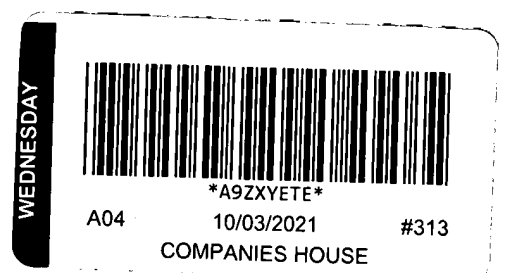

HERITAGE MANOR LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020



HERITAGE MANOR LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | S Patient E Dugdale H J Carver I S Kathuria |
| Company secretary | S Patient |
| Registered number | 01305965 |
| Registered office | Coach House The Lawns Kempsey Worcestershire WR5 3NF |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor The Colmore Building 20 Colmore Circus Birmingham West Midlands B4 6AT |
| Bankers | Lloyds Bank plc 12 High Street Banbury Oxfordshire OX16 5EF |

HERITAGE MANOR LIMITED

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HERITAGE MANOR LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

Introduction

The principal activity of the company is the operation of nursing homes.

Business review and future developments

With a year end in June, all of our homes were impacted by Covid-19 from March onwards. All of our staff have reacted admirably to the huge changes forced upon us, and through diligent application of our infection control procedures, we have been able to prevent an outbreak of the Covid-19 virus in our homes. We locked down the homes prior to the government announcement, were careful to avoid untested hospital discharges and invested significant sums into protective equipment at an early stage. The staff have been brilliant in coping with the challenges of Covid-19, and they have fully deserved the public gratitude shown through various actions such as the "Clap for Carers".

The provision of quality care by our committed staff remains our key strategic objective, and this has enabled us to achieve a good rating for CQC compliance for all of homes. We have a management team in place at all of our homes, along with a stable nursing team, and this has enabled greater focus on the care that we provide. Continued investment into staff and our buildings has in turn enabled us to increase our fee rates, and we were particularly pleased to see the new 22 bed extension at The Lawns achieve a mature occupancy prior to the impact of Covid-19.

Post year end, we are now seeing reductions in occupancy across the group, driven by the inability to allow non-essential visits to the home, and radical changes in social care commissioning. We remain confident that we have the resources to see us through until the vaccine is deployed, which will then hopefully see a return to normal.

Overall, recruitment of suitable nursing staff remains challenging, and the well-publicised shortage of nurses and carers in the UK remains our biggest operational challenge. However, we have been able to reduce our staff turnover and now have the lowest number of vacancies for many years, which has significantly reduced our agency usage.

Our homes continue to experience pressure on operating margins due to public sector austerity measures, coupled with the nationwide wage pressures driven by a shortage of carers and nurses. Staffing costs have also continued to rise driven by the increasing care requirements of our residents and hence increased hours on the rotas, along with statutory increases to the National Living Wage. We have continued to partially offset these increased costs through a higher mix of private fee paying residents and, with a good reputation, required top-ups in addition to social service banded rates; such banded fee rates are no longer sufficient to be able to provide a good level of care.

Going forward, we are continuing to improve the quality of our buildings. We have recently completed a refurbishment to West Eaton, complementing the communal livings areas and adding one bedroom. The focus of the group in the coming year will be on maintaining our care standards, continued investment into our training programmes and additional resource into the marketing of the homes, with the objective to improve both fee rates and occupancy levels.

The current economic conditions and social service/ NHS commissioning intentions create uncertainty, particularly over the level of demand for the company's service, and hence the availability of bank finance in the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility for a period of at least 12 months from the date of signing these financial statements.

HERITAGE MANOR LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Key performance indicators

| <i>Key performance indicator</i> | 2020 | 2019 |
|--|-------------|-------------|
| Employee costs as a percentage of sales ¹ | 59% | 67% |
| Occupancy rates ² | 81% | 78% |

Notes on KPI's

¹ Employee costs, defined as the gross cost of all nursing home staff including agency costs, as a percentage of nursing home income.

² Occupancy rates are measured as the average percentage of occupied beds over the year.

Principal risks and uncertainties

Along with privately funded residents, the group's main customers are local authorities and any changes in government purchasing policy away from the independent sector would constitute a risk. Local authorities are under pressure to cut spending, which represents a risk to the business in terms of fees for new residents and securing inflationary increases on fees for existing users of the services. Wherever possible the group mitigates this risk through negotiating contracts for its services and it is committed to working with its customers to find solutions that provide demonstrable value for money. In an increasingly competitive market, the strategy is to continue to focus on providing high quality services at fee levels which are competitive and represent good value.

The group operates in a highly regulated environment. The quality of care provided by the group and its compliance with regulation are monitored in a structured manner and subject to continuous review by the directors.

Brexit

The early implications of Brexit have shown a considerable reduction of the number of overseas nurses coming to the UK, at a time of a well-publicised shortage of qualified nurses. This overall shortage of nurses puts pressure on agency costs, and in extreme cases may prevent the ability of operators to properly and safely staff their homes. We have been able to reduce our staff turnover and now have the lowest number of vacancies for many years, which has significantly reduced our agency usage.

