

Registration number: 04216877 (England and Wales)

KINGFISHER HEALTH CARE SERVICES LIMITED
UNAUDITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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KINGFISHER HEALTH CARE SERVICES LIMITED**Company information**

Directors	E J Phipps H Baxendale A J Blyth S A Melton
Company secretary	E J Phipps
Registered number	04216877
Registered office	Ferham House Kimberworth Road, Masbrough Rotherham South Yorkshire S61 1AJ
Bankers	NatWest 2 Whitehall Quay Leeds LS1 4HR

KINGFISHER HEALTH CARE SERVICES LIMITED

Directors' report For the year ended 31 March 2023

The directors present their Annual report and the unaudited financial statements of Kingfisher Health Care Services Limited (the "Company") for the year ended 31 March 2023.

Principal activity

The principal activity of the Company during the year was that of an operator of a nursing home.

The Company is part of the EHC Holdings Topco Limited group (the "Group"), trading as Kingfisher Health Care Services Limited.

The Company is one of the 42 nursing homes operating within the Group. The homes cater for adults with highly complex care needs, be they due to physical, mental or learning support needs, or any combination thereof. More details of the services provided by the home can be found by visiting www.exemplarhc.com.

Directors

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

E J Phipps
H Baxendale
A J Blyth
S A Melton

Results and dividends

During the year, turnover of the Company was £1,926,538 (2022: £1,970,504). The result for the year was a net loss of £71,366 (2022: profit of £105,348). The directors do not recommend the payment of a dividend and no dividend was paid during the year (2022: £nil).

The Group has experienced higher than usual levels of inflation driven by a combination of factors affected by COVID-19, the war in Ukraine and Brexit, however these impacts did not materially affect the results for the year. There was no adverse impact during the year due to climate change.

The directors are satisfied with the Company's financial performance and that it continues to generate strong operational cash flows.

Going concern

The Company has net current liabilities of £4,578,545 (2022: £4,474,934) and net liabilities of £8,348,553 (2022: £8,277,187). The Company made a loss in the year of £71,366 (2022: profit of £105,348). Within the Company's balance sheet there is a significant obligation related to internally leased premises, the future undiscounted payments of this being seen in note 19. The payments on the lease, and those held within sister subsidiaries, are considered and forecasted at the Group level. With the lease payments, and interdependency of this company with its fellow subsidiaries, the directors of the EHC Holdings Topco Limited have prepared group forecasts, including scenario analysis, through to 31 March 2025 to assess the going concern of the Group as a whole.

These forecast scenarios prepared included lower than budgeted operational cash flows, increased construction and maintenance costs, new homes taking longer to fill than budgeted, high inflation levels for an extended period and higher than anticipated interest rate increases. The forecast scenarios include outflows associated with the capital programmes the Group has in place which is funded from current cash and operating cash flows through the assessed period. The results of the forecasting demonstrate sufficient liquidity of the Group through the period and continued covenant compliance on senior debt.

KINGFISHER HEALTH CARE SERVICES LIMITED

Directors' report (continued) For the year ended 31 March 2023

Going concern (continued)

Given the forecast at the Group level, the directors of the Company have obtained a letter of support from the ultimate parent company through the assessed period. The directors are confident on the support being received as required, the directors of EHC Holdings Topco Limited are also the directors of the Company.

Based on all the information available at the point of approving these financial statements, the directors conclude that it remains appropriate to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2023.

Qualifying third party indemnity provisions

The Company has made qualifying third-party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Future developments

Maintaining the quality of care and the safety of the residents are and always will be the primary objectives of the Company. The Company will continue to proactively deliver these standards and work closely, where required, with external bodies, to keep abreast of the latest developments in the health care sector.


Events after the reporting date

There have been no material adjusting or disclosable events since the financial year end.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption as per Part 15 of the Companies Act 2006.

The Company has availed the audit exemption under section 479A of the Companies Act 2006 relating to subsidiary companies.

Approved by the board of directors on 10 November 2023 and signed on its behalf by:


.....

A J Blyth
Director

KINGFISHER HEALTH CARE SERVICES LIMITED

Directors' responsibilities statement **For the year ended 31 March 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to 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.

