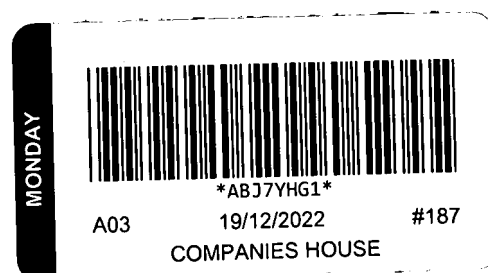


Company registration number 05226723 (England and Wales)

DOVERCOURT HEALTHCARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

KLSA
Chartered Accountants

PKF
Member firm of PKF International Ltd



DOVERCOURT HEALTHCARE LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Director | Mr Osman Ertosun |
| Company number | 05226723 |
| Registered office | Kalamu House 11 Coldbath Square London EC1R 5HL |
| Auditor | KLSA LLP Kalamu House 11 Coldbath Square London EC1R 5HL |
| Bankers | Barclays Bank Plc 50 Pall Mall PO Box 15162 London SW1A 1QB |

DOVERCOURT HEALTHCARE LIMITED

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DOVERCOURT HEALTHCARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The director presents the strategic report for the year ended 31 March 2022.

Fair review of the business

The results of the year and the financial position of the company and group were considered satisfactory by the director.

Revenue was up by 6% to £1.65m (2021: £1.55m). The employment costs have remained fairly stable at £1.03m (2021: £1.03m).

The gross profit margin increased by 5% from 37% in 2021 to 42%.

The net current assets at the year end amounted to £72kk (2021 - net current liabilities of £137k) and the net assets amounted to £210k (2021- net assets of £6k).

The company is subject to a number of statutory inspections by the local authority and the Care Quality Commission. The company was compliant and met all of its statutory obligations. The home was last inspected by CQC in November 2018 and was rated as 'Good'.

Principal Risks and Uncertainties

The challenges that we face have predominantly been associated with maintaining our reputation amongst commissioners, regulators and other key stakeholders. The company's services were rated as 'Good'.

To continue our good standing, the company maintains a robust quality assurance system with regular reviews and inspections undertaken by management. All required actions are captured, implemented and then re-inspected to ensure compliance.

The regular quality assurance monitoring is reinforced by a vigorous programme of staff training and development that exceeds the minimum standards.

However, the recent outbreak and global spread of the COVID-19 is having a significant and prolonged impact on global economic conditions and very particularly on the care sector. It has had a devastating effect on care homes – resulting in every care home group in the UK seeing a drop in occupancy and self-funder referrals. "COVID-19 has had a devastating impact on the care sector. Those receiving care, care workers and millions of unpaid carers deserve our upmost gratitude and respect. The pandemic has shone a light on the sector and underlined how vital it is to so many, while emphasising that care is not properly funded, lacks transparency and urgently needs reform." REF: Public Accounts Committee – Care Markets Report June 2021

Although financial supports through Covid 19 funding have helped through an exceptionally tough year- we are also in an enviable position versus other providers. We have over many years garnered strong relationships with the local authorities in which it works. This has enabled us to stay flexible and respond to their needs through this past year as well as being in a position to co-produce our offer with them, enabling us to be on the front foot where there were changes in local demand.

Comprehensive contingency plans were put in place in response to the Coronavirus outbreak in the UK along with an internal dedicated COVID-19 response team to review and share up to date guidance and information to colleagues working in each of our services.

Our planning around PPE procurement, discussions with suppliers and our internal Bank Team App enabled us to better respond to the emerging needs as Covid 19 spread.

As we move out of the height of the pandemic – our new ways of working have led to improvements in how we work and engage with our stakeholders as whole.

We have moved many of our meetings & reviews to online which enables us to work smarter. We have taken this learning and are implementing further improvements – our intention is to move to 80% less paper by 2025 across each care home and this is supported by the Digital Transformation Program which is currently underway.

