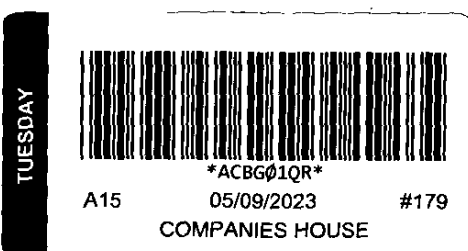


Parkcare Homes (No.2) Limited
Annual Report and Unaudited Financial Statements
for the Year Ended 31 December 2022
Registration number: 04000281



Parkcare Homes (No.2) Limited

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Parkcare Homes (No.2) Limited

Company Information

Directors David Hall
 Jim Lee
 Rebekah Cresswell
Company secretary David Hall

Registered office Fifth Floor
 80 Hammersmith Road
 London
 W14 8UD

Parkcare Homes (No.2) Limited

Strategic Report for the Year Ended 31 December 2022

The directors present their report for the year ended 31 December 2022.

Fair review of the business

The results for the year are set out in the profit and loss account on page 6 and the position of the company as at the year end is set out in the balance sheet on page 8.

The company is focussed on the social care sector and the performance of the company can be impacted by external factors. The principal factors are changes in the UK government's policy towards outsourcing of care, changes in the regulatory regime and competitive threats from other independent providers. Management uses a range of financial and non-financial indicators to manage the business. These are derived from all areas of the business and include sales growth by unit, occupancy and profit margins achieved.

The company's management is satisfied with the performance for the year, and is committed to a continued growth strategy.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of Priory Group UK 1 Limited, an intermediate parent of the company, is discussed in the group's financial statements which includes the company and does not form part of this report.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Priory Group UK 1 Limited, which include those of the company, are discussed in the group's financial statements which do not form part of this report.

Statement on Section 172(1)

The following Section 172 statement, which is required by the Companies Act 2006, describes how the directors have had regard to the matters set out in Section 172(1a to 1f) including key decisions and matters that are of strategic importance to the company. The directors, in line with their duties under Section 172 of the Companies Act 2006, act in a way they consider, in good faith would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term.

From the perspective of the company, decisions and policies relating to Section 172(1) are determined at group level and applied to the company, where relevant, by the directors. Accordingly, further details in relation to how the directors have engaged with suppliers, customers, employees and other stakeholders are included in the financial statements of Priory Group UK 1 Limited, an intermediate parent of the company, which includes the company and does not form part of this report.

Approved by the board on 31 July 2023 and signed on its behalf by:

David Hall

.....
David Hall
Company secretary and director

Parkcare Homes (No.2) Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the unaudited financial statements for the year ended 31 December 2022.

This report should be read in conjunction with the strategic report on page 2. The company has chosen in accordance with Section 414C(ii) of the Companies Act 2006 to set out in the strategic report the following which the directors believe to be of strategic importance:

- Business review;
- Principal risks and uncertainties; and
- Statements in relation to how directors have engaged with employees, suppliers, customers and others in a business relationship with the company.

Principal activity

The principal activity of the company is the delivery of care for those with a variety of learning difficulties and mental health issues, in both the care home setting and supported living environment.

Directors' of the company

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

David Hall - Company secretary and director

Jim Lee

Rebekah Cresswell

Dividends

The directors do not recommend the payment of a final dividend (2021: £nil). No dividends were paid during the year (2021: £nil).

Financial instruments

The company's operations mean that it is exposed to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The directors monitor the risks in order to limit the adverse effects on the financial performance by reviewing levels of debt finance and the related finance costs, however these are integrated with the risks of the group and not managed separately. Accordingly, the financial risk management policies of Priory Group UK 1 Limited, which include those of the company, are discussed in the group's financial statements which do not form part of this report.

Employee involvement

The directors recognise that the continued position of the company in this sector depends on the quality and motivation of its employees and as such the company is committed to pursue employment policies which will continue to attract, retain and motivate its employees.

Good and effective employee communications are particularly important and throughout the business it is the directors' policy to promote the understanding by employees of the company's business aims, performance and individual opportunities for personal and career development. This is achieved through internal publications, presentations on performance and a variety of other approaches appropriate for a particular location. Employees are consulted on issues through the "Your Say" forum. Employees have a personal development plan that is monitored, assessed and modified during the annual appraisal process.