KINGFISHER HEALTH CARE SERVICES LIMITED**Statement of comprehensive income
For the year ended 31 March 2023**

	Note	2023 £	2022 £
Turnover	5	1,926,538	1,970,504
Other operating income	6	1,261	39,719
Staff costs	7	(1,087,846)	(1,042,719)
Consumables		(64,254)	(64,046)
Depreciation	6	(159,419)	(182,481)
Other operating expenses		(269,913)	(219,184)
Operating profit	6	<u>346,367</u>	<u>501,793</u>
Interest payable and similar expenses	8	(387,144)	(400,683)
(Loss)/profit before taxation		<u>(40,777)</u>	<u>101,110</u>
Tax on (loss)/profit	9	(30,589)	4,238
(Loss)/profit and total comprehensive (expense)/income for the financial year		<u><u>(71,366)</u></u>	<u><u>105,348</u></u>

All amounts relate to continuing activities.

There were no items of other comprehensive income/(expense) in the current or prior year. Accordingly, no Statement of other comprehensive income has been prepared.

The notes on pages 9 to 24 form an integral part of these financial statements.

KINGFISHER HEALTH CARE SERVICES LIMITED
Registered number: 04216877

Statement of financial position
As at 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	11	2,227,074	2,413,420
Deferred taxation	10	-	30,530
		<u>2,227,074</u>	<u>2,443,950</u>
Current assets			
Debtors: amounts falling due within one year	12	1,509,916	312,233
Cash at bank and in hand		239,987	621,043
		<u>1,749,903</u>	<u>933,276</u>
Creditors: amounts falling due within one year	13	<u>(6,328,448)</u>	<u>(5,408,210)</u>
Net current liabilities		<u>(4,578,545)</u>	<u>(4,474,934)</u>
Total assets less current liabilities		<u>(2,351,471)</u>	<u>(2,030,984)</u>
Creditors: amounts falling due after more than one year	14	(5,997,023)	(6,246,203)
Deferred taxation	10	(59)	-
Net liabilities		<u><u>(8,348,553)</u></u>	<u><u>(8,277,187)</u></u>
Capital and reserves			
Called up share capital	16	1	1
Profit and loss account	17	(8,348,554)	(8,277,188)
Total shareholder's deficit		<u><u>(8,348,553)</u></u>	<u><u>(8,277,187)</u></u>

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

For the year ending 31 March 2023, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

KINGFISHER HEALTH CARE SERVICES LIMITED
Registered number: 04216877

Statement of financial position (continued)
As at 31 March 2023

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 of the Companies Act 2006; and
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements on pages 5 to 24 were approved and authorised for issue by the board and were signed on its behalf on 10 November 2023 by:



.....

A J Blyth
Director

The notes on pages 9 to 24 form an integral part of these financial statements.

KINGFISHER HEALTH CARE SERVICES LIMITED**Statement of changes in equity
For the year ended 31 March 2023**

	Called up share capital	Profit and loss account	Total shareholder's deficit
	£	£	£
Balance at 1 April 2021	1	(8,382,536)	(8,382,535)
Profit and total comprehensive income for the year	-	105,348	105,348
Balance at 31 March and 1 April 2022	<u>1</u>	<u>(8,277,188)</u>	<u>(8,277,187)</u>
Loss and total comprehensive expense for the year	-	(71,366)	(71,366)
Balance at 31 March 2023	<u>1</u>	<u>(8,348,554)</u>	<u>(8,348,553)</u>

The notes on pages 9 to 24 form an integral part of these financial statements.

KINGFISHER HEALTH CARE SERVICES LIMITED

Notes to the unaudited financial statements For the year ended 31 March 2023

1. Company information

Kingfisher Health Care Services Limited is a private company limited by shares and is registered, domiciled and incorporated in England and Wales. The registered office address is Ferham House, Kimberworth Road, Masbrough, Rotherham, South Yorkshire, S61 1AJ.

The Company's principal activity and nature of its operations are disclosed in the Directors' report.

2. Accounting policies

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.