DOVERCOURT HEALTHCARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

COVID-19 and Going Concern

COVID-19 has had a major impact on the company, our employees as well as our residents and their friends and families

We are extremely proud of how our teams, our suppliers and our partners have responded to this unprecedented challenge

We have had to make significant changes to how we operate our care homes and, for a period of a time, we had to restrict access to all external parties.

The group has taken significant measures to safeguard the business during the lockdown. We have also received support from the government scheme including the Furlough scheme of £24k as well as funding for PPE and the Infection Control Grant among others of £166k.

The group has reviewed expected financial and operational performance for the next 12 months which considers the impact of COVID-19.

With the current levels of trading and taking into account all of the changes that have been implemented, the expectation of the director is that the group continue to be able to meet the liabilities as they fall due in the next 12 months.

The Director has assessed the value of reserves and the operations of the company and does not consider that there are material uncertainties related to events or conditions that cast significant doubts on the group's ability to continue as a going concern. The financial statements are therefore prepared on a going concern basis.

Financial risk management

The company is not exposed to material levels of credit, liquidity and interest rate risks. Management monitors the net debt, banking facilities and cash flows on a regular basis and ensures that adequate working capital facilities are in place.

Financial Instruments

The company's policy is to finance its operations from retained profits, inter-company borrowings and bank facilities.

The financial instruments utilised by the company are borrowings, short-term cash deposits and items such as trade creditors which arise directly from its operations.

Key Performance Indicators

Management remain vigilant on the quality of each of our services, with each service constantly reviewed for continued improvement, with staff and management receiving ongoing support and training to enhance standards.

There is further opportunity to grow revenue through both existing and new services and management continue to proactively explore all options, albeit with significant challenges.

The group moves into 2022/23 in a strong position, but remains cautious about the outlook due to the challenging employment situation, increased expectations, greater regulation and continuing pressure on fee levels.

Future Developments

Management remain vigilant on the quality of each of our services, with each service constantly reviewed for continued improvement, with staff and management receiving ongoing support and training to enhance standards.

There is further opportunity to grow revenue through both existing and new services and management continue to proactively explore all options, albeit with significant challenges.

The group moves into 2022/23 in a strong position, but remains cautious about the outlook due to the challenging employment situation, increased expectations, greater regulation and continuing pressure on fee levels.

DOVERCOURT HEALTHCARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

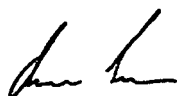
Brexit

In the short term, the UK's decision to leave the EU and the decisions of UK Parliament continue to create a degree of uncertainty within the economy. This may have an impact on revenue and profitability.

Summary

Overall 2021/22 was a successful year for the group with the delivery of high quality and well-received services although profitability was down.

On behalf of the board



Mr Osman Ertosun
Director

8 December 2022

DOVERCOURT HEALTHCARE LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The director presents his annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of the operation of a care home for the elderly

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr Osman Ertosun

Auditor

The auditor, KLSA LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr Osman Ertosun
Director

8 December 2022

DOVERCOURT HEALTHCARE LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

DOVERCOURT HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DOVERCOURT HEALTHCARE LIMITED

Opinion

We have audited the financial statements of Dovercourt Healthcare Limited for the year ended 31 March 2022 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 company's affairs as at 31 March 2022 and of its profit 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 *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 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 director's 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 director 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. The director is 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

DOVERCOURT HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DOVERCOURT HEALTHCARE LIMITED

Matters on which we are required to report by exception

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 material misstatements in the strategic report or the director's 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, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has 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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

To identify risks of material misstatement due to any irregularities, including fraud and non-compliance with laws and regulations, we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- the engagement partner ensured that the engagement team collectively had the appropriate competence,
- capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the operations of the company
- financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, employment, health and safety legislation and CQC reports.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

DOVERCOURT HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DOVERCOURT HEALTHCARE LIMITED

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.
- reviewed the financial statements disclosures and determining whether accounting policies have been appropriately applied.
- obtaining third-party confirmation of material bank balances.
- documenting and verifying all significant related party balances and transactions.

