

Registered number: 02571516

LANEMILE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2023

SATURDAY



ACW2NNAW

A3

03/02/2024

#136

-- COMPANIES HOUSE

| |
|-------------------------|
| LANEMILE LIMITED |
|-------------------------|

CONTENTS

| | Page |
|--|----------------|
| Company Information | 1 |
| Directors' Report | 2 - 5 |
| Directors' Responsibilities Statement | 6 |
| Independent Auditors' Report | 7 - 11 |
| Statement of Comprehensive Income | 12 |
| Balance Sheet | 13 |
| Statement of Changes in Equity | 14 - 15 |
| Notes to the Financial Statements | 16 - 27 |

| |
|-------------------------|
| LANEMILE LIMITED |
|-------------------------|

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | A Knight R Pearman M Rosenberg |
| Company secretary | J D Calow |
| Registered number | 02571516 |
| Registered office | Connaught House 850 The Crescent Colchester Business Park Colchester Essex CO4 9QB |
| Independent auditors | KPMG LLP 20 Station Road Cambridge CB1 2JD |
| Bankers | HSBC Bank Plc Midland House 26 North Station Road Colchester Essex CO1 1SY |

LANEMILE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

The directors are pleased to present their report and the financial statements for the year ended 30 September 2023.

LANEMILE LIMITED ("the Company") is a subsidiary of Care UK Holdings Limited ("Care UK" or "the Group"), the ultimate controlling parent company.

Bridgepoint Europe IV (Nominees) Limited holds 78.7% of the issued ordinary share capital that carries voting rights within Care UK Holdings Limited, as nominee for Bridgepoint Europe IV "A" LP, Bridgepoint Europe IV "B" LP, Bridgepoint Europe IV "C" LP, Bridgepoint Europe IV "D" LP, Bridgepoint Europe IV "E" LP, Bridgepoint Europe IV "F" LP and Bridgepoint Europe IV "G" LP (together the "BEIV Fund"). The BEIV Fund is managed by Bridgepoint.

Care UK's ongoing strategy is to provide safe and stimulating environments in which residents are supported to lead fulfilling lives. We aim to achieve this by developing and operating both existing and new care homes. Modern and well-maintained facilities are important to good quality care and the Group will continue to update existing care homes and to build new homes through the most extensive programme in the sector. The Group operates 131 care homes providing over 8,600 beds, and manages a further 26 premium homes with over 1,800 beds under a management agreement. Whether our customers are publicly or privately funded, the Group will not compromise on meeting individual needs. We have retained market-leading regulator ratings, with 91% of our homes rated Good or Outstanding. This remains in the highest level of compliance of similar large suppliers. We also operate 17 Outstanding-rated homes, which is more than any other UK provider.

Principal activity

The company's principal activity during the year continued to be the operation of two nursing and residential care homes for the elderly.

Business review

The main drivers affecting results are:

- the number of beds and the occupancy rates;
- the level of fee increases achievable for local authority spot rates and self-funded residents;
- the level of operating expenses, particularly staff costs;
- CQC quality ratings and in particular potential embargoes; and
- the new care home development programme.

The table below summarises the key performance indicators for 2023 and 2022:

| | 2023 | 2022 |
|--|-------|-------|
| Revenue £k | 5,460 | 4,116 |
| Operating profit/(loss) £k | 443 | (199) |
| Average financial occupancy* (%) | 83.3 | 74.2 |
| Self-funding residents % of annual revenue | 20.7 | 15.2 |
| Number of beds | 92 | 92 |
| Average Weekly Fee £ | 1,158 | 1,047 |

* Financial occupancy is defined as the total number of paid for beds as a percentage of total beds

Operating result and activities

The Company has seen average physical occupancy increase to 83.3% (2022: 74.2%) during the year. As a result of this, revenue increased year on year by 32.7% (2022: 12.5%). Government grant funding of £27,000 (2022: £139,000) was received in response to the pandemic and is recognised as other income, see note 5 for more information. Gross profit increased to £729,000 (2022: loss £75,000).

| |
|-------------------------|
| LANEMILE LIMITED |
|-------------------------|

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Taxation

Tax increased from a credit of £28,000 during the year ended 30 September 2022 to a charge of £34,000 during the year ended 30 September 2023.

Results and dividends

The profit for the year, after taxation, amounted to £379,000 (2022 - loss £220,000).