2.1 Basis of preparation

These financial statements are prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101"). The financial statements have been prepared on the going concern basis under the historical cost convention.

In preparing these financial statements, the Company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the UK (UK Adopted International Accounting Standards), amended where necessary in order to comply with Companies Act 2006.

The financial statements are presented in Pound sterling (£), which is the functional currency of the Company. All values are rounded to the nearest £ except when otherwise indicated.

The financial statements of the Company are consolidated into the financial statements of EHC Holdings Topco Limited. The consolidated financial statements of EHC Holdings Topco Limited are available from its registered office, Ferham House, Kimberworth Road, Rotherham, South Yorkshire, England, S61 1AJ or Companies House.

2.2 Reduced disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the Group accounts of the ultimate controlling party, in accordance with FRS 101:

- Presentation of a Statement of cash flows and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Disclosure of key management personnel compensation;
- Disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments; income, expenses, gains and losses on financial instruments; effects of initial application of IFRS 7;
- Comparative period reconciliation for the number of shares outstanding and the carrying amounts of property, plant and equipment;
- Related party disclosures for transactions with the parent or wholly owned members of the Group;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;

2.2 Reduced disclosure exemptions (continued)

- Revenue disclosures, including:
 - Description of when performance obligations are satisfied, significant payment terms, and the nature of services to be transferred;
 - Significant judgements in determining the amount and timing of revenue recognition;
 - Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations; and
- Separate lessee disclosures under IFRS 16.

2.3 Going concern

The Company has net current liabilities of £4,578,545 (2022: £4,474,934) and net liabilities of £8,348,553 (2022: £8,277,187). The Company made a loss in the year of £71,366 (2022: profit of £105,348). Within the Company's balance sheet there is a significant obligation related to internally leased premises, the future undiscounted payments of this being seen in note 19. The payments on the lease, and those held within sister subsidiaries, are considered and forecasted at the Group level. With the lease payments, and interdependency of this company with its fellow subsidiaries, the directors of the EHC Holdings Topco Limited have prepared group forecasts, including scenario analysis, through to 31 March 2025 to assess the going concern of the Group as a whole.

These forecast scenarios prepared included lower than budgeted operational cash flows, increased construction and maintenance costs, new homes taking longer to fill than budgeted, high inflation levels for an extended period and higher than anticipated interest rate increases. The forecast scenarios include outflows associated with the capital programmes the Group has in place which is funded from current cash and operating cash flows through the assessed period. The results of the forecasting demonstrate sufficient liquidity of the Group through the period and continued covenant compliance on senior debt.

Given the forecast at the Group level, the directors of the Company have obtained a letter of support from the ultimate parent company through the assessed period. The directors are confident on the support being received as required, the directors of EHC Holdings Topco Limited are also the directors of the Company.

Based on all the information available at the point of approving these financial statements, the directors conclude that it remains appropriate to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2023.

2.4 Revenue

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

KINGFISHER HEALTH CARE SERVICES LIMITED

Notes to the unaudited financial statements (continued) For the year ended 31 March 2023

2.4 Revenue (continued)

Revenue is measured at the fair value of the consideration received or receivable, based on the contractual price excluding taxes. Revenue from a contract to provide care services is recognised over time using the output method based on the level of care required.

Should fees be reviewed and adjusted during the period where services are provided then the change in revenue is recognised as soon as is practicably possible.

The Company has applied practical expedients to recognise incremental costs of obtaining a contract as an expense and to not adjust the promised amount of consideration for the effects of a significant financing component if the entity expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

2.5 Contract assets

Contract assets are recognised when the Company has transferred services to the customer but where the Company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

2.6 Contract liabilities

Contract liabilities represent the Company's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the Company recognises a debtor to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the services to the customer.

2.7 Consumables

Consumables represent food, medical and other items used on a day to day basis within the business. Such items are bought as required and no material stocks are held.

2.8 Tangible assets

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

Depreciation

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

Leasehold improvements	Over the life of the lease
Fixtures and fittings	20% - 33% straight line
Motor vehicles	20% straight line
Computers	20% straight line
Right-of-use assets	Over the life of the lease

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to Statement of comprehensive income.