HERITAGE MANOR LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Financial risk management

The group's financial instruments comprise bank loans and cash. The main purpose of these financial instruments is to provide finance for the group's operations. The group has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations. It is, and has been throughout the year under review, the group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the group's financial instruments are interest rate risk, credit risk and liquidity risk.

Cash flow interest risk

The group borrows in sterling at fixed rates of interest, under the terms of the facilities provided by Lloyds Bank plc. Interest bearing assets comprise cash and bank deposits and earn interest at floating rates. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on the financial performance of the group.

Liquidity risk and Going concern

The group's policy is to ensure availability of operating funds by maintaining an appropriate cash balance in current accounts and to establish an appropriate level of borrowing facilities to provide short-term flexibility.

The current economic conditions create uncertainty, particularly over the level of demand for the company's services and the availability of bank finance in the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility.

The directors have prepared cash flow forecasts that demonstrate that the group has sufficient funding facilities in place to allow it to continue in business for a period of at least 12 months from the date of signing these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

Credit risk

The group's principal financial assets are bank balances, cash and trade debtors, which represent the company's maximum exposure to credit risk in relation to financial assets. The directors monitor trade debtor balances on a regular basis to minimise the risk of unpaid balances.

This report was approved by the board and signed on its behalf.

S Patient
Director



Date: 2/3/2021.

HERITAGE MANOR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

The directors present their report and the financial statements for the year ended 30 June 2020.

Principal activity

The principal activity of the group and company is the operation of nursing homes.

Results and dividends

The profit for the year, after taxation, amounted to £766,239 (2019 - £157,554).

The directors have not proposed a dividend (2019: £Nil).

Directors

The directors who served during the year were:

S Patient
E Dugdale
H J Carver
I S Kathuria

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Engagement with employees

The company ensures that there is effective communication with members of its staff so that they are fully aware of key aspects of the company's business strategy and environment.

HERITAGE MANOR LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Qualifying third party indemnity provisions

The company has provided qualifying third party indemnity provisions in respect of the board of directors which were in force during the year and at the date of this report.

Matters covered in the strategic report

The business review, key performance indicators, principal risks and uncertainties and financial risk management have been included in the Strategic Report.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



S Patient
Director

Date: 2/3/2021



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERITAGE MANOR LIMITED

Opinion

We have audited the financial statements of Heritage Manor Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 June 2020, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated and Company 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 Group's and of the parent company's affairs as at 30 June 2020 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 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 Group and the 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 opinion

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERITAGE MANOR LIMITED (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERITAGE MANOR LIMITED (CONTINUED)

Matters on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement 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 Group's and 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 Group or 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERITAGE MANOR LIMITED (CONTINUED)

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.

Grant Thornton UK LLP

Andrew Turner FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

Date: 3 March 2021

HERITAGE MANOR LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 £ | 2019 £ |
|---|------|------------------|------------------|
| Turnover | 4 | 9,672,958 | 8,604,816 |
| Cost of sales | | (6,919,447) | (6,830,005) |
| Gross profit | | 2,753,511 | 1,774,811 |
| Administrative expenses | | (1,552,236) | (1,312,154) |
| Operating profit | 5 | 1,201,275 | 462,657 |
| Interest payable and similar charges | 9 | (196,108) | (224,519) |
| Profit before taxation | | 1,005,167 | 238,138 |
| Tax on profit | 10 | (238,928) | (80,584) |
| Profit for the financial year | | 766,239 | 157,554 |
| Deferred tax on revaluation | | (59,918) | 16,348 |
| Other comprehensive income for the year | | (59,918) | 16,348 |
| Total comprehensive income for the year | | 706,321 | 173,902 |
| Profit for the year attributable to: | | | |
| Owners of the parent company | | 766,239 | 157,554 |
| | | 766,239 | 157,554 |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the parent company | | 706,321 | 173,902 |
| | | 706,321 | 173,902 |

All of the activities of the Group are continuing.

There were no recognised gains and losses for 2020 or 2019 other than those included in the consolidated statement of comprehensive income.

The notes on pages 18 to 40 form part of these financial statements.

HERITAGE MANOR LIMITED
REGISTERED NUMBER:01305965

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

| | Note | 2020 £ | 2019 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 14,501 | 17,401 |
| Tangible assets | 12 | 10,956,992 | 11,124,538 |
| Investments | 13 | 250 | 250 |
| | | <u>10,971,743</u> | <u>11,142,189</u> |
| Current assets | | | |
| Stocks | 14 | 14,740 | 14,740 |
| Debtors | 15 | 368,272 | 205,374 |
| Cash at bank and in hand | 16 | 1,919,772 | 831,514 |
| | | <u>2,302,784</u> | <u>1,051,628</u> |
| Creditors: amounts falling due within one year | 17 | (1,690,647) | (1,144,948) |
| Net current assets/(liabilities) | | <u>612,137</u> | <u>(93,320)</u> |
| Total assets less current liabilities | | <u>11,583,880</u> | <u>11,048,869</u> |
| Creditors: amounts falling due after more than one year | 18 | (5,003,041) | (5,248,457) |
| Provisions for liabilities | | | |
| Deferred taxation | 21 | (662,796) | (588,690) |
| | | <u>(662,796)</u> | <u>(588,690)</u> |
| Net assets | | <u><u>5,918,043</u></u> | <u><u>5,211,722</u></u> |

