Registered number: 05110137

LIFECARE RESIDENCES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

LIFECARE RESIDENCES LIMITED

COMPANY INFORMATION

Directors	N V Cook A J Edwards (resigned 25 January 2024) C D C Cook J M S Smart G P Heather (appointed 22 February 2023) P R Harries (resigned 8 February 2023) W A Edwards (appointed 25 January 2024)
Registered number	05110137
Registered office	15 Savile Row London W1S 3PJ
Independent auditors	White Hart Associates (London) Limited Chartered Accountants and Statutory Auditors 2nd Floor, Nucleus House 2 Lower Mortlake Road Richmond TW9 2JA

LIFECARE RESIDENCES LIMITED

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GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2023.

Principal activities, trading review and futurre developments

LifeCare Residences and its subsidiaries ("the group") develops and operates continuing care retirement communities in London and Southern England. The results for the group show a pre tax loss of £3.2 million (2022 – loss of £3.8 million). The group has a net asset position of £38.5 million (2022 - £41.8 million).

During the year, the group recognised a surplus on revaluation of the investment property of £1.2 million (2022- deficit of £0.4 million) and generated £0.3 million (2022 – profit of £1.6 million) of operating profit at its three retirement villages.

The group currently operates 286 retirement village apartments and 68 nursing home beds.

Staff involvement

The key focus of the group in delivering exceptional retirement communities is under pinned by our staff providing impeccable service to our residents. To maintain these standards, the group operates a tailored development programme which involves annual target setting and consistent training programmes.

Furthermore, all new employees receive a role specific induction to ensure a coherent understanding of the business and its primary objective of providing exceptional retirement communities and care.

Cross village participation and communication is proactively encouraged to ensure best practice ideas and ways of working are shared throughout the group.

Future outlook

Since all of the apartments in the Battersea Place development were sold, the company has been operating three completed and fully sold-down retirement villages in the UK. The directors have confidence the business strategy is a viable, profitable and scalable business, and focus is being placed on maintaining and building upon the high standards of luxury care and 5 star amenities provided at the villages.

The company continues to assess the development opportunities available to it with regards to its proposed North London retirement village on the land owned in Hampstead and is committed to delivering a nursing home proposition at Grove Place Village.

Planning options for a revised scheme in Hampstead are continuing, whilst the Grove Place nursing home has been granted revised planning permission in January 2023.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks.

At the time of writing, management is confident that they have reacted to the global COVID-19 pandemic in a way that has protected its staff and residents and has maintained a platform for future growth. Demand for retirement living continues to outweigh supply and the nursing homes occupancy remains stable. Management therefore believe that the future financial wellbeing of the group has been safeguarded.

Other key business risks and uncertainties affecting the group are considered to relate to competition from other national and independent operators, executive retention, events leading to reputational risk, product availability, regulatory requirements and tightening of the debt markets.

Financial key performance indicators

1. Value of resales

The table below illustrates the number of resales that have taken place at each retirement community, what the total resale value was and how much of the proceeds were attributable to the group:

	No. of Resales 2023	Total Value of Resales (£m) 2023	Company resales revenue (£m) 2023	No. of Resales 2022	Total Value of Resales (£m) 2022	Company resales revenue (£m) 2022
Battersea Place Retirement Village	**6**	**8.0**	**1.6**	**3**	**5.2**	**1.6**
Grove Place Village	**5**	**2.0**	**0.6**	**13**	**4.8**	**1.4**
Somerleigh Court	**11**	**3.8**	**0.1**	**14**	**4.1**	**0.1**
Total	**22**	**13.8**	**2.3**	**30**	**14.1**	**3.1**

2. Care facility occupancy

This is the occupancy rate at the Somerleigh Court and Battersea Place nursing homes. The objective of the group is to maximise the occupancy rate for the nursing homes by providing high quality care services. This objective is important to the group as occupancy is a key driver for EBITDA.

For the year ended 31 March 2023 the average occupancy at Somerleigh Court was 80% (2022 - 91%). Somerleigh management during FY23 focused on increasing average weekly fee levels and providing the appropriate care types for the home. This resulted in a move away from high-dependency-dementia care as well as a period of upgrade within the home, both of which created a transitional period of lower occupancy.

The lower-than-expected average occupancy in FY23 is therefore viewed as a temporary outcome of the operational improvement process with EBITDA margins improving in FY24.

Battersea Place average occupancy of 61% (2022 - 47%) is seeing a steady increase through referrals for post-operative care.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

This report was approved by the board on 8 February 2024 and signed on its behalf.

N V Cook
Chairman

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Results and dividends

The loss for the year, after taxation, amounted to *£3.57 million (2022 - £8.56 million))*.

During the year, distributions of £Nil were made to the shareholders (2022: £Nil).

