	<u>1,682,896</u>	<u>(1,262,715)</u>