HERITAGE MANOR LIMITED
REGISTERED NUMBER:01305965

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2020

| | Note | 2020 £ | 2019 £ |
|-----------------------------|------|------------------|------------------|
| Capital and reserves | | | |
| Called up share capital | 22 | 100 | 100 |
| Revaluation reserve | 23 | 4,629,570 | 4,729,504 |
| Profit and loss account | 23 | 1,288,373 | 482,118 |
| | | <u>5,918,043</u> | <u>5,211,722</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



S Patient
Director

2/3/2021

The notes on pages 18 to 40 form part of these financial statements.

HERITAGE MANOR LIMITED
REGISTERED NUMBER:01305965

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

| | Note | 2020 £ | 2019 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Intangible assets | 11 | 14,501 | 17,401 |
| Tangible assets | 12 | 10,845,330 | 11,008,124 |
| Investments | 13 | 940 | 940 |
| | | <u>10,860,771</u> | <u>11,026,465</u> |
| Current assets | | | |
| Stocks | 14 | 14,740 | 14,740 |
| Debtors | 15 | 459,989 | 693,696 |
| Cash at bank and in hand | 16 | 1,764,196 | 674,263 |
| | | <u>2,238,925</u> | <u>1,382,699</u> |
| Creditors: amounts falling due within one year | 17 | (1,688,296) | (1,137,444) |
| Net current assets | | <u>550,629</u> | <u>245,255</u> |
| Total assets less current liabilities | | <u>11,411,400</u> | <u>11,271,720</u> |
| Creditors: amounts falling due after more than one year | 18 | (5,003,041) | (5,248,457) |
| Provisions for liabilities | | | |
| Deferred taxation | 21 | (662,796) | (588,690) |
| | | <u>(662,796)</u> | <u>(588,690)</u> |
| Net assets | | <u><u>5,745,563</u></u> | <u><u>5,434,573</u></u> |

HERITAGE MANOR LIMITED
REGISTERED NUMBER:01305965

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2020

| | Note | 30 June 2020 £ | 30 June 2019 £ |
|-----------------------------|------|----------------------|----------------------|
| Capital and reserves | | | |
| Called up share capital | 22 | 100 | 100 |
| Revaluation reserve | 23 | 4,629,570 | 4,729,504 |
| Profit and loss account | 23 | 1,115,893 | 704,969 |
| | | <u>5,745,563</u> | <u>5,434,573</u> |

The company has taken advantage of the exemption allowed under section 408 of the Companies Act and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the Parent Company for the year was £370,908 (2018: £171,828).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


S Patient
Director

2/3/2021

The notes on pages 18 to 40 form part of these financial statements.

HERITAGE MANOR LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

| | Called up share capital | Revaluation reserve | Profit and loss account | Total equity |
|--|----------------------------|------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 July 2019 | 100 | 4,729,504 | 482,118 | 5,211,722 |
| Profit for the year | - | - | 766,239 | 766,239 |
| Deferred tax on revaluation | - | - | (59,918) | (59,918) |
| Total comprehensive income for the year | - | - | 706,321 | 706,321 |
| Transfer (to)/from profit and loss account | - | (99,934) | 99,934 | - |
| At 30 June 2020 | 100 | 4,629,570 | 1,288,373 | 5,918,043 |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

| | Called up share capital | Revaluation reserve | Profit and loss account | Total equity |
|--|----------------------------|------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 July 2018 | 100 | 4,874,209 | 163,511 | 5,037,820 |
| Profit for the year | - | - | 157,554 | 157,554 |
| Deferred tax on revaluation | - | - | 16,348 | 16,348 |
| Total comprehensive income for the year | - | - | 173,902 | 173,902 |
| Transfer (to)/from profit and loss account | - | (144,705) | 144,705 | - |
| At 30 June 2019 | 100 | 4,729,504 | 482,118 | 5,211,722 |

The notes on pages 18 to 40 form part of these financial statements.

HERITAGE MANOR LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

| | Called up share capital | Revaluation reserve | Profit and loss account | Total equity |
|--|----------------------------|------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 July 2019 | 100 | 4,729,504 | 704,969 | 5,434,573 |
| Profit for the year | - | - | 370,908 | 370,908 |
| Deferred tax on revaluation | - | - | (59,918) | (59,918) |
| Total comprehensive income for the year | - | - | 310,990 | 310,990 |
| Transfer (to)/from profit and loss account | - | (99,934) | 99,934 | - |
| At 30 June 2020 | 100 | 4,629,570 | 1,115,893 | 5,745,563 |

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

| | Called up share capital | Revaluation reserve | Profit and loss account | Total equity |
|--|----------------------------|------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 July 2018 | 100 | 4,874,209 | 372,088 | 5,246,397 |
| Profit for the year | - | - | 171,828 | 171,828 |
| Deferred tax on revaluation | - | - | 16,348 | 16,348 |
| Total comprehensive income for the year | - | - | 188,176 | 188,176 |
| Transfer (to)/from profit and loss account | - | (144,705) | 144,705 | - |
| At 30 June 2019 | 100 | 4,729,504 | 704,969 | 5,434,573 |

The notes on pages 18 to 40 form part of these financial statements.

