

Company Registered No: 05073061

Ealing Care Alliance (Holdings) Limited

**Annual Report and Financial Statements
for the year ended 31 December 2020**



Ealing Care Alliance Holdings Limited

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Ealing Care Alliance (Holdings) Limited

Officers and professional advisers

Directors

D A J Foot (appointed on 15 May 2020)
R W Driver (resigned on 15 May 2020)
A V Thorne
M G D Holden (appointed on 29 June 2020)
C M D Gill (appointed on 29 June 2020)
J E Porter (resigned on 29 June 2020)
T J Paul (resigned on 29 June 2020)
J M Rudd-Jones (resigned on 29 June 2020)
G Doctor

Company Secretary

J Cheadle

Registered office

10 St Giles Square
London
United Kingdom
WC2H 8AP

Bankers

Lloyds Bank plc

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Ealing Care Alliance (Holdings) Limited

Strategic report

The directors of Ealing Care Alliance (Holdings) Limited ("the company") present their annual report and the financial statements for the year ended 31 December 2020.

Business review and principal activities

Redwood Partnership Ventures 2 Limited ("RPV2") holds an 84% interest in the company, with the remaining 16% interest being held by Kajima Partnerships Limited ("KPL").

The company acts as the holding company of a single subsidiary, Ealing Care Alliance Limited ("ECAL"), together referred to as "the group". ECAL's principal activity is the development and management of four resource centres for older people awarded by the London Borough of Ealing under the UK Government's Private Finance Initiative. The company is now fully operational.

Results and dividends

As shown in the company's income statement account on page 10, the company's only income and expenditure consist of dividends and interest received on its subordinated loan notes from ECAL and the same amount of interest paid on its loan notes due to KPL, Optivo and Infrastructure Investments General Partner Limited ("IIGP") (for and on behalf of Infrastructure Investments Limited Partnership ("IILP")).

A total dividend of £100,000 has been paid in the year (2019: £nil).

Financial risk management

In view of the fact that the company has no trade and owes, and is owed, equal amounts of loans on identical terms, the directors do not consider that it is exposed to any financial risks. However, ECAL is exposed to credit risk, interest rate risk, cash flow risk, inflation risk and liquidity risk.

Credit risk

ECAL's credit risk is attributable to its unitary charge income from its sole customer, the London Borough of Ealing. As this is a quasi-governmental organisation, the credit risk and associated cash flow risk are not considered significant.

Interest rate risk

ECAL's bank loan bears interest at a rate that fluctuates with the money market. ECAL mitigates the risk of an increased interest rate by the use of swap agreements to convert the floating interest rate to a fixed rate.

Cash flow risk

ECAL's activities expose it primarily to the financial risks of changes in interest rates. ECAL uses interest rate swap contracts to hedge these exposures. Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Inflation risk

ECAL is exposed to inflation risk due to contractual obligations to its suppliers. ECAL mitigates this by an element of the unitary charge being linked to inflation.

Liquidity risk

ECAL maintains a rolling cash flow forecast based on the bank-approved financial model, which is regularly updated to reflect actual cash movements and any projected changes. This forecast is used to monitor the ECAL's ability to meet its future cash commitments and ensure compliance with the bank covenants.

Ealing Care Alliance (Holdings) Limited

Strategic report (continued)

Key performance indicators

The company monitors results through the following key performance indicators:

- cashflows being in accordance with the financial model; and,
- trading results are in line with budget, with any variances being reviewed and understood.

Going concern

The Directors have assessed the liquidity and forecast covenant compliance for a period of at least twelve months from date of approval of the financial statements. These forecasts include the ability of the Company to meet all loan and interest repayments and other liabilities as they fall due.

In the first quarter of 2020, financial markets experienced substantial falls associated with uncertainties linked to the Covid-19 virus pandemic.

The Directors have considered the impact of the ongoing Covid-19 virus pandemic on Ealing Care Alliance (Holdings) Limited, both retrospectively and for a period of 12 months from the date of approval of the financial statements. To date, the Covid-19 virus pandemic has not resulted in any adverse impact on the services provided or the wider industry. The Directors do not consider this to be a material risk.