The directors monitor the results of staff surveys, both regular and ad hoc, together with employee forums, to enable them to discuss human resourcing matters with the interests of the workforce at heart. Annual salary reviews are undertaken with reference to the importance of employee retention, changes in the National Living Wage, and commercial factors. The directors are committed to communicating the results of any wage reviews in a transparent manner.

Parkcare Homes (No.2) Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Employment of disabled persons

The directors believe that it is important to recruit and retain capable and caring staff regardless of their sex, marital status, race or religion. It is the company's policy to give full and fair consideration to applications for employment from people who are disabled, to continue wherever possible the employment of and to arrange appropriate training for, employees who become disabled and to provide equal opportunities for the career development, training and promotion of disabled employees.

Future developments

The future developments of the company are aligned to the strategy of the UK group, headed by Priory Group UK 1 Limited. The group's strategy for the future development of the business is included in the group's financial statements, which do not form part of this report.

Going concern

The intermediate parent company, Priory Group UK 1 Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least twelve months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis.

Corporate governance

The company has not formally applied any prescribed code of corporate governance for the year ended 31 December 2022. The company is an operating subsidiary of the group of companies intermediately headed by Priory Group UK 1 Limited, and as such is governed by the overarching principles and policies to the group as a whole, as well as those pertaining to the governance structures of its ultimate parent, Rehab and Mental Healthcare Group B.V..

The aforementioned notwithstanding, the directors of the company are satisfied that governance policies, procedures and practices applied at group level as well as specifically applicable to the company are appropriate and robust in the context of the company's operational activities and pertinent stakeholders. Corporate governance policy and behaviours apply in areas such as the composition of the company's board of directors, its individual and collective responsibilities and its strategic purpose and leadership. The board is cognisant of the opportunities and risks represented by the company's current and future operations. Engagement with key stakeholders is considered elsewhere in this annual report.

Further detail regarding the group's governance environment is available at:
<https://www.priorygroup.com/about-us/governance-at-priory>.

Approved by the Board on 31 July 2023 and signed on its behalf by:

David Hall

.....
David Hall
Company secretary and director

Parkcare Homes (No.2) Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework' ('FRS 101'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether FRS 101 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Parkcare Homes (No.2) Limited

Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	82,666	75,903
Cost of sales		<u>(68,541)</u>	<u>(59,752)</u>
Gross profit		14,125	16,151
Administrative expenses		<u>(13,725)</u>	<u>(13,365)</u>
Operating profit	5	400	2,786
Interest payable and similar charges	6	<u>(607)</u>	<u>(626)</u>
(Loss)/profit before tax		(207)	2,160
Tax on (loss)/profit on ordinary activities	9	<u>2,454</u>	<u>(1,935)</u>
Profit for the year		<u><u>2,247</u></u>	<u><u>225</u></u>

The above results were derived from continuing operations.

The notes on pages 11 to 26 form an integral part of these financial statements.

Parkcare Homes (No.2) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2022

	2022 £ 000	2021 £ 000
Profit for the year	<u>2,247</u>	<u>225</u>
Total comprehensive income for the year	<u><u>2,247</u></u>	<u><u>225</u></u>

The notes on pages 11 to 26 form an integral part of these financial statements.

Parkcare Homes (No.2) Limited

(Registration number: 04000281)

Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Intangible assets	10	69	69
Tangible assets	11	125,202	128,792
Investments	12	193,956	193,956
Right of use assets	13	<u>1,329</u>	<u>7,329</u>
		<u>320,556</u>	<u>330,146</u>
Current assets			
Stocks	14	1	5
Debtors	15	7,409	2,910
Cash at bank and in hand	16	<u>126</u>	<u>127</u>
		7,536	3,042
Creditors: Amounts falling due within one year	17	<u>(212,372)</u>	<u>(219,649)</u>
Net current liabilities		<u>(204,836)</u>	<u>(216,607)</u>
Total assets less current liabilities		115,720	113,539
Creditors: Amounts falling due after more than one year	18	(7,496)	(7,808)
Provisions for liabilities	9	<u>(7,088)</u>	<u>(6,842)</u>
Net assets		<u>101,136</u>	<u>98,889</u>
Capital and reserves			
Called up share capital	20	20	20
Share premium reserve		12,587	12,587
Profit and loss account		<u>88,529</u>	<u>86,282</u>
Shareholders' funds		<u>101,136</u>	<u>98,889</u>

The notes on pages 11 to 26 form an integral part of these financial statements.