HERITAGE MANOR LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 766,239 | 157,554 |
| Adjustments for: | | |
| Amortisation of intangible assets (see note 11) | 2,900 | 5,329 |
| Depreciation of tangible assets (see note 12) | 361,492 | 326,810 |
| Interest payable (see note 9) | 196,108 | 224,519 |
| Taxation charge (see note 10) | 238,928 | 80,584 |
| (Increase)/decrease in debtors | (162,898) | 52,994 |
| Increase/(decrease) in creditors | 354,936 | (24,130) |
| Corporation tax (paid) | (44,018) | (48,618) |
| Net cash generated from operating activities | 1,713,687 | 775,042 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets (see note 12) | (198,698) | (551,869) |
| Sale of tangible fixed assets | 4,752 | - |
| Net cash from investing activities | (193,946) | (551,869) |
| Cash flows from financing activities | | |
| Proceeds from new loans | - | 173,184 |
| Repayment of loans | (235,681) | (223,310) |
| Interest paid | (195,802) | (198,170) |
| Net cash used in financing activities | (431,483) | (248,296) |
| Net increase/(decrease) in cash and cash equivalents | 1,088,258 | (25,123) |
| Cash and cash equivalents at beginning of year | 831,514 | 856,637 |
| Cash and cash equivalents at the end of year | 1,919,772 | 831,514 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 1,919,772 | 831,514 |

The notes on pages 18 to 40 form part of these financial statements.

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. General information

The company is a private company limited by shares and is incorporated in England and Wales. The registered office address is Coach House, The Lawns, Kempsey, Worcestershire, WR5 3NF. The amounts are prepared in sterling.

The principal activity of the Group and Company is the operation of nursing homes.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The company has taken advantage of the exemption available in FRS 102 to not present Statement of Cash Flows.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Going concern

The current economic conditions and social service and NHS commissioning intentions create uncertainty, particularly over the level of demand for the company's service. The directors have prepared cash flow forecasts and projections, taking account of reasonably possible changes in trading performance, demonstrating that the company should be able to continue to operate within the level of its current facilities for a period of at least 12 months from the date of signing these financial statements.

Accordingly, the financial statements are prepared on a going concern basis.

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue is recognised per patient based on standard fees from the date they first occupy a bed in the nursing home, in line with this policy.

2.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the income statement over its useful economic life of 10 years.

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. In respect of land and buildings owned prior to transition to FRS 102, historical cost represents fair value at 1 July 2014 which is treated as deemed cost in line with FRS 102.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|-----------------------|----------------------------------|
| Freehold buildings | - 2% on the straight line basis |
| Fixtures and fittings | - 25% on the straight line basis |
| Motor vehicles | - 25% on the straight line basis |
| Office equipment | - 25% on the straight line basis |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.7 Valuation of investments

(i) Subsidiary undertakings

Investments in subsidiaries are measured at cost less accumulated impairment.

(ii) Associated undertakings

Investments in associates are stated at the amount of the company's share of net assets. The profit and loss account includes the company's share of the associated companies' profits after taxation using the equity accounting basis.

When the share of losses in an associate exceeds their investment, the deficit is only recognised on consolidation when there is a constructive obligation to meet the liabilities.

Associates in the company accounts are recognised at cost less impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in statement of comprehensive income.

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.11 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.12 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Finance costs

Finance costs are charged to the statement of comprehensive income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

2.15 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.16 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.19 Current and deferred taxation

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

The current income 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 and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.20 Related party transactions

Under the terms of FRS102 Related Party disclosures the company is exempt from the requirement to disclose transactions with entities that are wholly owned subsidiary undertakings of Heritage Manor Limited. Transactions with other related parties are disclosed in note 28 to the financial statements.

2.21 Repairs and maintenance

Repairs and maintenance costs are expenses to the statement of comprehensive income in the year in which they are incurred.

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The areas where the judgements and estimates have been made include:

Recoverability of intercompany receivables

Management assesses the likely recoverability of intercompany receivables based on the performance of the other Group companies that the balance is held with.