Directors

The directors who served during the year were:

N V Cook
A J Edwards (resigned 25 January 2024)
C D C Cook
J M S Smart
G P Heather (appointed 22 February 2023)
P R Harries (resigned 8 February 2023)

Streamlined energy and carbon reporting

The Group's subsidiaries are below the size threshold for reporting energy and carbon information. The parent company's UK energy use is below 40 MWh in the reporting period.

Future developments

A summary of the future developments of the business is given in the strategic report set out on pages 1 - 3.

Engagement with employees

The group has implemented a robust framework for employee engagement, which includes regular team meetings, feedback sessions, and an open-door policy that encourages staff to voice their concerns and suggestions. These initiatives have fostered a positive work environment. Additionally, the introduction of specialised training programmes has not only enhanced the skills of our staff but also demonstrated a significant investment in their professional development. This proactive approach in engaging with employees has contributed to the delivery of high-quality care and services, aligning with the organisation's commitment to excellence in the retirement village sector.

Disclosure of information to auditors

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

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

Post balance sheet events

The £2,922,818 (Nominal Amount) LCR Zero-Coupon Deep Discount Bonds (Bonds A) were settled on 15 June 2023 through the issuance of £3,391,110 (Nominal Amount) LCR Zero-Coupon Deep Discount Bonds (Bonds D) at a discounted subscription price of £2,922,818 and a redemption date of 14 June 2025.

On 4th May 2023, the £2.5m Leumi Loan at Somerleigh was extended, with a prepayment of £0.5m payable immediately and the remaining £2m balance payable on termination date 30th April 2024.

Auditors

The auditors, White Hart Associates (London) Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Group (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report on page 1 - 2. These matters relate to the principal activity and financial risk.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

This report was approved by the board on 8 February 2024 and signed on its behalf.

N V Cook
Chairman

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFECARE RESIDENCES LIMITED

Opinion

We have audited the financial statements of Lifecare Residences Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023, which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2023 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Independence

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 Group's or the parent 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.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' 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 Auditors' 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 Group financial statements .

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 exercise professional judgment and maintain professional skepticism throughout the audit;

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the deliberate override of internal control;

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made;

- We assess the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, assessing whether the judgements made in making accounting estimates, in particular revenue recognition as well as the valuation of investment properties and property plant and equipment, are indicative of a potential bias; and evaluating the business rationale of significant transactions outside the normal course of business;

- We request and review the minutes of management meetings, and assess any matters identified not already provided for or disclosed that may materially impact the financial statements;

- We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

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 Auditors' 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.

Ms N A Spoor FCA FCCA (Senior Statutory Auditor)

for and on behalf of
White Hart Associates (London) Limited

Chartered Accountants and Statutory Auditors

2nd Floor, Nucleus House
2 Lower Mortlake Road
Richmond
TW9 2JA

8 February 2024

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	*2022 £000*
Turnover	4	**11,997**	*10,638*
Cost of sales		**(9,353)**	*(7,662)*
Gross profit		**2,644**	*2,976*
Administrative expenses		**(4,154)**	*(4,505)*
Other operating income	5	**14**	*441*
Fair value movements on investment property		**1,170**	*(362)*
Operating loss	6	**(326)**	*(1,450)*
Interest payable and similar expenses	9	**(2,904)**	*(2,347)*
Loss before tax		**(3,230)**	*(3,797)*
Tax on loss	10	**(336)**	*(4,765)*
Loss for the financial year		**(3,566)**	*(8,562)*
Loss for the year attributable to:			
Owners of the parent		**(3,566)**	*(8,562)*
		(3,566)	*(8,562)*

The notes on pages 21 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	*2022* *£000*
Loss for the financial year		**(3,566)**	*(8,562)*
Other comprehensive income			
Unrealised surplus on revaluation of tangible fixed assets	11	**191**	*71*
Deferred tax movements		**-**	*(167)*
Other comprehensive income net of tax		**191**	*(96)*
Total comprehensive income for the year		**(3,375)**	*(8,658)*
(Loss) for the year attributable to:			
Owners of the parent Company		**(3,566)**	*(8,562)*
		(3,566)	*(8,562)*
Total comprehensive income attributable to:			
Owners of the parent Company		**(3,375)**	*(8,658)*
		(3,375)	*(8,658)*

The notes on pages 21 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note		2023 £000		2022 £000
Fixed assets					
Tangible assets	11		**30,635**		*29,566*
Investment property			**81,309**		*80,139*
			111,944		*109,705*
Current assets					
Stocks	14	**114**		*634*	
Debtors: amounts falling due within one year	15	**1,356**		*1,002*	
Cash at bank and in hand	16	**375**		*426*	
		1,845		*2,062*	
Creditors: amounts falling due within one year	17	**(9,308)**		*(14,987)*	
Net current liabilities			**(7,463)**		*(12,925)*
Total assets less current liabilities			**104,481**		*96,780*
Creditors: amounts falling due after more than one year	18		**(45,706)**		*(34,966)*
Provisions for liabilities					
Deferred taxation	21	**(20,314)**		*(19,978)*	
			(20,314)		*(19,978)*
Net assets			**38,461**		*41,836*
Capital and reserves					
Called up share capital	22		**1,619**		*1,619*
Share premium account	23		**4,672**		*4,672*
Revaluation reserve	23		**6,463**		*6,272*
Profit and loss account	23		**25,707**		*29,273*
			38,461		*41,836*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 February 2024.