Parkcare Homes (No.2) Limited

(Registration number: 04000281)

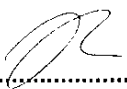
Balance Sheet as at 31 December 2022 (continued)

For the financial year ending 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the board on 31 July 2023 and signed on its behalf by:


.....
Jim Lee
Director

The notes on pages 11 to 26 form an integral part of these financial statements.

Parkcare Homes (No.2) Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2022	20	12,587	86,282	98,889
Profit for the year	-	-	2,247	2,247
Total comprehensive income	-	-	2,247	2,247
At 31 December 2022	20	12,587	88,529	101,136

	Share capital £ 000	Share premium £ 000	Retained earnings £ 000	Total £ 000
At 1 January 2021	20	12,587	86,057	98,664
Profit for the year	-	-	225	225
Total comprehensive income	-	-	225	225
At 31 December 2021	20	12,587	86,282	98,889

The notes on pages 11 to 26 form an integral part of these financial statements.

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022

1 General information

The company is a private company limited by share capital, incorporated and domiciled in United Kingdom.

The address of its registered office is:

Fifth Floor
80 Hammersmith Road
London
W14 8UD
United Kingdom

These financial statements were authorised for issue by the board on 31 July 2023.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The financial statements are presented in sterling, rounded to the nearest thousand.

Summary of disclosure exemptions

FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 21 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The principle disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- Statement of cash flows;
- IFRS 7 financial instrument disclosures;
- IAS 1 information on management of capital;
- IAS 8 disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IAS 24 disclosure of key management personnel compensation;
- IAS 24 disclosures in respect of related party transactions entered into between fellow group companies (the company had no other related party transactions); and
- Roll-forward reconciliations in respect of share capital (IAS 1) and property, plant and equipment (IAS 16).

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern

The intermediate parent company, Priory Group UK 1 Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least twelve months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis.

Exemption from preparing group accounts

The financial statements contain information about Parkcare Homes (No.2) Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Priory Group UK 1 Limited, a company incorporated in United Kingdom.

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2022 have had a material effect on the financial statements.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company activities.

Tax

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

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 operates and generates taxable income.

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

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

Payment is generally made for group relief at the current tax rate at the time of first estimating the tax provision. To the extent that amendments are subsequently made to the group relief plan, there is generally no payment or receipt in respect of the change.

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings	over 50 years
Short leasehold land and buildings	over the lease term
Fixture and fittings	over 3 to 16 years
Motor vehicles	over shorter of the lease term and 4 years

Intangible assets

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

Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Investments

Investments in securities are classified on initial recognition as available-for-sale and are carried at fair value, except where their fair value cannot be measured reliably, in which case they are carried at cost, less any impairment.

Unrealised holding gains and losses other than impairments are recognised in other comprehensive income. On maturity or disposal, net gains and losses previously deferred in accumulated other comprehensive income are recognised in income.

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

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Leases

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For each lease, the company recognises a "right of use" asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be easily determined, the company's incremental borrowing rate for financial instruments of a duration commensurate with the lease term. Generally, the company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate; amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the company is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is remeasured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

For motor vehicle leases that were classified as finance leases applying IAS 17, the carrying amount of the right of use asset and the lease liability at initial application are the carrying amount of the finance lease asset and liability immediately prior to the redesignation as right of use assets and liabilities.

IFRS 16 sets out a number of practical expediences that an entity can utilise upon adoption of the standard. The company has made use of the following practical expediences:

- Short-term leases - the company has elected not to recognise right of use assets and lease liabilities for short-term leases of property and equipment that have a lease term of 12 months or less. The company recognises the lease payments associated with short-term leases as an expense on a straight-line basis over the lease term.

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Leases (continued)

- Leases of low-value assets - the company has elected not to recognise right of use assets and lease liabilities for leases of low-value assets, including sundry IT and office equipment. The company recognises the lease payments associated with low-value leases as an expense on a straight-line basis over the lease term.
- Portfolio approach to discount rates - the company has elected to apply a single discount rate to portfolios of leases with reasonably similar characteristics, namely leases with a similar remaining lease term.
- Impairment review on initial application - the company has elected to rely on its assessment of whether leases are onerous (through the application of IAS 37) as an alternative to performing an impairment review on initial application.