The company meets its day to day working capital requirements through cash generated through ECAL, which in turn meets its own working capital requirements through unitary charge receipts from the Council. The Directors do not consider the ability of government authorities to pay unitary fees to be a material risk.

The Directors have further assessed the ability of key sub-contractors to continue to meet their contractual commitments including the unlikely event of a sub-contractor failure. In making their assessment, the Directors have tested various stress scenarios which show that, even in the unlikely event of a sub-contractor failure, the Company can continue to meet loan covenants and other liabilities as they fall due (including covenant compliance and the funding of reserves) in the next twelve months. The principal loan covenants are historic and forecast financial ratios.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its 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.

The strategic report was approved by the Board on 28 June 2021 and signed on its behalf by:



J Cheadle
Company Secretary

Ealing Care Alliance (Holdings) Limited

Directors' report

The directors of the company present their annual report and the audited financial statements for the year ended 31 December 2020.

Details of future developments and events that have occurred after the statement of financial position date, as well as the financial risk management, can be found in the strategic report on pages 2-3 and form part of this cross-reference.

Dividends

A total dividend of £100,000 has been paid in the year (2019: £nil).

Share capital

Issued share capital at the year end was £10,000 (2019: £10,000).

Directors

The current directors of the company and those who served during the year are shown on page 1. On 15 May 2020 R W Driver resigned and D A J Foot was appointed director. On 29 June 2020 J E Porter, T J Paul and J M Rudd-Jones resigned and M G D Holden and C M D Gill were appointed as directors.

Qualifying third party indemnity provisions are currently in force for the benefit of certain directors.

Disclosure of information to auditor

Each of the directors at the date of approval of this report confirms that:


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

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 and, unless the company receives notice under Section 488(1) of the Act, offer themselves for reappointment as auditor in accordance with the Companies Act.

The directors' report was approved by the Board on 28 June 2021 and signed on its behalf by:



J Cheadle
Company Secretary

Ealing Care Alliance (Holdings) Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including the Financial Reporting Standard 101 "Reduced Disclosure Framework". 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; 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.

Ealing Care Alliance (Holdings) Limited

Independent auditor's report to the members of Ealing Care Alliance (Holdings) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Ealing Care Alliance (Holdings) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Ealing Care Alliance (Holdings) Limited

Independent auditor's report to the members of Ealing Care Alliance Holdings Limited (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

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

Ealing Care Alliance (Holdings) Limited

Independent auditor's report to the members of Ealing Care Alliance Holdings Limited (continued)

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and directors' report.

Ealing Care Alliance (Holdings) Limited

Independent auditor's report to the members of Ealing Care Alliance Holdings Limited (continued)

Matters on which we are required to report by exception


Under the Companies Act 2006 we are required to report in respect of the following matters 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 respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



James Wright FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 June 2021

Ealing Care Alliance (Holdings) Limited

Income statement

For the year ended 31 December 2020

	Note	2020 £	2019 £
Income from shares in group undertakings		100,000	-
Finance income	5	511,698	510,300
Finance costs	6	(511,698)	(510,300)
Profit before taxation		<u>100,000</u>	<u>-</u>
Tax charge	7	-	-
Profit after taxation for the financial year	14	<u><u>100,000</u></u>	<u><u>-</u></u>

All results are derived from continuing operations.

The company had no other recognised gains or losses for the current year or preceding year. Accordingly, no statement of total comprehensive income is required.

The notes on pages 13 to 20 form part of these financial statements.