N V Cook
Chairman

The notes on pages 21 to 46 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note		2023 £000		2022 £000
Fixed assets					
Tangible assets	11		**13**		*26*
Investments	12		**2,444**		*2,444*
			2,457		*2,470*
Current assets					
Stocks	14	**-**		*1,300*	
Debtors: amounts falling due within one year	15	**14,758**		*7,925*	
Cash at bank and in hand	16	**229**		*10*	
		14,987		*9,235*	
Creditors: amounts falling due within one year	17	**(14,767)**		*(13,937)*	
Net current assets/(liabilities)			**220**		*(4,702)*
Total assets less current liabilities			**2,677**		*(2,232)*
Creditors: amounts falling due after more than one year	18		**(38,306)**		*(34,966)*
Debtors: amounts falling due after more than one year	15		**40,116**		*38,601*
Net assets excluding pension asset			**4,487**		*1,403*
Net assets			**4,487**		*1,403*
Capital and reserves					
Called up share capital	22		**1,619**		*1,619*
Share premium account	23		**4,672**		*4,672*
Profit and loss account brought forward		**(4,888)**		*(3,462)*	
Profit/(loss) for the year		**3,084**		*(1,426)*	
Profit and loss account carried forward			**(1,804)**		*(4,888)*
			4,487		*1,403*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 February 2024.

N V Cook
Director

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

The notes on pages 21 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 April 2021	1,619	4,672	6,368	37,835	50,494
Comprehensive income for the year					
Loss for the year	-	-	-	(8,562)	(8,562)
Surplus on revaluation of freehold property	-	-	71	-	71
Tax on revaluation of freehold proprty	-	-	(167)	-	(167)
At 1 April 2022	1,619	4,672	6,272	29,273	41,836
Comprehensive income for the year					
Loss for the year	-	-	-	(3,566)	(3,566)
Surplus on revaluation of freehold property	-	-	191	-	191
At 31 March 2023	1,619	4,672	6,463	25,707	38,461

The notes on pages 21 to 46 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 April 2021	**1,619**	**4,672**	**(3,462)**	**2,829**
Comprehensive income for the year				
Loss for the year	**-**	**-**	**(1,426)**	**(1,426)**
At 1 April 2022	**1,619**	**4,672**	**(4,888)**	**1,403**
Comprehensive income for the year				
Profit for the year	**-**	**-**	**3,084**	**3,084**
At 31 March 2023	**1,619**	**4,672**	**(1,804)**	**4,487**

The notes on pages 21 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £000	*2022* *£000*
Cash flows from operating activities		
Loss for the financial year	**(3,566)**	*(8,562)*
Adjustments for:		
Depreciation of tangible assets	**284**	*274*
Interest paid	**2,904**	*2,348*
Taxation charge	**336**	*4,765*
Decrease/(increase) in stocks	**519**	*(76)*
(Increase)/decrease in debtors	**(375)**	*317*
(Decrease)/increase in creditors	**(289)**	*707*
(Decrease)/increase in amounts owed to associates	**(140)**	*229*
Net fair value (gains)/losses recognised in P&L	**(1,170)**	*362*
Share based payments	**(685)**	*309*
Net cash generated from operating activities	**(2,182)**	*673*
Cash flows from investing activities		
Purchase of tangible fixed assets and investment property	**(1,502)**	*(645)*
Disposal of WIP	**340**	*-*
Net cash from investing activities	**(1,162)**	*(645)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £000	2022 £000
Cash flows from financing activities		
Shares treated as debt - Issued	**8,119**	-
Shares treated as debt - Redeemed	**(4,632)**	-
Interest paid	**(876)**	*(514)*
Inrease in loans from related party	**10,644**	*4,209*
Repayment of loans from related party	**(5,275)**	*(2,609)*
Repayment of bank loans	**(1,200)**	*(800)*
Dividends Paid	**(3,487)**	-
Net cash used in financing activities	**3,293**	*286*
Net (decrease)/increase in cash and cash equivalents	**(51)**	*314*
Cash and cash equivalents at beginning of year	**426**	*112*
Cash and cash equivalents at the end of year	**375**	*426*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**375**	*426*
	375	*426*

1. General information

LifeCare Residences Limited is a private company, limited by shares, incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

The financial statements have been presented in pound sterling as this is the currency of the primary economic environment in which the company operates and is rounded to the nearest pound.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the company and the parent company would be identical;

- no statement of cash flows has been presented for the parent company;

- disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the company as a whole; and

- no disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the company as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

2. Accounting policies (continued)

2.3 Going concern

The group meets its day-to-day working capital requirements primarily through its income, bank loan facilities and when required, the continuing support of its shareholders. The directors prepare financial forecasts and monitor performance of the group on an ongoing basis and have prepared a financial projection for a period of 12 months from the date of approval of the financial statements. These forecasts as approved by the directors are also used to assess the bank loan facilities which includes covenants over annualised interest cover and Loan to Value.