Stock

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory 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.

Trade creditors

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (*or in the normal operating cycle of the business if longer*). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of non-financial assets

Property, plant and equipment is tested for impairment by management when a trigger event that might affect asset values has occurred. An impairment loss is recognised in the profit and loss account to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future earnings from an income-generating unit, which is an individual business operational unit.

Share capital

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

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Cash and cash equivalents

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

Trade debtors

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Defined contribution pension obligation

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

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements 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 period then ended. Management bases its estimates on historical experience and various other assumptions that are considered to be reasonable in the particular circumstances. Actual results may differ from these estimates.

Estimates are used in accounting for allowances for uncollected receivables, depreciation, taxes and contingencies. Estimates and assumptions are reviewed periodically and the effects of the revision are reflected in the financial statements in the period that an adjustment is determined to be required.

Significant accounting judgements have been applied with respect to the valuation of deferred tax assets. Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised with consideration given to the timing and level of future taxable income.

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2022	2021
	£ 000	£ 000
Rendering of services	<u>82,666</u>	<u>75,903</u>

All turnover and profit on ordinary activities before taxation arose within the United Kingdom and from one class of business.

5 Operating profit

Arrived at after charging/(crediting)

	2022	2021
	£ 000	£ 000
Depreciation of tangible assets	4,986	4,846
Depreciation on right of use assets	948	991
Impairment loss	5,360	-
Short term property lease expense	27	45
Variable lease payments	(33)	(87)
Loss on disposal of property, plant and equipment	<u>400</u>	<u>4,735</u>

6 Interest payable and similar expenses

	2022	2021
	£ 000	£ 000
Interest expense on leases	<u>607</u>	<u>626</u>

7 Staff costs

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

	2022	2021
	£ 000	£ 000
Wages and salaries	38,665	37,872
Social security costs	3,258	2,968
Pension costs, defined contribution scheme	<u>666</u>	<u>646</u>
	<u>42,589</u>	<u>41,486</u>

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

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

7 Staff costs (continued)

	2022 No.	2021 No.
Administration and support	205	215
Other departments	1,895	2,028
	<u>2,100</u>	<u>2,243</u>

8 Directors' remuneration

The costs relating to the directors' services have been borne by Priory Central Services Limited, a fellow group company. No amounts have been recharged to the company in respect of the directors' services and the directors do not believe that it is practical to allocate these costs between group companies.

9 Income tax

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

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	(2,700)	511
Deferred taxation		
Arising from origination and reversal of temporary differences	246	1,424
Tax (receipt)/expense in the profit and loss account	<u>(2,454)</u>	<u>1,935</u>

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

9 Income tax (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
(Loss)/profit before tax	(207)	2,160
Corporation tax at standard rate	(39)	410
Increase in current tax from adjustment for prior periods	898	6
Increase from effect of revenues exempt from taxation	(53)	(178)
Increase from effect of expenses not deductible in determining taxable profit (tax loss)	546	1,319
Decrease from transfer pricing adjustments	(3,715)	(2,179)
Deferred tax credit from unrecognised temporary difference from a prior period	(409)	(1)
Deferred tax expense relating to changes in tax rates or laws	173	2,027
Increase from effect of rollover relief on profit on disposal of fixed assets	145	2,136
Other tax effects for reconciliation between accounting profit and tax income	-	(1,605)
Total tax (credit)/charge	(2,454)	1,935

Finance Bill 2021 was substantively enacted on 24 May 2021; this legislation increases the main rate of corporation tax to 25% with effect from 1 April 2023. Deferred tax has been calculated at 25% (2021: 25%), reflecting the period in which the temporary differences that give rise to deferred tax will reverse.