Ealing Care Alliance (Holdings) Limited

Statement of financial position

As at 31 December 2020

	Note	2020 £	2019 £
Non-current assets			
Investments	8	10,000	10,000
Loans to subsidiaries	9	3,780,000	3,780,000
		<u>3,790,000</u>	<u>3,790,000</u>
Current assets			
Trade and other receivables	10	128,624	128,624
Total assets		<u>3,918,624</u>	<u>3,918,624</u>
Current liabilities			
Trade and other payables	11	(128,624)	(128,624)
Net current assets		<u>-</u>	<u>-</u>
Total assets less current liabilities		<u>3,790,000</u>	<u>3,790,000</u>
Non-current liabilities			
Borrowings	12	(3,780,000)	(3,780,000)
Net assets		<u>10,000</u>	<u>10,000</u>
Equity			
Called up share capital	13	10,000	10,000
Retained earnings	14	-	-
Equity attributable to the owners of the company		<u>10,000</u>	<u>10,000</u>

The financial statements of the company, registered number 05073061, were approved by the Board of Directors on 28 June 2021 and signed on its behalf by



A V Thorne
Director

A V Thorne

The notes on pages 13 to 20 form part of these financial statements.

Ealing Care Alliance (Holdings) Limited

Statement of changes in equity

For the year ended 31 December 2020

	Note	Called up share capital £	Retained earnings £	Total £
Balance at 1 January 2019		10,000	-	10,000
Result for the year	14	-	-	-
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	-	-
Dividends	14	-	-	-
Balance at 31 December 2019		10,000	-	10,000
Profit for the year	14	-	100,000	100,000
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	100,000	100,000
Dividends	14	-	(100,000)	(100,000)
Balance at 31 December 2020		10,000	-	10,000

The notes on pages 13 to 20 form part of these financial statements.

Ealing Care Alliance (Holdings) Limited

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

Ealing Care Alliance (Holdings) Limited ("the company") is incorporated in the United Kingdom under the Companies Act 2006, registered in England and is a private company limited by shares. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the business review on page 2. The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2020 the company continued to adopt accounting framework FRS 101 as issued by the Financial Reporting Council. Therefore these financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101 "Reduced Disclosure Framework"). The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

These financial statements are prepared in pounds sterling because that is the currency of the primary economic activity in which the company operates.

As permitted by FRS 101, as a qualifying entity, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Redwood Partnership Ventures 2 Limited ("RPV2"). The group accounts of RPV2 are available to the public and can be obtained as set out in note 17.

Group accounts

The company has taken advantage of the exemption conferred by Section 400 of the Companies Act 2006 not to prepare consolidated financial statements as the results of the company are included within the consolidated financial statements of its parent company, RPV2 incorporated in Great Britain. Consequently, these financial statements present information about the company as an individual undertaking and not about its group.

Ealing Care Alliance (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

1. Accounting policies (continued)

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 to 3. The directors' report also describes the financial position of the company; its cash flows, liquidity position and borrowing facilities and exposure to credit, liquidity and cash flow risk.

After making enquiries, including further assessing the ongoing impact of Covid-19 on the business activities, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

New and amended IFRS Standards that are effective for the current year

All new standards effective in the year were assessed to not have a material impact on the financial statements.

Taxation

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

Current tax

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

Ealing Care Alliance (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

1. Accounting policies (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Operating profit

Operating profit is stated after charging restructuring costs and after the share of results of associates but before investment income and finance costs.

Investments

Investments in subsidiary companies are stated at cost less provision for impairment. The investment is assessed for impairment annually based on a review of the cash flow forecast of the subsidiary.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Ealing Care Alliance (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

1. Accounting policies (continued)

Financial assets (continued)

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit and loss ("FVTPL").

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets measured at FVTOCI, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The company recognises a lifetime expected credit loss for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Ealing Care Alliance (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

1. Accounting policies (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability recognised and the consideration paid and payable is recognised as profit or loss.

Interest receivable

Interest is accounted for on an accruals basis.

Dividend Income

Dividend income from investments is recognised when the shareholders' rights to receive the payments has been established, provided it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1 above, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

There are no critical judgements that the directors have made in the process of applying the company's accounting policies.

Key Sources of estimation uncertainty

No key sources of estimation uncertainty.

3. Information regarding directors and employees

The company has no employees other than its directors, who received no remuneration for their services as directors of the company during the year.

4. Auditor's remuneration

The company's audit fees of £1,000 (2019: £1,000) have been borne by the company's subsidiary.