2.9 Impairment of fixed assets

At each reporting period end date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

2.10 Recognition of financial instruments

Financial assets and financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets**Initial and subsequent measurement of financial assets*****Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of less than three months.

Trade, group and other debtors

Trade debtors are initially measured at their transaction price. Group and other debtors are initially measured at fair value plus transaction costs.

Debtors are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these debtors are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

2.10 Recognition of financial instruments (continued)***Impairment of trade debtors***

For trade debtors, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the ageing of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Impairment of group debtors measured at amortised cost

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the Company's assessment of change in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows.

The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the Company compares the risk of default at the year-end with the risk of a default when the debtor was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost.

The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those debtors ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the debtor and are recognised in Statement of comprehensive income.

Financial liabilities and equity

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

Initial and subsequent measurement of financial liabilities***Trade, group and other creditors***

Trade, group and other creditors are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Equity instruments

Equity instruments represent the ordinary shared capital issued by the Company.

2.10 Recognition of financial instruments (continued)

Derecognition of financial assets (including write-offs) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and all the risks and rewards of ownership are substantially transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off').

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in Statement of comprehensive income.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in Statement of comprehensive income.

2.11 Taxation

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the Statement of comprehensive income, except to the extent that it relates to items recognised in Other comprehensive income or directly in equity, in which case it is recognised in Other comprehensive income or directly in equity as appropriate.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

KINGFISHER HEALTH CARE SERVICES LIMITED

Notes to the unaudited financial statements (continued) For the year ended 31 March 2023

2.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless capitalised.

Retirement benefits

For defined contribution schemes, the amount charged to Statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are included in other creditors.

2.13 Leases

The amounts recognised for leases have been measured as follows:

Leases under IFRS 16, except 'low-value' and 'short-term' leases

The lease liability is measured at the present value of the lease payments on commencement of the lease, discounted at the Company's incremental borrowing rate at that date.

The right-of-use asset is measured using the Company's incremental borrowing rate of 6.25% on commencement of the lease to discount future payments.

'Low-value' leases

When the value of the underlying asset (if new) is £5,000 or less, the Company recognises the lease payments associated with those leases on a straight-line basis over the lease term.

'Short-term' leases

Where the lease term ends before 31 March 2023, the Company recognises the lease payments associated with those leases on a straight-line basis over the lease term.

2.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

3. Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The directors do not consider there to be any critical judgements.

KINGFISHER HEALTH CARE SERVICES LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

3. Judgements and key sources of estimation uncertainty (continued)**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Recognition of deferred taxes

The carrying value of deferred tax assets are dependent on the estimates of future cash flows arising from the Group's operations. The realisation of the deferred tax asset is dependent on the generation of future taxable profits. The Group recognises deferred tax assets where it is more likely than not that benefit will be realised, and this is currently expected to be the case.

Leases

In determining the lease term the Company assesses whether it is reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. This assessment is made at the start of the lease and is re-assessed if significant events or changes in circumstances occur that are within the lessee's control.

When the interest rate implicit in the lease is not readily determinable, the Company estimates the incremental borrowing rate based on its external borrowings secured against similar assets, adjusted for the term of the lease. The Company applied a rate of 6.25% (2022: 6.25%) to all its leases.

Recoverability of amounts owed by group undertakings

Determination of whether the Company's intercompany debtors have been impaired requires estimation of the fellow group entities net asset position and its ability to generate future cash flows to settle the debtor. In accordance with IFRS 9, the directors have performed a review of each intercompany debtor for indications of impairment and estimated the future cash flows of the fellow group entity to determine recoverability. The carrying amount of intercompany debtors at the balance sheet date was £1,385,306 (2022: £185,306) with no impairment loss (2022: £nil) recognised during the year.

4. New and amended standards and interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2023 that have a material impact on the Company's financial statements.