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2020 £ | 2019 £ |
|----------------------------|------------------|------------------|
| Nursing home rental income | 9,512,071 | 8,498,942 |
| Other income | 160,887 | 105,874 |
| | <u>9,672,958</u> | <u>8,604,816</u> |

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

| | 2020 £ | 2019 £ |
|---|---------------|---------------|
| Depreciation of tangible fixed assets (see note 12) | 361,492 | 326,810 |
| Amortisation of intangible assets, including goodwill (see note 11) | 2,900 | 5,329 |
| Other operating lease rentals | 43,167 | 37,951 |
| Cost of defined contribution scheme | <u>84,473</u> | <u>66,116</u> |

HERITAGE MANOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

6. Auditor's remuneration

| | 2020 £ | 2019 £ |
|---|---------------|---------------|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements | 15,000 | 13,500 |
| Audit of the subsidiaries' annual financial statements pursuant to legislation | 2,250 | 2,000 |
| | <u>17,250</u> | <u>15,500</u> |
| Fees payable to the Group's auditor and its associates in respect of: | | |
| Taxation compliance services | 4,740 | 4,650 |
| All other services | <u>1,500</u> | <u>2,000</u> |

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Wages and salaries | 5,368,606 | 4,917,773 | 5,368,606 | 4,917,773 |
| Social security costs | 405,112 | 379,904 | 405,112 | 379,904 |
| Cost of defined contribution scheme | 84,473 | 66,116 | 84,473 | 66,116 |
| | <u>5,858,191</u> | <u>5,363,793</u> | <u>5,858,191</u> | <u>5,363,793</u> |

The average monthly number of employees, including the directors, during the year was as follows:

| | Group 2020 No. | Group 2019 No. | Company 2020 No. | Company 2019 No. |
|----------------------------------|----------------------|----------------------|------------------------|------------------------|
| Nursing and administration staff | 304 | 287 | 304 | 287 |
| Office administration | 13 | 10 | 13 | 10 |
| | <u>317</u> | <u>297</u> | <u>317</u> | <u>297</u> |

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

8. Directors' remuneration

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Directors' emoluments | 357,461 | 197,716 |
| Company contributions to defined contribution pension schemes | 2,630 | 1,867 |

During the year retirement benefits were accruing to 2 directors (2019: 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £307,461 (2019 - £147,716).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,315 (2019 - £1,315).

The directors are considered key management personnel of the Group.

9. Interest payable and similar charges

| | 2020 £ | 2019 £ |
|------------------|-----------|-----------|
| Interest payable | 196,108 | 224,519 |

10. Taxation

| | 2020 £ | 2019 £ |
|--|----------------|---------------|
| Current tax | | |
| Current tax on profits for the year | 224,740 | 44,529 |
| Adjustments in respect of previous periods | - | 511 |
| Total current tax | 224,740 | 45,040 |
| Deferred tax | | |
| Origination and reversal of timing differences | 4,848 | 35,544 |
| Changes to tax rates | 9,340 | - |
| Total deferred tax | 14,188 | 35,544 |
| Taxation on profit on ordinary activities | 238,928 | 80,584 |

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

| | 2020 £ | 2019 £ |
|---|----------------|---------------|
| Profit on ordinary activities before tax | 1,005,167 | 238,138 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%) | 190,982 | 45,246 |
| Effects of: | | |
| Fixed asset differences | 38,317 | 39,008 |
| Effect of tax rate change | 9,629 | (4,181) |
| Adjustments to tax charge in respect of prior periods | - | 511 |
| Total tax charge for the year | 238,928 | 80,584 |

Factors that may affect future tax charges

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was substantively enacted on 17 March 2020.

Deferred tax has been measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on the rate and laws that have been enacted or substantially enacted by the statement of financial position date.

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

11. Intangible assets

Group and Company

| | Goodwill £ |
|-----------------------|----------------|
| Cost | |
| At 1 July 2019 | 608,405 |
| At 30 June 2020 | <u>608,405</u> |
| Amortisation | |
| At 1 July 2019 | 591,004 |
| Charge for the year | 2,900 |
| At 30 June 2020 | <u>593,904</u> |
| Net book value | |
| At 30 June 2020 | <u>14,501</u> |
| At 30 June 2019 | <u>17,401</u> |

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

12. Tangible fixed assets

Group

| | Freehold Land £ | Freehold buildings £ | Fixtures & fittings £ | Motor vehicles £ | Office equipment £ | Assets under construction £ | Total £ |
|-----------------------|-----------------------|----------------------------|-----------------------------|------------------------|--------------------------|--------------------------------------|-------------------|
| Cost | | | | | | | |
| At 1 July 2019 | 1,950,000 | 10,144,210 | 910,477 | 11,895 | 31,368 | 66,414 | 13,114,364 |
| Additions | - | 9,139 | 108,151 | - | 387 | 81,021 | 198,698 |
| Disposals | - | - | - | - | - | (4,752) | (4,752) |
| At 30 June 2020 | <u>1,950,000</u> | <u>10,153,349</u> | <u>1,018,628</u> | <u>11,895</u> | <u>31,755</u> | <u>142,683</u> | <u>13,308,310</u> |
| Depreciation | | | | | | | |
| At 1 July 2019 | - | 1,408,737 | 548,587 | 10,445 | 22,057 | - | 1,989,826 |
| Charge for the year | - | 202,737 | 154,087 | 1,250 | 3,418 | - | 361,492 |
| At 30 June 2020 | <u>-</u> | <u>1,611,474</u> | <u>702,674</u> | <u>11,695</u> | <u>25,475</u> | <u>-</u> | <u>2,351,318</u> |
| Net book value | | | | | | | |
| At 30 June 2020 | <u>1,950,000</u> | <u>8,541,875</u> | <u>315,954</u> | <u>200</u> | <u>6,280</u> | <u>142,683</u> | <u>10,956,992</u> |
| At 30 June 2019 | <u>1,950,000</u> | <u>8,735,473</u> | <u>361,890</u> | <u>1,450</u> | <u>9,311</u> | <u>66,414</u> | <u>11,124,538</u> |