Ealing Care Alliance (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

5. Finance income

	2020 £	2019 £
Subordinated loan interest receivable	<u>511,698</u>	<u>510,300</u>

6. Finance costs

	2020 £	2019 £
Subordinated loan interest payable	<u>511,698</u>	<u>510,300</u>

7. Taxation

(a) Tax on profit

In view of the fact that the company's only net income consists of a non-taxable dividend from its subsidiary company, no tax charge or credit arises in the year (2019: £nil).

(b) Factors affecting tax credit for the year

The total tax assessed for the year differs from that resulting from applying the standard rate of corporation tax in the UK. The differences are explained below:

	2020 £	2019 £
Profit before tax	<u>100,000</u>	<u>-</u>
Profit on ordinary activities multiplied by effective rate of UK corporation tax of 19% (2019: 19%)	19,000	-
Effect of:		
Non-taxable dividends received	<u>(19,000)</u>	<u>-</u>
Total tax charge for the year	<u>-</u>	<u>-</u>

In the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023.

There is no deferred tax asset or liability at the reporting date (2019: £nil).

8. Fixed asset investment

	2020 £	2019 £
£1 ordinary shares in subsidiary undertaking	<u>10,000</u>	<u>10,000</u>

The investment represents the company's 100% holding in ECAL, a company registered in England and Wales at the registered office listed on page 1, whose activities relate to a private finance initiative project. The investment is held at cost and there is no impairment recognised.

Ealing Care Alliance (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

9. Non-current assets

	2020	2019
	£	£
Subordinated loan notes	<u>3,780,000</u>	<u>3,780,000</u>

10. Trade and other receivables

	2020	2019
	£	£
Subordinated loan interest accrued	<u>128,624</u>	<u>128,624</u>

11. Trade and other payables

	2020	2019
	£	£
Subordinated loan interest accrued	<u>128,624</u>	<u>128,624</u>

12. Borrowings

	2020	2019
	£	£
Subordinated loan notes	<u>3,780,000</u>	<u>3,780,000</u>

The subordinated loan notes have an interest rate of 13.5% and are repayable after more than five years.

No borrowing costs were capitalised during the year (2019: £nil).

13. Called up share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
1,600 'A' ordinary shares of £1 each	1,600	1,600
1,600 'B' ordinary shares of £1 each	1,600	1,600
6,800 'C' ordinary shares of £1 each	6,800	6,800
	<u>10,000</u>	<u>10,000</u>

All shares rank equally in every respect.

Ealing Care Alliance (Holdings) Limited

Notes to the financial statements (continued)

For the year ended 31 December 2020

14. Retained earnings

	Retained earnings £
Company	
At 1 January 2019	-
Profit for the year	-
Dividend paid	-
	<hr/>
At 31 December 2019	-
Profit for the year	100,000
Dividend paid	(100,000)
	<hr/>
At 31 December 2020	<hr/> <hr/>

15. Dividends per equity shares

Dividend per share £100k/shares in issue (2019: £nil).

16. Transactions with directors and other related parties

There are no transactions between the directors to be disclosed.

The company has taken advantage of the exemption conferred by FRS 101 paragraph 101.8(k) that allows it not to disclose transactions with group companies.

During the year, the company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The names of the related parties and the total value of transactions are shown below:

	2020		2019	
	Value of transactions £	Payable at year-end £	Value of transactions £	Payable at year-end £
KPL	128,926	1,297,498	87,750	672,118
Optivo	40,936	-	81,648	625,380
IIGP*	263,971	2,016,353	263,250	2,016,353
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

* IIGP for and on behalf of IILP.

Optivo held a 16% shareholding in the company. On 29 June 2020 this shareholding was sold to KPL.

KPL and IILP hold a 25% and 75% interest respectively in the company's ultimate parent, RPV2, which holds 84% of the company. The above transactions were in respect of interest payable on the subordinated loan notes (Notes 9 & 10). KPL is a member of the Kajima group of companies.

17. Ultimate, immediate and controlling parent company

The company's immediate, ultimate and controlling parent company, and smallest and largest group into which the company is consolidated is RPV2, copies of whose financial statements are available from the registered office (see page 1).