5. Turnover

All turnover arises from rendering of services. The turnover and (loss)/profit before tax are attributable to the one principal activity of the Company. An analysis of the Company's turnover is as follows:

	2023 £	2022 £
Turnover analysed by geographical market		
United Kingdom	1,926,538	1,970,504

KINGFISHER HEALTH CARE SERVICES LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

6. Operating profit

Operating profit for the year is stated after charging/(crediting):

	2023	2022
	£	£
Government grants	(1,261)	(39,719)
Depreciation of tangible assets (note 11)	159,419	182,481
Staff costs	<u>1,087,846</u>	<u>1,042,719</u>

Government grants awarded were related to the COVID-19 response within the care industry. There are no unfulfilled conditions relating to the grants as at year end.

7. Employees

The average monthly number of persons (excluding directors) employed by the Company during the year was:

	2023	2022
	Numbers	Numbers
Nursing and other care home staff	44	48
Administration	2	2
	<u>46</u>	<u>50</u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	885,360	898,573
Social security costs	71,594	69,550
Pension costs (note 15)	16,477	15,768
	<u>973,431</u>	<u>983,891</u>

Staff costs in the Statement of comprehensive income include agency staff costs of £114,415 (2022: £58,828).

Directors' emoluments and pension contributions were borne by a fellow group company in the current and prior year. It is not practical to determine the proportion of emoluments which relate to their services as directors of this company.

KINGFISHER HEALTH CARE SERVICES LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

8. Interest payable and similar expenses

	2023	2022
	£	£
Interest on lease liabilities	387,144	400,683

9. Tax on (loss)/profit

	2023	2022
	£	£
Tax charged/(credited) in the Statement of comprehensive income		
Current tax on (loss)/profit for the year	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	409	2,645
Changes in tax rates	128	(7,327)
Adjustments in respect of prior years	30,052	444
Total deferred tax	30,589	(4,238)
Tax on (loss)/profit	30,589	(4,238)

KINGFISHER HEALTH CARE SERVICES LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

9. Tax on (loss)/profit (continued)**Reconciliation of the total tax charge/(credit)**

The tax assessed for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are reconciled below:

	2023 £	2022 £
(Loss)/profit before taxation	<u>(40,777)</u>	<u>101,110</u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19% (2022: 19%)	(7,748)	19,211
Effects of:		
Expenses that are not deductible in determining taxable profit	-	2,485
Adjustments in respect of prior years	30,052	444
Changes in tax rates	128	(7,327)
Income not taxable	(564)	(230)
Group relief	51,444	27,324
Transfer pricing adjustments	(42,723)	(46,145)
Tax charge/(credit) for the year	<u><u>30,589</u></u>	<u><u>(4,238)</u></u>

Factors affecting tax charge/(credit) for the year

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. Companies with profits of £50,000 or less will continue to pay Corporation Tax at 19%. Companies with profits between £50,000 and £250,000 will pay at the main rate reduced by a marginal relief providing a gradual increase in effective Corporate tax rate. The deferred tax at 31 March 2023 has been calculated based on the rate of 25% substantively enacted at the balance sheet date.

KINGFISHER HEALTH CARE SERVICES LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

10. Deferred taxation

The major deferred tax assets/(liabilities) recognised by the Company are:

	Liabilities	Assets
	2023	2022
	£	£
Balances:		
Accelerated capital allowances	8,240	8,344
Short term timing differences	1,038	2,531
IFRS 16 spreading adjustment	(9,337)	19,655
	<u>(59)</u>	<u>30,530</u>

The unrecognised deferred tax amounts to £4,598 (2022: £2,404) in relation to losses.

	£
Movements during the year:	
Asset at 1 April 2022	30,530
Adjustments in respect of prior years	(30,052)
Charge to Statement of comprehensive income	(537)
	<u>(59)</u>
Liability at 31 March 2023	<u><u>(59)</u></u>

Deferred tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

KINGFISHER HEALTH CARE SERVICES LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