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

12. Tangible fixed assets (continued)
Company

| | Freehold land £ | Freehold buildings £ | Fixtures, fittings & equipment £ | Motor vehicles £ | Office equipment £ | Assets under construction £ | Total £ |
|-----------------------|-----------------------|----------------------------|---|------------------------|--------------------------|--------------------------------------|------------|
| Cost | | | | | | | |
| At 1 July 2019 | 1,900,000 | 10,144,210 | 910,477 | 11,895 | 31,368 | - | 12,997,950 |
| Additions | - | 9,139 | 108,151 | - | 387 | 81,021 | 198,698 |
| At 30 June 2020 | 1,900,000 | 10,153,349 | 1,018,628 | 11,895 | 31,755 | 81,021 | 13,196,648 |
| Depreciation | | | | | | | |
| At 1 July 2019 | - | 1,408,737 | 548,587 | 10,445 | 22,057 | - | 1,989,826 |
| Charge for the year | - | 202,737 | 154,087 | 1,250 | 3,418 | - | 361,492 |
| At 30 June 2020 | - | 1,611,474 | 702,674 | 11,695 | 25,475 | - | 2,351,318 |
| Net book value | | | | | | | |
| At 30 June 2020 | 1,900,000 | 8,541,875 | 315,954 | 200 | 6,280 | 81,021 | 10,845,330 |
| At 30 June 2019 | 1,900,000 | 8,735,473 | 361,890 | 1,450 | 9,311 | - | 11,008,124 |

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

12. Tangible fixed assets (continued)

If the land and buildings had not been included at deemed cost on transition to FRS 102 which represented fair value at 1 July 2014, they would have been included under the historical cost convention as follows:

| | 2020 £ | 2019 £ |
|--------------------------|------------------|------------------|
| Cost | 6,395,368 | 6,386,229 |
| Accumulated depreciation | (533,063) | (430,260) |
| | <u>5,862,305</u> | <u>5,955,969</u> |

13. Fixed asset investments

These consolidated financial statements incorporate the financial statements of the company and its wholly owned subsidiary undertakings, Frontsouth (Developments) Limited and Heritage Manor (The Lawns) Limited.

Despite holding 33% of the issued share capital of Abberton Manor Developments Limited, the directors do not consider that the company exerts significant influence over the operating and financial decisions of Abberton Manor Developments Limited, and as such it is included as a trade investment in the consolidated and company only financial statements.

Abberton Manor Developments Limited owns 100% of the issued share capital of Abberton Grange Management Limited (a service management company) and Abberton Manor Sales Limited (a property sales company).

Group

| | Trade investments £ |
|----------------------------------|---------------------------|
| At 30 June 2020 and 30 June 2019 | <u>250</u> |

HERITAGE MANOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

13. Fixed asset investments (continued)

Company

| | Investments in subsidiary undertakings £ | Investments in associates £ | Trade investments £ | Total £ |
|--------------------------|---|-----------------------------------|---------------------------|------------|
| Cost or valuation | | | | |
| At 1 July 2019 | 200 | 490 | 250 | 940 |
| At 30 June 2020 | 200 | 490 | 250 | 940 |
| Net book value | | | | |
| At 30 June 2020 | 200 | 490 | 250 | 940 |
| At 30 June 2019 | 200 | 490 | 250 | 940 |

Associated undertakings

At 30 June 2020, the company has interests in the following associated undertakings:

| Name | Registered office | Principal activity | Class of shares | Holding |
|--|--|---------------------------|----------------------------|----------------|
| Abberton Manor Developments Limited | Standard Bank House 47-49 La Motte Street St Helier Jersey JE2 4SZ | Property Development | Equity | 33% |
| Abberton Manor Properties Limited | Standard Bank House 47-49 La Motte Street St Helier Jersey JE2 4SZ | Investment in property | Equity | 33% |

The above companies were registered in Jersey.

Investments in associated undertakings are recognised at a value of £nil in the consolidated accounts as at 30 June 2020 (2019: £Nil).

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

| Name | Registered office | Principal activity | Class of shares | Holding |
|------------------------------------|---|--|-----------------|---------|
| Frontsouth (Developments) Limited | Coach House The Lawns, Kempsey, Worcester, Worcestershire, WR5 3NF | Development of building projects | Ordinary | 100% |
| Heritage Manor (The Lawns) Limited | The Coach House, The Lawns, Kempsey, Worcestershire, England, WR5 3NF | Other letting and operating of own or leased real estate | Ordinary | 100% |

14. Stocks

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|-------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Finished goods and goods for resale | 14,740 | 14,740 | 14,740 | 14,740 |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £294,510 (2019: £297,770).