The Group was in compliance with all of its loan covenants as at 31 March 2023.

The forecasts prepared by the directors reflect the repayment of the Leumi loan facility is payable within the 12-month going concern period. It is the intention of the LCR Group to extend and refinance the loan, with Leumi working on a proposal to extend such facility. At the date of signing the accounts, no formal loan agreement has been agreed, and the shareholders have provided a deed of support confirming their intention to support the Group for the duration of the going concern period which includes providing funding to repay the bank debt as required.

As described in the strategic report the Group has been impacted by COVID-19 and the resultant impact on the economy. In assessing going concern the directors have produced cash flow forecasts as stated above which they consider to be an accurate forecast of the business operating in the COVID-19 environment. Given the revised covenant requirements and anticipated future property sales that are suitably advanced for the directors to incorporate the sales into their cashflows, the directors do not consider there be an indication that there is a material uncertainty over the group's ability to continue as a going concern.

2.4 Revenue

Turnover represents the proceeds from sale of long leases on properties, and income from the provision of property management and care services.

Income from the provision of property management and care services is recognised in the period the service is provided.

Sales of properties are recognised on legal completion.

The group sells properties under a long lease, under the lease the group transfers the risks and rewards of ownership to the lessee. Grants of such leases are treated as sales, with the attributable income and costs of sales being taken to the statement of comprehensive income.

2.5 Operating leases: the Group as lessor

Rental income from operating leases is credited to profit or loss on a straight-line basis over the lease term.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

2. Accounting policies (continued)

2.7 Government grants

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

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

2.8 Finance costs

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

2.9 Borrowing costs

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

2.10 Pensions

Defined contribution pension plan

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

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

2.11 Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase/(decrease) in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

2. Accounting policies (continued)

2.12 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

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

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

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

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.13 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Freehold buildings	- over 50 years per annum
Freehold land	- Nil
Nursing Home - building	- over 50 years per annum
Nursing Home - land	- Nil
Plant and machinery	- 20 - 25%
Fixtures and fittings	- 20 - 25%
Office equipment	- 20 - 25%

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

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

2.14 Revaluation of tangible fixed assets, including owner occupied property

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.15 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.16 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.17 Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost is taken as the purchase price of the relevant land plus the costs of the relevant building costs of the relevant building work. Interest charges incurred in financing the relevant land purchase and relevant building costs are expensed to the statement of comprehensive income as incurred.

2.18 Debtors

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

2.19 Cash and cash equivalents

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

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

2.20 Creditors

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

2.21 Provisions for liabilities

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

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

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

2. Accounting policies (continued)

2.22 Financial instruments

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

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

In preparing these financial statements, the directors have had to make the following judgements:

• The directors have considered the nature of the group's assets and consider it appropriate to classify as investment property the freehold and leasehold property interests on which the group will generate future income from the receipts of deferred fees.

Other key sources of estimation uncertainty

• Tangible fixed assets (see note 11)

Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing assets lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

• The freehold property valuations are based on a multiple between 7 to 8.25 times EBITDA.

• The freehold investment property is based on a professional valuation using a net present value of expected cashflow method.

Key inputs into the valuations, were:

Length of cashflows: 25 years

WACC: 8.50% - 10.00%

Average length of stay: 6.5 – 7.5 years

Average property value growth rate: 4 % per annum

50% capital gains share in some properties

Service charge subsidies of £81,890 or service charge losses of up to £930,000 depending on the nature of the property

.

• Accruals (note 17)

In order to provide for all valid liabilities which exist at the reporting date, the group is required to accrue for certain costs or expenses which have not been invoiced and therefore the amount of which cannot be known with certainty such accruals are based on managements best judgement and past experience.

4. Turnover

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

	2023 £000	2022 £000
Care services	8,704	7,679
Sales proceeds on sale of property	3,292	2,959
	11,996	10,638

All turnover arose within the United Kingdom.

5. Other operating income

	2023	2022
	£000	£000
Other operating income	14	83
Government grants receivable	-	358
	14	441

Included withing Government grants receivable are UK Government COVID related grants.