No dividend (2022: £nil) was paid in the year.

Post balance sheet events

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

Directors

The directors who served during the year were:

A Knight
R Pearman
M Rosenberg

Political and charitable donations

The company made no political or charitable donations during the year (2022: £nil).

LANEMILE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Principal risks and uncertainties

The board of directors have the overall responsibility for Care UK's approach to assessing risk and the senior management team is responsible for managing risk and maintaining an appropriate control environment.

The principal risks faced by Care UK are set out below:

Market risks

The Group provides services to publicly funded entities in the United Kingdom such as Local Authorities and the NHS, typically through Clinical Commissioning Groups, and any material reduction in the revenue earned from such services could adversely impact the Group's business.

These risks are mitigated by a diversified income stream, sector leading quality and strong relationship management.

The Group's strategy is partly based on growth derived from increased levels of consumer demand for certain of its services or the increased influence of consumers in the choice of the provider of care to them and, as a result, its future growth is dependent on maintaining the quality of its services, consumer perception of that quality and on its ability to market these services effectively.

This risk is mitigated by sector leading quality, investment in marketing and close attention to consumer needs and expectations.

Inflation risks

Future changes in the rate of the National Living Wage ("NLW") will have a significant impact on labour costs for the social care sector. Failure to recover such costs would have a negative impact on margin. Other drivers in inflation risk including notable areas such as utilities and food continue to be monitored by the Group.

This risk is mitigated by careful cost control, including price hedging where possible and supplier management.

Respiratory diseases

The Board and Management continue to take steps to manage infection control, remaining vigilant to the continuing risks that respiratory diseases present to our residents.

Regulatory risks

The Group operates in a highly regulated business environment and failure to comply with regulations could lead to substantial penalties, including embargo of new resident admissions through to the loss of the registration certificates necessary to continue to trade.

The Group operates stringent quality policies and procedures, together with rigorous internal governance audit and oversight to ensure the safety of our residents.

Liquidity risk

The Group has access to a Revolving Credit Facility (RCF) for managing working capital requirements. In addition to this, the Group is funded by a term loan. Covenants apply to these funding arrangements which limit operating and financial flexibility if the Group defaults under these covenants.

The financing and debt arrangements are subject to an element of variable interest rates and any increases in interest rates in the future could significantly increase costs and reduce cash flow.

There is also a risk, due to macroeconomic factors, that long term financing, including for the development of new facilities or modifications of existing facilities, may not be available on acceptable terms in the future.

LANEMILE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Principal risks and uncertainties (continued)

Liquidity risk (continued)

Strong working relationships are maintained with our banking partners, to facility the regular provision of compliance reporting, and oversight of key issues impacting the business. In addition, prudent liquidity management policies are applied that include interest rate hedging and the preparation of regular detailed cash flow forecasts to monitor liquidity and compliance with the covenants.

Credit risk

A large proportion of the Group's revenue is derived from privately funded customers, and as a result there is potential exposure to credit risk.

The risk of an extended recessionary period and weak macro-economic conditions generally may have an adverse effect on personal disposable income and/or the values of assets available to pay for care fees.

The risk is not considered material, and adequate provisions are made in the financial statements.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 24 January 2024 and signed on its behalf.



M Rosenberg
Director

| |
|-------------------------|
| LANEMILE LIMITED |
|-------------------------|

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LANEMILE LIMITED

Opinion

We have audited the financial statements of Lanemile Limited ("the Company") for the year ended 30 September 2023, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LANEMILE LIMITED (CONTINUED)

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud that apply to this group company as well as enquiring whether the directors have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue from care homes is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks. We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts; including accounts linked to the revenue fraud risk, and material period-end adjustments.
- Obtaining a sample of invoices and related documentation around the year end cut-off period to assess whether revenue has been recorded in the appropriate period.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LANEMILE LIMITED (CONTINUED)

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or license to operate. We identified the following areas as those most likely to have such an effect: Care Act 2014, Care Quality Commission (CQC) regulations, health and safety, fire safety, GDPR compliance, anti-bribery, anti-money laundering, employment and social security, consumer rights act, environmental protection and climate change and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LANEMILE LIMITED (CONTINUED)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LANEMILE LIMITED (CONTINUED)

The purpose of our audit work and to whom we owe our responsibilities

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.