Deferred tax

Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2022			
Accelerated tax depreciation	-	(7,108)	(7,108)
Other items	20	-	20
	20	(7,108)	(7,088)

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2021			
Accelerated tax depreciation	-	(6,859)	(6,859)
Other items	17	-	17
	17	(6,859)	(6,842)

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

9 Income tax (continued)

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income £ 000	At 31 December 2022 £ 000
Accelerated tax depreciation	(6,859)	(249)	(7,108)
Other items	17	3	20
	<u>(6,842)</u>	<u>(246)</u>	<u>(7,088)</u>

Deferred tax movement during the prior year:

	At 1 January 2021 £ 000	Recognised in income £ 000	At 31 December 2021 £ 000
Accelerated tax depreciation	(5,430)	(1,429)	(6,859)
Other items	12	5	17
	<u>(5,418)</u>	<u>(1,424)</u>	<u>(6,842)</u>

Deferred tax assets relating to deductible temporary differences are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences. On the basis of the approved business plans, it is considered probable that the temporary differences can be offset against future taxable profits.

10 Intangible assets

	Goodwill £ 000	Total £ 000
Cost or valuation		
At 1 January 2022	<u>69</u>	<u>69</u>
At 31 December 2022	<u>69</u>	<u>69</u>
Carrying amount		
At 31 December 2022	<u>69</u>	<u>69</u>
At 31 December 2021	<u>69</u>	<u>69</u>

The company tests goodwill annually for impairment, or more frequently if there is an indicator that goodwill might be impaired. The recoverable amount is determined from either value in use or fair value less costs to sell calculations.

No reasonably likely changes in underlying assumptions would result in a material impairment charge.

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

11 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Properties under construction £ 000	Total £ 000
Cost or valuation				
At 1 January 2022	138,627	34,192	36	172,855
Additions	794	2,536	1,136	4,466
Disposals	(3,124)	(3,049)	-	(6,173)
Transfers	1,003	131	(1,134)	-
At 31 December 2022	<u>137,300</u>	<u>33,810</u>	<u>38</u>	<u>171,148</u>
Depreciation				
At 1 January 2022	25,643	18,420	-	44,063
Charge for the year	1,674	3,312	-	4,986
Eliminated on disposal	(194)	(2,909)	-	(3,103)
At 31 December 2022	<u>27,123</u>	<u>18,823</u>	<u>-</u>	<u>45,946</u>
Carrying amount				
At 31 December 2022	<u>110,177</u>	<u>14,987</u>	<u>38</u>	<u>125,202</u>
At 31 December 2021	<u>112,984</u>	<u>15,772</u>	<u>36</u>	<u>128,792</u>

12 Investments

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2022	<u>197,841</u>
At 31 December 2022	<u>197,841</u>
Provision	
At 1 January 2022	<u>3,885</u>
At 31 December 2022	<u>3,885</u>
Carrying amount	
At 31 December 2022	<u>193,956</u>
At 31 December 2021	<u>193,956</u>

Details of the subsidiaries as at 31 December 2022 are as follows:

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

12 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2022	2021
Autism TASC Services Limited*	Care delivery	United Kingdom	100%	100%
Cotswold Care Services Limited*	Care delivery	United Kingdom	100%	100%
Craegmoor Holdings Limited*	Care delivery	United Kingdom	100%	100%
Craegmoor Homes Limited*	Care delivery	United Kingdom	100%	100%
J C Care Limited*	Care delivery	United Kingdom	100%	100%
Johnstone Care Limited*	Care delivery	United Kingdom	100%	100%
Lambs Support Services Limited*	Care delivery	United Kingdom	100%	100%
Positive Living Limited*	Care delivery	United Kingdom	100%	100%
Sapphire Care Services Limited*	Care delivery	United Kingdom	100%	100%
Strathmore Care Services Limited*	Care delivery	United Kingdom	100%	100%
Treehome Limited*	Care delivery	United Kingdom	100%	100%
Grovedraft Limited*	Dormant	United Kingdom	100%	100%
Peninsula Autism Services and Support Limited*	Care delivery	United Kingdom	100%	100%
High Quality Lifestyles Limited*	Care delivery	United Kingdom	100%	100%
New Directions (Bexhill) Limited*	Care delivery	United Kingdom	100%	100%
New Directions (Hastings) Limited*	Care delivery	United Kingdom	100%	100%
New Directions (Robertsbridge) Limited*	Care delivery	United Kingdom	100%	100%
New Directions (St. Leonards on Sea) Limited*	Care delivery	United Kingdom	100%	100%