6. Operating loss

The operating loss is stated after charging:

	2023	2022
	£000	£000
Depreciation of tangible fixed asset	296	274
Defined contribution pension cost	147	127

7. Auditors' remuneration

During the year, the Group obtained the following services from the Company's auditors and their associates:

	2023	2022
	£000	£000
Fees payable to the Company's auditors and their associates for the audit of the consolidated and parent Company's financial statements	58	63

8. Employees

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

	Group 2023 £000	*Group 2022 £000*	**Company 2023 £000**	*Company 2022 £000*
Wages and salaries	**5,765**	*6,424*	**172**	*1,172*
Social security costs	**662**	*547*	**146**	*109*
Cost of defined contribution scheme	**147**	*127*	**38**	*26*
	6,574	*7,098*	**356**	*1,307*

During the year directors received emoluments of £397,304 (2022: £111,000). Included in wages and salaries is a negative charge of £-684,710 (2022: £308,883) in relation to a cash settled executive share based payments (see note 25).

The highest paid director was £223,113 (2022: £75,000). Benefits in kind payable was £Nil (2022: £Nil) and there was a charge of £Nil (2022: £82,867) to the income statement regarding a cash settled share based payment scheme.

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

	2023 No.	*2022 No.*
Employees	**259**	*260*

9. Interest payable and similar expenses

	2023 £000	*2022 £000*
Bank interest payable	**812**	*678*
Other loan interest payable	**9**	*6*
Loans from group undertakings	**2,078**	*1,658*
Other interest payable	**5**	*5*
	2,904	*2,347*

Dividends paid on preference shares classified as debt are interest by virtue of the instruments characteristics and the obligations attached means it is a financial liability.

10. Taxation

	2023 £000	2022 £000
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	336	4,765
Total deferred tax	336	4,765
Taxation on profit on ordinary activities	336	4,765

10. Taxation (continued)

Factors affecting tax charge for the year

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

	2023 £000	*2022 £000*
Loss on ordinary activities before tax	**(3,230)**	*(3,797)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 - 19%)	**(614)**	*(721)*
Effects of:		
Fixed assets differences	**11**	*3*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**1,434**	*787*
Capital gains	**259**	*(68)*
Deferred tax not recognised	**976**	*1,587*
Income not taxable for tax purposes	**(452)**	*(283)*
Adjustments to brought forward values	**(4)**	*(27)*
Remeasurement of deferred tax for changes in tax rates	**(153)**	*3,135*
Adjustment to prior year	**-**	*355*
Exempt distribution income	**(1,121)**	*-*
Group relief	**-**	*(3)*
Total tax charge for the year	**336**	*4,765*

Factors that may affect future tax charges

The group has a potential deferred tax asset amounting to £6,569,120 (2022 - £5,591,132) which has not been recognised on the grounds that there is insufficient evidence at the current time that the asset will be recoverable in the foreseeable future.

11. Tangible fixed assets

Group

	Freehold property £000	Nursing home £000	Freehold nvestment property £000	Plant and nachinery £000	Fixtures and fittings £000	Land held for evelopment £000	Total £000
Cost or valuation							
At 1 April 2022	297	12,201	410	1,112	1,556	16,192	31,768
Additions	293	-	-	251	118	840	1,502
Disposals	-	-	-	-	-	(340)	(340)
Revaluations	-	121	70	-	-	-	191
At 31 March 2023	590	12,322	480	1,363	1,674	16,692	33,121
Depreciation							
At 1 April 2022	52	-	-	887	1,263	-	2,202
Charge for the year on owned assets	27	-	-	132	125	-	284
At 31 March 2023	79	-	-	1,019	1,388	-	2,486

11. Tangible fixed assets (continued)

Net book value

At 31 March 2023	**511**	**12,322**	**480**	**344**	**286**	**16,692**	**30,635**
At 31 March 2022	*245*	*12,201*	*410*	*225*	*293*	*16,192*	*29,566*

The freehold property was valued by qualified professional external advisers based on open market value using a projected EBITD March 2023.

The historical cost of the nursing home is £3,141,509 (2022: £3,141,509).

The net book value of land and buildings may be further analysed as follows:

F/hold property-cost/valuation b/fwd	**510**	*242*
Nursing home	**12,322**	*12,201*
Investment property	**480**	*410*
	13,312	*12,853*

Company

	Plant and machinery	Fixtures and fittings	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2022	172	40	212
Additions	7	-	7
At 31 March 2023	179	40	219
Depreciation			
At 1 April 2022	154	32	186
Charge for the year on owned assets	15	5	20
At 31 March 2023	169	37	206
Net book value			
At 31 March 2023	10	3	13
At 31 March 2022	*18*	*8*	*26*

12. Fixed asset investments

Company

	Investments in subsidiary companies
	£000
Cost or valuation	
At 1 April 2022	2,444
At 31 March 2023	2,444

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Holding
LCR Developments Limited	England	Property development	100%
Grove Place Village Limited	England	Operation of retirement village	100%
Grove Place Care Limited	England	Dormant	100%
Somerleigh Court Limited	England	Operation of a care home and retirement village	100%
Battersea Place LLP	England	Property development	100%
Battersea Place Retirement Village Limited	England	Operation of a care home andd retirement village	100%
Renaissance LifeCare Limited	England	Dormant	100%

The class of shares in all of the above companies is ordinary with the exception of Battersea Place LLP where the company is a designated member.