Emma Larcombe

**Emma Larcombe (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

KPMG LLP
20 Station Road
Cambridge
CB1 2JD

30 January 2024

LANEMILE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

| | Note | 2023 £000 | 2022 £000 |
|--|------|--------------|--------------|
| Turnover | 4 | 5,460 | 4,116 |
| Cost of sales | | (4,731) | (4,191) |
| Gross profit/(loss) | | 729 | (75) |
| Administrative expenses | | (313) | (263) |
| Other operating income | 5 | 27 | 139 |
| Operating profit/(loss) | | 443 | (199) |
| Interest payable and similar expenses | 9 | (30) | (49) |
| Profit/(loss) before tax | | 413 | (248) |
| Tax on profit/(loss) | 10 | (34) | 28 |
| Profit/(loss) for the financial year | | 379 | (220) |
| Total comprehensive income for the year | | 379 | (220) |

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

The notes on pages 16 to 27 form part of these financial statements.

LANEMILE LIMITED
REGISTERED NUMBER: 02571516

BALANCE SHEET
AS AT 30 SEPTEMBER 2023

| | Note | 2023 £000 | 2022 £000 |
|---|------|---------------------|---------------------|
| Fixed assets | | | |
| Tangible assets | 11 | 2,329 | 2,459 |
| | | <u>2,329</u> | <u>2,459</u> |
| Current assets | | | |
| Stocks | 12 | 8 | 8 |
| Debtors: amounts falling due after more than one year | 13 | 94 | 128 |
| Debtors: amounts falling due within one year | 13 | 145 | 85 |
| Cash at bank and in hand | 14 | 11 | 11 |
| | | <u>258</u> | <u>232</u> |
| Creditors: amounts falling due within one year | 15 | (629) | (588) |
| Net current liabilities | | <u>(371)</u> | <u>(356)</u> |
| Total assets less current liabilities | | <u>1,958</u> | <u>2,103</u> |
| Creditors: amounts falling due after more than one year | 16 | (212) | (736) |
| Net assets | | <u><u>1,746</u></u> | <u><u>1,367</u></u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 1 | 1 |
| Profit and loss account | | 1,745 | 1,366 |
| | | <u><u>1,746</u></u> | <u><u>1,367</u></u> |

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 January 2024.

M Rosenberg
Director



The notes on pages 16 to 27 form part of these financial statements.

LANEMILE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|--------------|
| | £000 | £000 | £000 |
| At 1 October 2022 | 1 | 1,366 | 1,367 |
| Comprehensive income for the year | | | |
| Profit for the year | - | 379 | 379 |
| At 30 September 2023 | 1 | 1,745 | 1,746 |

The notes on pages 16 to 27 form part of these financial statements.

LANEMILE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|--------------|
| | £000 | £000 | £000 |
| At 1 October 2021 | 1 | 1,586 | 1,587 |
| Comprehensive income for the year | | | |
| Loss for the year | - | (220) | (220) |
| At 30 September 2022 | 1 | 1,366 | 1,367 |

The notes on pages 16 to 27 form part of these financial statements.

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

1. General information

The company is a wholly owned subsidiary of Care UK Community Partnerships Limited, which is registered in England and Wales.

Registered office: Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.

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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The disclosure requirements of section 1 'Reduced disclosures for subsidiaries' of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Care UK Holdings Limited as at 30 September 2023 and these financial statements may be obtained from Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.

2.3 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on page 2. The Company has access to funds provided by Care UK Limited, a parent company.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate following its going concern assessment.

Going concern assessment

Management have assessed the potential cash generation of the Group against a range of projected scenarios, including a severe but plausible downside scenario, which includes a reduction in occupancy and additional cost increases (through additional inflation, labour costs and increased interest costs). In all scenarios assessed, the Group was able to maintain sufficient liquidity to continue trading, generate positive EBITDA, and meet its covenant requirements.

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)

2.3 Going concern (continued)

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4 Revenue

The Company operates one principal type of contract with customers, residential spot purchase contracts.

Revenue is recognised when the Company's principal performance obligation is fulfilled, that is typically when a service user has received care services from the Company, which are usually provided on a daily basis.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company 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.

2.5 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

| | |
|----------------------------------|--|
| Freehold land | - No depreciation provided |
| Freehold buildings | - 50 years on cost, less residual value of 30% |
| Fixtures, fittings and equipment | - 7 years |
| Computer equipment | - 3 years |

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.

2.6 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet 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 profit or loss.

2.7 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.