11. Tangible assets

	Fixtures and fittings £	Computers £	Motor vehicles £	Right-of-use assets £	Total £
Cost					
At 1 April 2022	151,466	6,850	9,345	5,523,700	5,691,361
Additions	10,688	-	8,990	-	19,678
Disposals	-	-	-	(46,605)	(46,605)
At 31 March 2023	<u>162,154</u>	<u>6,850</u>	<u>18,335</u>	<u>5,477,095</u>	<u>5,664,434</u>
Depreciation					
At 1 April 2022	33,658	4,026	4,690	3,235,567	3,277,941
Charge for the year	32,623	1,373	3,618	121,805	159,419
At 31 March 2023	<u>66,281</u>	<u>5,399</u>	<u>8,308</u>	<u>3,357,372</u>	<u>3,437,360</u>
Carrying amount					
At 31 March 2023	<u>95,873</u>	<u>1,451</u>	<u>10,027</u>	<u>2,119,723</u>	<u>2,227,074</u>
At 31 March 2022	<u>117,808</u>	<u>2,824</u>	<u>4,655</u>	<u>2,288,133</u>	<u>2,413,420</u>

The carrying amount of right-of-use assets relates entirely to land and buildings.

KINGFISHER HEALTH CARE SERVICES LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

12. Debtors: amounts falling due within one year

	2023	2022
	£	£
Trade debtors	118,992	118,347
Amounts owed by group undertakings	1,385,306	185,306
Other debtors	4,528	3,789
Prepayments and accrued income	1,090	4,791
	<u>1,509,916</u>	<u>312,233</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

13. Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	23,075	-
Amounts owed to group undertakings	5,893,056	5,053,256
Lease liabilities	194,792	168,709
Other taxation and social security	19,193	27,270
Other creditors	76,317	73,611
Deferred income	53,977	52,711
Accruals	68,038	32,653
	<u>6,328,448</u>	<u>5,408,210</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

Other creditors includes £5,842 (2022: £5,774) in relation to amounts held on behalf of customers, with a corresponding balance held within cash balances.

14. Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Lease liabilities	<u>5,997,023</u>	<u>6,246,203</u>

KINGFISHER HEALTH CARE SERVICES LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

15. Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to Statement of comprehensive income	16,477	15,768

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group in funds under control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

As at 31 March 2023, included within other creditors are contributions payable of £8,307 (2022: £10,122).

16. Share capital

	2023	2022
	£	£
Ordinary share capital		
Authorised		
1,000 (2022: 1,000) ordinary shares of £1 each	1,000	1,000
Issued and fully paid		
1 (2022: 1) ordinary share of £1	1	1

The Company has one class of ordinary share which carries no right to fixed income. All shares are held at par value.

17. Profit and loss account

Profit and loss account comprise of cumulative profit and loss net of distributions to owners.

18. Financial commitments, guarantees and contingent liabilities

The Company is part of the Group banking facility which includes an unlimited guarantee in respect of the indebtedness to the bank. At 31 March 2023 and 31 March 2022, there was no contingent liability to be reported in respect of this.

KINGFISHER HEALTH CARE SERVICES LIMITED**Notes to the unaudited financial statements (continued)**
For the year ended 31 March 2023

19. Leases

The total cash outflow for leases during the year was £557,130 (2022: £540,903).

The maturity of the gross contractual undiscounted cash flows due on the Company's lease liabilities is set out below based on the period between 31 March and the contractual maturity date.

	2023 £	2022 £
Land and buildings		
Within one year	471,730	422,702
Between one and five years	1,886,920	1,690,808
Over five years	4,009,705	4,227,022
	<u>6,368,355</u>	<u>6,340,532</u>

The Company's leasing activities relate to rentals payable for its home property. Leases are negotiated for a term of 35 years. Leases of buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

20. Ultimate controlling party

The Company is a wholly owned subsidiary of Exemplar Holdings Limited, whose ultimate parent company, at the balance sheet date is EHC Holdings Topco Limited, all of these companies are domiciled in the United Kingdom and incorporated in England and Wales.

Consolidated financial statements are prepared by the Group headed by EHC Holdings Topco Limited and copies can be obtained from its registered office at Ferham House, Kimberworth Road, Rotherham, South Yorkshire, England, S61 1AJ or Companies House. EHC Holdings Topco Limited is the largest group and Exemplar Health Care Group Limited is the smallest group into which these financial statements are consolidated.

At the end of the financial year, the ultimate controlling party was ACOF VI Holdings LP (a fund of Ares Management Corporation), based on the disposition of shareholdings in the Company.