The registered office of all subsidiaries are the same as that of the parent company disclosed on the company information page.

13. Investment property

Group

	Investment property £000
Valuation	
At 1 April 2022	**80,139**
Surplus on revaluation	**1,170**
At 31 March 2023	**81,309**

The 2023 valuations were made by Colliers international, on an open market value for existing use basis.

Directors assessments of valuations were based on valuations given by qualified professional external advisers in the year to 31 March 2023.

The historical cost of the investment property was £5,015,000 (2022: £5,015,000).

14. Stocks

	Group 2023 £000	*Group 2022 £000*	**Company 2023 £000**	*Company 2022 £000*
Work in progress and units for sale	**99**	*618*	**-**	*1,300*
Finished goods and goods for resale	**15**	*16*	**-**	*-*
	114	*634*	**-**	*1,300*

15. Debtors

	Group 2023 £000	*Group 2022 £000*	Company 2023 £000	*Company 2022 £000*
Due after more than one year				
Amounts owed by group undertakings	-	*-*	40,116	*38,601*
	-	*-*	40,116	*38,601*

Amounts due after more than one year from group entities incur interest at a rate ranging between 5-12% and are due for settlement 31 March 2024. Interest is payable at maturity.

	Group 2023 £000	*Group 2022 £000*	Company 2023 £000	*Company 2022 £000*
Due within one year				
Trade debtors	443	*275*	21	*-*
Amounts owed by group undertakings	-	*-*	14,452	*7,681*
Other debtors	374	*327*	55	*64*
Prepayments and accrued income	539	*400*	230	*180*
	1,356	*1,002*	14,758	*7,925*

Amounts due within one year and owed by group undertakings as well as related parties are interest free and have no settlement date.

16. Cash and cash equivalent

	Group 2023 £000	*Group 2022 £000*	Company 2023 £000	*Company 2022 £000*
Cash at bank and in hand	375	*426*	229	*10*
	375	*426*	229	*10*

17. Creditors: Amounts falling due within one year

	Group 2023 £000	*Group 2022 £000*	**Company 2023 £000**	*Company 2022 £000*
Bank loans (see note 18)	**1,108**	*9,716*	**-**	-
Payments received on account	**65**	*40*	**-**	-
Trade creditors	**617**	*976*	**100**	*247*
Amounts owed to group undertakings	**-**	-	**7,716**	*9,996*
Amounts owed to other participating interests	**4,404**	*1,641*	**4,404**	*1,641*
Other taxation and social security	**162**	*90*	**87**	*2*
Other creditors	**2,017**	*1,503*	**1,920**	*1,429*
Accruals and deferred income	**935**	*1,021*	**540**	*622*
	9,308	*14,987*	**14,767**	*13,937*

Disclosure of the terms and conditions attached to the non-equity shares is made in note 22.

Bank loans payable within a year include, a loan in Somerleigh Court Limited with Leumi for £500,000 (2022: £2,495,000) and a loan in Battersea Place Retirement Limited with Investec for £600,000 (2022: £7,200,000). Accumulated interest at year end amounts to £8,000 (2022: £21,000). Further terms and conditions attached to the bank loans is made in Note 18.

Amounts due to group undertakings within one year are unsecured, interest free and repayable on

demand.

Amounts due to other participating interests within a one year have been noted below:

The accumulated value of £2,922,818 (Nominal Amount) LCR Zero-Coupon Deep Discount Bonds (Bonds A) at 31 March 2023 (2022 - £2,733,616) amounted to £2,890,170, having been reassigned from PHC Treasury (UK) to Renaissance Holdings New Zealand in July 2022.

The £0.950m working capital facility with PHC Treasury (UK) at 31 March 2022, was settled on 17th June 2022 through the issuance of £1,123,261 (Nominal Amount) LCR Zero-Coupon Deep Discount Bonds (Bonds B), at a discounted subscription price of £1,002,765 and a redemption date of 16 June 2024. These were assigned to Renaissance Holdings New Zealand in July 2022. The accumulated value of Bonds B at 31 March 2023 amounted to £1,050,238 (2022 - £Nil) and reported under debt falling due after more than one year in Note 18.