2.8 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.

2.9 Financial instruments

The Company only enters into basic financial instrument 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, loans to related parties and investments in ordinary shares.

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

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 debtors and creditors, 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

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 of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet 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.

2.10 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.

2.11 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

2. Accounting policies (continued)

2.12 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 balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 balance sheet date.

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

The preparation of the financial statements in conformity with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year then ended. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates. No judgements or estimates have been identified that would have a material impact on the company.

Management regularly discusses with the Group Audit Committee the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

4. Turnover

Turnover represents service revenue from care homes to third party customers in the health and social care sector, stated net of any applicable value added tax. Turnover is recognised when services are provided.

| | 2023 | 2022 |
|---------------------------------|--------------|--------------|
| | £000 | £000 |
| Service revenue from care homes | 5,460 | 4,116 |
| | 5,460 | 4,116 |

All turnover arose within the United Kingdom.

5. Other income

| | 2023 | 2022 |
|------------------------------|-------------|-------------|
| | £000 | £000 |
| Government grants receivable | 27 | 139 |
| | 27 | 139 |

During the year ended 30 September 2023 the Company recognised grant income totalling £27,000 from the government to support the Care sector through the Covid-19 pandemic. The following grant income was recognised in the financial statements during the year:

- *Infection Control Fund (ICF), Workforce Grant and Rapid Test Fund (RTF) – £27,000* (2022: £139,000) recognised in the income statement for costs incurred for implementing infection control procedures aimed at reducing the rate of Covid-19 transmission. This mainly relates to increased staff costs incurred to complete additional infection control procedures, staff costs incurred for absence due to Covid-19 sickness or required isolation because of receiving a positive Covid-19 test result, and for rapid testing of staff. Funding issued by central government, distributed and administered via Local Authorities.

The Company has carefully assessed and considered the criteria associated with each stream of grant funding prior to submission of a claim and is of the opinion that all criteria have been met to recognise the amounts detailed above in the financial statements.

All funding streams detailed above are potentially subject to retrospective audit against the criteria of each grant funding scheme.

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

6. Auditors' remuneration

Auditors' remuneration of £10,000 (2022: £10,000) was borne by another group undertaking in both financial years.

7. Employees

No staff were directly employed by the company for the year ended 30 September 2023. All staff working directly with the service provision of this company were employed by other Group companies and the below disclosures relate to these staff.

8. Directors' remuneration

The directors received no emoluments during the financial year ended 30 September 2023 for their services to the company (2022: £nil).

During the period the directors received emoluments for services on behalf of other group entities but it is not considered practicable to allocate this between services as director of Lanemile Limited and services on behalf of fellow group entities. Management does not deem the time spent on this to be material.

The emoluments of R Pearman, A Knight and M Rosenberg for services to the Care UK Ltd Group are paid by and disclosed within the accounts of Care UK Community Partnerships Ltd.

Retirement benefits under money purchase pension schemes are accruing to 2 directors (2022: 2).

9. Interest payable and similar expenses

| | 2023 | 2022 |
|---|-------------|-------------|
| | £000 | £000 |
| Interest payable on loans from group undertakings | 30 | 49 |
| | 30 | 49 |

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

10. Taxation

| | 2023 £000 | 2022 £000 |
|---|----------------------|----------------------|
| Total current tax | - | - |
| Deferred tax | | |
| Origination and reversal of timing differences | 29 | (34) |
| Increase in discount | 5 | 6 |
| Total deferred tax | 34 | (28) |
| Taxation on profit/(loss) on ordinary activities | 34 | (28) |

Factors affecting tax charge for the year

The tax charge for the year is lower than (2022 - higher than) the standard rate of corporation tax in the UK of 22.0% (2022 - 19.0%). The differences are explained below:

| | 2023 £000 | 2022 £000 |
|---|----------------------|----------------------|
| Profit/(loss) on ordinary activities before tax | 413 | (248) |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.0% (2022 - 19.0%) | 91 | (48) |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 13 | 5 |
| Changes in the deferred tax rate | 4 | (8) |
| Other adjustments | (1) | (3) |
| Group relief | (78) | 20 |
| Adjustments to tax charge in respect of prior periods | 5 | 6 |
| Total tax charge for the year | 34 | (28) |

On 1 April 2023 the UK tax rate increased to 25%. This will have a consequential effect on the group's tax charge.