An impairment loss of £Nil (2019: £Nil) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

HERITAGE MANOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

15. Debtors

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Debtors due greater than one year | | | | |
| Amounts owed by group undertakings | - | - | - | 396,849 |
| Due within one year | | | | |
| Trade debtors | 305,467 | 94,127 | 305,467 | 94,127 |
| Amounts owed by group undertakings | - | - | 91,717 | 91,572 |
| Amounts owed by related party (see note 28) | - | 4,522 | - | 4,522 |
| Other debtors | 12,362 | 42,050 | 12,362 | 41,951 |
| Prepayments and accrued income | 50,443 | 64,675 | 50,443 | 64,675 |
| | <u>368,272</u> | <u>205,374</u> | <u>459,989</u> | <u>693,696</u> |

An impairment charge of £Nil (2019: £Nil) was recognised in the year against trade debtors. There has been a release of a provision against trade debtors of £10,000 (2019: £Nil) during the year.

Amounts owed by group undertakings due in less than one year are interest free, repayable on demand and unsecured.

A provision of £396,849 has been charged in the company against amounts owed by group undertakings (2019: £Nil) during the year.

16. Cash and cash equivalents

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--------------------------|--------------------|--------------------|----------------------|----------------------|
| Cash at bank and in hand | <u>1,919,772</u> | <u>831,514</u> | <u>1,764,196</u> | <u>674,263</u> |

HERITAGE MANOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

17. Creditors: Amounts falling due within one year

| | Group 2020 £ | <i>Group 2019 £</i> | Company 2020 £ | <i>Company 2019 £</i> |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank loans (see note 19) | 255,802 | 245,761 | 255,802 | 245,761 |
| Trade creditors | 351,713 | 243,221 | 351,713 | 242,819 |
| Amounts owed to related parties (see note 28) | 150,277 | 114,346 | 150,277 | 114,346 |
| Corporation tax | 225,251 | 44,529 | 225,251 | 44,529 |
| Other taxation and social security | 99,530 | 93,267 | 99,530 | 93,267 |
| Other creditors | 133,770 | 111,318 | 133,770 | 111,318 |
| Accruals and deferred income | 474,304 | 292,506 | 471,953 | 285,404 |
| | <u>1,690,647</u> | <u>1,144,948</u> | <u>1,688,296</u> | <u>1,137,444</u> |

Amounts owed to related parties are interest free, repayable on demand and unsecured.

18. Creditors: Amounts falling due after more than one year

| | Group 2020 £ | <i>Group 2019 £</i> | Company 2020 £ | <i>Company 2019 £</i> |
|--------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Bank loans (see note 19) | 5,003,041 | 5,248,457 | 5,003,041 | 5,248,457 |

HERITAGE MANOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

19. Loans

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Amounts falling due within one year | | | | |
| Bank loans | 255,802 | 245,761 | 255,802 | 245,761 |
| Amounts falling due between one and two years | | | | |
| Bank loans | 251,721 | 241,583 | 251,721 | 241,583 |
| Amounts falling due between two and five years | | | | |
| Bank loans | 797,983 | 767,479 | 797,983 | 767,479 |
| Amounts falling due after more than five years | | | | |
| Bank loans | 3,953,337 | 4,239,395 | 3,953,337 | 4,239,395 |
| | 5,258,843 | 5,494,218 | 5,258,843 | 5,494,218 |

Loans with Lloyds Bank Plc

Bank loans consist mostly of the following:

- A business loan for an amount of £1,522,500 was entered into December 2018 which is to be paid over 19 years. Interest is payable at a base rate plus an interest margin of 2.90% per annum, currently 3.65% per annum in total. The bank loan is secured via a first legal charge over the freehold land and buildings of the care homes owned by Heritage Manor Limited and an unlimited debenture from Heritage Manor Limited.

- A mortgage loan for an amount of £3,231,732 was entered into May 2019 which is to be paid over 14 years. Interest is payable at a base rate plus an interest margin of 2.15% per annum, currently 3.57% per annum in total. The bank loan is secured via a first legal charge over the freehold land and buildings of the care homes owned by Heritage Manor Limited and an unlimited debenture from Heritage Manor Limited.

- A business loan for an amount of £920,500 was entered into February 2016 which is to be paid over 20 years. Interest is payable at a base rate plus 2.90% per annum, currently 3.40% per annum in total. The bank loan is secured via a first legal charge over the freehold land and buildings of the care homes owned by Heritage Manor Limited, an unlimited debenture from Heritage Manor Limited and all moneys guarantee from Frontsouth (Developments) Limited for a principal amount plus interest and other costs.