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

12 Investments (continued)

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held	
			2022	2021
Progress Care (Holdings) Limited*	Holding company	United Kingdom	100%	100%
Lansdowne Road Limited	Care delivery	United Kingdom	100%	100%
Lothlorien Community Limited	Care delivery	United Kingdom	100%	100%
R. J. Homes Limited	Care delivery	United Kingdom	100%	100%
Heddfan Care Limited	Care delivery	United Kingdom	100%	100%
Conquest Care Homes (Norfolk) Limited	Care delivery	United Kingdom	100%	100%
Conquest Care Homes (Peterborough) Limited	Care delivery	United Kingdom	100%	100%
Conquest Care Homes (Soham) Limited	Care delivery	United Kingdom	100%	100%
Ferguson Care Limited	Care delivery	United Kingdom	100%	100%
Speciality Care (Learning Disabilities) Limited	Care delivery	United Kingdom	100%	100%
Speciality Care (Rehab) Limited	Care delivery	United Kingdom	100%	100%
Progress Adult Services Limited	Care delivery	United Kingdom	100%	100%

* indicates directly held subsidiary

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

13 Leases and IFRS 16 right of use assets and liabilities

The company leases a number of assets, information about leases for which the company is a lessee is presented below.

	Land & Buildings £ 000	Motor vehicles £ 000	Total £ 000
Right of use assets			
At 1 January 2022	6,144	1,185	7,329
At 31 December 2022	<u>252</u>	<u>1,077</u>	<u>1,329</u>
Additions and depreciation			
Additions during the year	-	449	449
Depreciation charge for the year	(394)	(554)	(948)
Impairment charge for the year	<u>(5,360)</u>	<u>-</u>	<u>(5,360)</u>

See notes 17 and 18 for lease liabilities. Interest on lease liabilities of 607,000 (2021: £626,000) was recognised in the profit and loss account.

The company leases motor vehicles with lease terms generally of 4 years.

The company leases land and buildings with a weighted average remaining lease term of 24 years.

14 Stock

	2022 £ 000	2021 £ 000
Raw materials and consumables	<u>1</u>	<u>5</u>

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

15 Trade and other debtors

	2022 £ 000	2021 £ 000
Trade debtors	4,625	2,859
Provision for impairment of trade debtors	(371)	(368)
Net trade debtors	4,254	2,491
Income tax asset	2,700	-
Accrued income	310	179
Prepayments	37	131
Other debtors	108	109
Total current trade and other debtors	7,409	2,910

16 Cash and cash equivalents

	2022 £ 000	2021 £ 000
Cash at bank	126	127

17 Creditors: amounts falling due within one year

	2022 £ 000	2021 £ 000
Accrued expenses	4,477	4,970
Deferred income	1,427	985
Amounts due to group undertakings	201,196	209,287
Social security and other taxes	2,817	2,604
Outstanding defined contribution pension costs	141	130
Other creditors	1,314	-
Income tax liability	-	511
Current portion of long term lease liabilities	1,000	1,162
	212,372	219,649

Amounts due to group undertakings are unsecured, non-interest bearing and repayable on demand.

18 Creditors: amounts falling due after more than one year

	2022 £ 000	2021 £ 000
Long term lease liabilities	7,496	7,808

Parkcare Homes (No.2) Limited

Notes to the Unaudited Financial Statements for the Year Ended 31 December 2022 (continued)

19 Commitments

Capital commitments

The total amount contracted for but not provided in the financial statements was £116,000 (2021 - £1,000).

20 Share capital

Allotted, called up and fully paid shares

	No. 000	2022 £ 000	No. 000	2021 £ 000
Ordinary shares of £1 each	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>

21 Parent and ultimate parent undertaking

The company's immediate parent is Craegmoor Care (Holdings) Limited.

The ultimate parent is Rehab and Mental Healthcare Group B.V..

The parent of the largest group in which these financial statements are consolidated is Median B.V., incorporated in the Netherlands. The address of Median B.V. is Basisweg 10, 1043 AP, Amsterdam, the Netherlands.

The parent of the smallest group in which these financial statements are consolidated is Priory Group UK 1 Limited incorporated in the United Kingdom. The address of Priory Group UK 1 Limited is Fifth Floor, 80 Hammersmith Road, London, W14 8UD, United Kingdom.

The ultimate controlling party is considered to be Waterland Private Equity by virtue of the company's ultimate parent company being majority owned by funds under the ownership and control of Waterland Private Equity.