The deferred tax balances have been calculated at the balance sheet date using the rate of 25%.

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

11. Tangible fixed assets

| | Land and buildings £000 | Fixtures and fittings £000 | Computer equipment £000 | Total £000 |
|-------------------------------------|-------------------------------|----------------------------------|-------------------------------|---------------|
| Cost or valuation | | | | |
| At 1 October 2022 | 2,424 | 1,948 | 3 | 4,375 |
| Additions | - | 151 | 1 | 152 |
| Disposals | - | (703) | (3) | (706) |
| At 30 September 2023 | 2,424 | 1,396 | 1 | 3,821 |
| Depreciation | | | | |
| At 1 October 2022 | 652 | 1,261 | 3 | 1,916 |
| Charge for the year on owned assets | 29 | 253 | - | 282 |
| Disposals | - | (703) | (3) | (706) |
| At 30 September 2023 | 681 | 811 | - | 1,492 |
| Net book value | | | | |
| At 30 September 2023 | 1,743 | 585 | 1 | 2,329 |
| At 30 September 2022 | 1,772 | 687 | - | 2,459 |

12. Stocks

| | 2023 £000 | 2022 £000 |
|-------------------------------|--------------|--------------|
| Raw materials and consumables | 8 | 8 |
| | 8 | 8 |

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

| |
|-------------------------|
| LANEMILE LIMITED |
|-------------------------|

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

13. Debtors

| | 2023 | 2022 |
|-------------------------------------|-------------|-------------|
| | £000 | £000 |
| Due after more than one year | | |
| Deferred tax asset | 94 | 128 |
| | <u>94</u> | <u>128</u> |
| | 2023 | 2022 |
| | £000 | £000 |
| Due within one year | | |
| Trade debtors | 124 | 64 |
| Prepayments and accrued income | 21 | 21 |
| | <u>145</u> | <u>85</u> |

14. Cash and cash equivalents

| | 2023 | 2022 |
|--------------------------|-------------|-------------|
| | £000 | £000 |
| Cash at bank and in hand | 11 | 11 |
| | <u>11</u> | <u>11</u> |

15. Creditors: Amounts falling due within one year

| | 2023 | 2022 |
|------------------------------|-------------|-------------|
| | £000 | £000 |
| Trade creditors | 123 | 159 |
| Other creditors | 87 | 83 |
| Accruals and deferred income | 419 | 346 |
| | <u>629</u> | <u>588</u> |

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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

| | 2023 | 2022 |
|------------------------------------|-------------|-------------|
| | £000 | £000 |
| Amounts owed to group undertakings | 212 | 733 |
| Accruals and deferred income | - | 3 |
| | <u>212</u> | <u>736</u> |

The amounts owed to group undertakings are unsecured, repayable on demand and are interest-bearing at 7.5%.

The accruals and deferred income is £nil of government grants (2022: £3,000).

17. Deferred taxation

| | 2023 |
|---------------------------|------------------|
| | £000 |
| At beginning of year | 128 |
| Charged to profit or loss | (34) |
| At end of year | <u>94</u> |

The deferred tax asset is made up as follows:

| | 2023 | 2022 |
|--------------------------------|-------------|-------------|
| | £000 | £000 |
| Accelerated capital allowances | 94 | 128 |
| | <u>94</u> | <u>128</u> |

18. Share capital

| | 2023 | 2022 |
|--|-------------|-------------|
| | £000 | £000 |
| Allotted, called up and fully paid | | |
| 1,000 (2022 - 1,000) Ordinary shares of £1.00 each | <u>1</u> | <u>1</u> |

| |
|-------------------------|
| LANEMILE LIMITED |
|-------------------------|

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

19. Contingent liabilities

Cross guarantees

The group has a number of cross guarantees between group companies relating to intercompany balances. The directors consider that the likelihood of these guarantees being called upon is remote.

20. Post balance sheet events

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

21. Controlling party

The company is a wholly owned subsidiary of Care UK Community Partnerships Limited, which is registered in England and Wales. Care UK Community Partnerships Limited does not prepare group financial statements.

Care UK's ultimate parent company is Care UK Holdings Limited, which is registered in England and Wales. The ultimate controlling party is Bridgepoint Europe IV (Nominees) Limited which is managed by Bridgepoint Advisers Limited.

Copies of the financial statements of Care UK Holdings Limited, which includes the consolidated results of this Company, are available from the company's registered office at Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.