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

20. Financial instruments

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--|--------------------|--------------------|----------------------|----------------------|
| Financial assets | | | | |
| Cash and cash equivalents | 1,919,772 | 831,514 | 1,764,196 | 674,263 |
| Financial assets measured at amortised cost | 317,829 | 140,699 | 409,546 | 629,021 |
| | <u>2,237,601</u> | <u>972,213</u> | <u>2,173,742</u> | <u>1,303,284</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | (6,368,907) | (6,255,609) | (6,076,556) | (6,248,105) |

Cash and cash equivalents comprise cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed to related parties, other creditors and accruals.

HERITAGE MANOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

21. Deferred taxation

Group

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| At beginning of year | (588,690) | (569,494) |
| Charged to profit or loss | (14,188) | (35,544) |
| (Charged)/ credited to other comprehensive income | (59,918) | 16,348 |
| At end of year | (662,796) | (588,690) |

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|--------------------------------|--------------------|--------------------|----------------------|----------------------|
| Accelerated capital allowances | (93,576) | (79,388) | (93,576) | (79,388) |
| Deferred gain | (569,220) | (509,302) | (569,220) | (509,302) |
| | (662,796) | (588,690) | (662,796) | (588,690) |

22. Share capital

| | 2020 £ | 2019 £ |
|--|------------|------------|
| Allotted, called up and fully paid | | |
| 1,000 (2019 - 1,000) Ordinary shares of £0.10 each | 100 | 100 |

There is a single class of ordinary shares. There are no restrictions on dividends and the repayment of capital.

HERITAGE MANOR LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

23. Reserves

Revaluation reserve

Represents any surplus or deficit arising on the valuation of freehold property.

Profit and loss account

Includes all current and prior periods retained profits and losses.

24. Contingent liabilities

There were no contingent liabilities at 30 June 2020 or 30 June 2019.

25. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £84,473 (2019: £66,116). Contributions totalling £20,609 (2019: £18,399) were payable to the fund at the statement of financial position date and are included in creditors.

26. Operating lease commitments

At 30 June 2020 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2020 £ | Group 2019 £ | Company 2020 £ | Company 2019 £ |
|-------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Within 1 year | 33,243 | 23,700 | 33,243 | 23,700 |
| Between 2 and 5 years | 70,830 | 69,536 | 70,830 | 69,536 |
| After more than 5 years | 3,003 | 10,852 | 3,003 | 10,852 |
| | <u>107,076</u> | <u>104,088</u> | <u>107,076</u> | <u>104,088</u> |

27. Analysis of net debt

| | At 1 July 2019 £ | Cash flows £ | Non-cash item £ | At 30 June 2020 £ |
|--------------------------|---------------------------------|-------------------------|--------------------------------|----------------------------------|
| Cash at bank and in hand | 831,514 | 1,088,258 | - | 1,919,772 |
| Bank loans | (5,494,218) | 235,681 | (306) | (5,258,843) |
| | <u>(4,662,704)</u> | <u>1,323,939</u> | <u>(306)</u> | <u>(3,339,071)</u> |

HERITAGE MANOR LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

28. Related party transactions

| | Year end balance | | Transactions in the year | |
|-------------------------------------|------------------|-----------|--------------------------|-----------|
| | 2020 £ | 2019 £ | 2020 £ | 2019 £ |
| Abberton Manor Properties Limited | | | | |
| - Lease account | (125,277) | (89,346) | (80,733) | (126,935) |
| - Recharges | 24,684 | 24,684 | - | - |
| - Provision | (24,684) | (24,684) | - | - |
| Salaries recharged | - | - | 2,625 | 4,500 |
| Abberton Manor Developments Limited | | | | |
| - Salaries recharged | 9,097 | 19,097 | - | - |
| - Provision | (9,097) | (19,097) | - | - |
| Abberton Manor Sales Limited | | | | |
| - Salaries recharged | - | - | 21,353 | 27,090 |
| Euronite Limited | | | | |
| - Services charged in the year | - | 4,522 | 27,969 | 20,285 |
| Carver (Wolverhampton) Limited | | | | |
| - Loan received | (25,000) | (25,000) | - | - |

Mr S Patient is a director of Abberton Manor Properties Limited, Abberton Manor Sales Limited, Abberton Manor Developments Limited.

Mr I B Kathuria is a director of Abberton Manor Properties Limited, Abberton Manor Sales Limited, Abberton Manor Developments Limited and Porchester Properties Limited.

Excluded Sub-Fund of St George's Settlement and Divine Light Settlement hold investments in Abberton Manor Properties Limited, Abberton Manor Developments Limited and Abberton Manor Holdings Limited.

Euronite Limited is a related party through common shareholders.

Carver (Wolverhampton) Limited is a shareholder of the company.

During the year, the company paid Mrs E Patient, the wife of Mr S Patient, £59,181 (2019: £30,481) for marketing services.

The group has taken advantage of the exemption under FRS 102 not to disclose transactions with other wholly owned group companies.

Key management personnel is considered to be the directors of Heritage Manor Limited, whose remuneration is disclosed in note 8.

29. Controlling party

The directors have confirmed that due to the share ownership structure, there is no overall controlling entity for Heritage Manor Limited.