The £0.650m working capital facility with PHC Treasury (UK) at 31 March 2022, was assigned to Renaissance Holdings New Zealand in July 2022, and settled on 24th March 2023 through the issuance of £5,003,703 (Nominal Amount) LCR Zero-Coupon Deep Discount Bonds (Bonds C), at a discounted subscription price of £4,466,936 and a redemption date of 23 March 2025. The accumulated value of Bonds C at 31 March 2023 amounted to £4,472,810 (2022 - £Nil) and reported under debt falling due after more than one year in Note 18.

As at 31 March 2023, amounts owed to other participating interests consists of a £1,500,000 working capital facility with Renaissance Holdings New Zealand at an interest rate of 8% per annum and a final repayment date of 26th March 2023. Related accrued interest amounted to £1,000 (2022 - £Nil).

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

	Group 2023 £000	*Group 2022 £000*	Company 2023 £000	*Company 2022 £000*
Bank loans	7,400	-	-	-
Amounts owed to associates	5,517	*2,733*	5,517	*2,733*
Share capital treated as debt	32,789	*29,301*	32,789	*29,301*
Interest payable on share capital treated as debt	-	*2,932*	-	*2,932*
	45,706	*34,966*	38,306	*34,966*

Disclosure of the terms and conditions attached to the non-equity shares is made in note 22.

Bank loans include a loan in Somerleigh Court Limited with Leumi, which is secured over this subsidiary's property which is held at a valuation of £5,445,000. Interest is repayable at SONIA +3% per annum. On 15th March 2023, Somerleigh Court Limited extended the £2,500,000 Leumi loan facility to 16th May 2023; which was further extended on 4th May 2023, requiring £500,000 (2022: £2,495,000) payable within a year and disclosed under Note 17, with the remaining £2,000,000 (2022: £Nil) payable on the loan termination date of 30th April 2024 and disclosed in the table above as payable after more than a year.

Bank loans also include a loan in Battersea Place Retirement Village Limited with Investec Bank Plc, which is secured over this subsidiary's freehold property at Battersea held at valuation of £70,840,000. On 17th March 2023, Battersea Place Retirement Village Limited extended the £6,300,000 Investec loan facility to 31st March 2026. Principle payments will commence on 31 March 2023 on a 6 monthly basis, whilst interest will remain payable on a quarterly basis. Furthermore, the annualised interest cover and EBITDA to net debt financial covers were removed. As at the year-end £5,400,000 (2022 - £Nil) is reflected in the above table payable after more than a year, with £600,000 (2022 - £7,200,000) payable within a year reflected in Note 17.

Included in the amounts due to other participating interests after more than a year include the LCR Zero-Coupon Deep Discount Bonds with an accumulated value of £5,523,048 (2022 - £Nil) at year end.

The total of preference shares in issue at 31 March 2023 amounts to £32,788,763 (2022 - £29,301,339), with £4,632,041 (2022: Nil) shares redeemed and £8,119,465 (2022 - £Nil) new shares issued, on 18th July 2022. £3,487,424 (2022: Nil) of the accumulated dividend was also paid on such date. The shares accrued a 5% annual dividend of £1,705,567 (2022 - £1,465,067) during the year, with £1,149,853 (2022 - £2,931,710) accrued at the year end. Disclosure of the terms and conditions attached to these non-equity shares is made in Note 22.

19. Loans

An analysis of the maturity of the loans is given below:

	Group 2023 £000	*Group 2022 £000*
Amounts falling due within one year		
Bank loans	**1,108**	*9,716*
	1,108	*9,716*
Amounts falling due 1-2 years		
Bank loans	**3,000**	*-*
Amounts falling due 2-5 years		
Bank loans	**4,400**	*-*
	8,508	*9,716*

20. Financial instruments

	Group 2023 £000	*Group 2022 £000*	Company 2023 £000	*Company 2022 £000*
Financial assets				
Financial assets measured at fair value through profit or loss	**1,731**	*5,073*	**55,103**	*46,356*
Financial liabilities				
Financial liabilities measured at amortised cost	**54,852**	*49,863*	**52,986**	*(48,901)*

Financial assets measured at amortised cost comprise trade and other debtors, amounts due from group undertakings, accrued income and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade and other creditors, amounts due to group undertakings, loans and accruals and bank overdrafts.

21. Deferred taxation

Group

	2023 **£000**	*2022* *£000*
At beginning of year	**(19,978)**	*(15,046)*
Charged to profit or loss	**(336)**	*(4,409)*
Charged to other comprehensive income	**-**	*(167)*
Adjustment to prior year	**-**	*(356)*
At end of year	**(20,314)**	*(19,978)*

The provision for deferred taxation is made up as follows:

	Group **2023** **£000**	*Group* *2022* *£000*
Accelerated capital allowances	**(20,314)**	*(19,978)*
	(20,314)	*(19,978)*

22. Share capital

	2023 **£000**	*2022* *£000*
Shares classified as equity		
Allotted, called up and fully paid		
1,500,000 *(2022 - 1,500,000)* Ordinary shares of £1.00 each	**1,500**	*1,500*
Allotted, called up and partly paid		
118,800 *(2022 - 118,800)* G Ordinary shares of £1.00 each	**119**	*119*

	2023 **£000**	*2022* *£000*
Shares classified as debt		
Allotted, called up and fully paid		
32,788,763 *(2022 - 29,301,339)* Preference shares of £1.00 each	**32,789**	*29,301*

22. Share capital (continued)

In July 2022, £4,632,041 preference shares were redeemed from PHC Treasury (UK) Limited and £8,119,465 preference shares were issued to Renaissance Holdings (NZ) Limited. These were all settled through the promissory notes.

23. Reserves

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Revaluation reserve

Gain or losses arising on the revaluation of the group's nursing homes.

Retained earnings

Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

24. Analysis of net debt

	At 1 April 2022	Cash flows	At 31 March 2023
	£000	£000	£000
Cash at bank and in hand	426	(51)	375
Debt due after 1 year	(29,301)	21,901	(7,400)
Debt due within 1 year	(9,729)	(24,181)	(33,910)
	(38,604)	(2,331)	(40,935)

25. Share-based payments

The company entered into a cash settled share-based payment scheme for its executives (G Shares). The only vesting condition being that the employee can not be a bad leaver within 7-year period from date of share issue.

There is a put and call option over the shares which can be exercised within 60 days of the 5,6 and 7 year anniversary from when the shares are issued.

Where a marketed related price cannot be fairly determined, the shares are to be valued using a formula as below:

(CV – RHV) X RP

Where CV is the carrying value of the company, using multiple of EBITDA for valuing business operations, adding on any property valuations and discounting time value as we as the lack of marketability of the shares.

RHV is the £100,000,000 hurdle value.

RP is the Participation percentage if each shareholder.

The shares have been valued in the current financial year based on the total liability owed for shares.

The fair value movements on recognizing the groups obligation under this scheme are presented within wages and salaries on the income statement (note 8). The total expense recognised within the income statement during the period was £-684,710 (2022: £308,883).

The total carrying amount at the end of the period was £740,000 (2022: £1,424,710) in relation to the

liabilities arising from the share based payments transactions.

	Weighted average exercise price (pence) 2023	**Number 2023**	*Weighted average exercise price (pence) 2022*	*Number 2022*
Outstanding at the beginning of the year	**1,435**	**106,800**	*1,435*	*106,800*
Outstanding at the end of the year	**693**	**106,800**	*1,435*	*106,800*

26. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amouonted to £124,873 (2022- £127,042). Contributions totalling £29,182 (2022 - £23,847) were payable to the fund at the reporting date.

27. Commitments under operating leases

At 31 March 2023 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Company 2023 £000	*Company 2022 £000*
Not later than 1 year	**148**	*140*
Later than 1 year and not later than 5 years	**134**	*91*
Later than 5 years	**22**	*-*
	304	*231*

28. Related party transactions

The group owes £22,620,670 (2022: £4,572,150) to Renaissance Holdings (NZ) Limited. Interest charged to the income statement was £716,554 (2022: £207,825).

The group owes £21,232,151 (2022: £32,035,312 to PHC Treasury (UK) Limited. Interest charged to the income statement was £1,357,714 (2022: £1,326,188).

The group owes £162,833 (2022: £Nil) to NSI Management (NZ) Limited, a New Zealand associated company, associated by virtue of being controlled by the same ultimate shareholders of the group, for recharged expenses included in the financials.

The group owes £50,612 (2022: £Nil) to Lifecare Residences (NZ) Limited, a New Zealand associated company, associated by virtue of being controlled by the same ultimate shareholders of the group, for recharged expenses included in the financials.

The related party transactions noted above are due to common directors and shareholders between the companies.

The company has taken advantage of the exemption conferred by Section 33.1A of FRS 102 not to

disclose transactions with wholly owned members of the group headed by LifeCare Residences Limited.

As per note 8 in the accounts transactions were also made with directors in the year.

29. Post balance sheet events

The £2,922,818 (Nominal Amount) LCR Zero-Coupon Deep Discount Bonds (Bonds A) were settled on 15 June 2023 through the issuance of £3,391,110 (Nominal Amount) LCR Zero-Coupon Deep Discount Bonds (Bonds D) at a discounted subscription price of £2,922,818 and a redemption date of 14 June 2025.

The Leumi Loan at Somerleigh was extended on 4th May 2023, with further details made in Note 18.

30. Controlling party

Th company's immediate parent company is Renaissance Holdings (NZ) Limited incorporated in New Zealand. At 31 March 2023 the company's ultimate controlling shareholders are the family trusts of Cliff and Sue Cook.