To address the risk of non-compliance with laws and regulations, we communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

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

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: Care Quality Commission's Inspections and healthcare and safety legislation regulations. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards; for instance, any non-compliance with laws and regulations and fraud which is far removed from transactions reflected in the financial statements would diminish the likelihood of detection. Furthermore, the risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting one resulting from error.

Fraud may involve deliberate concealment by, for example, forgery or intentional omissions, misrepresentation, or through an act of collusion that would mitigate internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

DOVERCOURT HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF DOVERCOURT HEALTHCARE LIMITED

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.

KLSA LLP

Shilpa Chheda
Senior Statutory Auditor
For and on behalf of KLSA LLP

8 December 2022

Chartered Accountants
Statutory Auditor

Kalamu House
11 Coldbath Square
London
EC1R 5HL

DOVERCOURT HEALTHCARE LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

| | Notes | 2022 £ | 2021 £ |
|--|-------|----------------|----------------|
| Turnover | 3 | 1,645,448 | 1,556,373 |
| Cost of sales | | (948,254) | (977,303) |
| Gross profit | | 697,194 | 579,070 |
| Distribution costs | | (11,215) | (10,803) |
| Administrative expenses | | (535,879) | (458,370) |
| Other operating income | | 113,212 | 130,194 |
| Exceptional item | 4 | - | 416,435 |
| Operating profit | 5 | 263,312 | 656,526 |
| Interest receivable and similar income | 8 | 3 | - |
| Interest payable and similar expenses | 9 | (12) | (9) |
| Profit before taxation | | 263,303 | 656,517 |
| Tax on profit | 10 | (58,763) | (46,798) |
| Profit for the financial year | | 204,540 | 609,719 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

DOVERCOURT HEALTHCARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

| | 2022 £ | 2021 £ |
|---|----------------|----------------|
| Profit for the year | 204,540 | 609,719 |
| Other comprehensive income | - | - |
| Total comprehensive income for the year | <u>204,540</u> | <u>609,719</u> |

DOVERCOURT HEALTHCARE LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

| | Notes | 2022 £ | £ | 2021 £ | £ |
|---|-------|--------------------|----------------|------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 11 | | 138,391 | | 143,564 |
| Current assets | | | | | |
| Stocks | 12 | 1,300 | | 1,300 | |
| Debtors | 13 | 1,153,666 | | 167,259 | |
| Cash at bank and in hand | | 5,325 | | 4,923 | |
| | | <u>1,160,291</u> | | <u>173,482</u> | |
| Creditors: amounts falling due within one year | 14 | <u>(1,088,013)</u> | | <u>(310,917)</u> | |
| Net current assets/(liabilities) | | | <u>72,278</u> | | <u>(137,435)</u> |
| Net assets | | | <u>210,669</u> | | <u>6,129</u> |
| Capital and reserves | | | | | |
| Called up share capital | 16 | | 10,000 | | 10,000 |
| Profit and loss reserves | | | 200,669 | | (3,871) |
| Total equity | | | <u>210,669</u> | | <u>6,129</u> |

The financial statements were approved and signed by the director and authorised for issue on 8 December 2022



Mr Osman Ertosun
Director

Company Registration No. 05226723

DOVERCOURT HEALTHCARE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

| | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-----------------------|-------------------------------------|----------------|
| Balance at 1 April 2020 | 10,000 | (613,590) | (603,590) |
| Year ended 31 March 2021: | | | |
| Profit and total comprehensive income for the year | - | 609,719 | 609,719 |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2021 | 10,000 | (3,871) | 6,129 |
| Year ended 31 March 2022: | | | |
| Profit and total comprehensive income for the year | - | 204,540 | 204,540 |
| | <hr/> | <hr/> | <hr/> |
| Balance at 31 March 2022 | <u>10,000</u> | <u>200,669</u> | <u>210,669</u> |

DOVERCOURT HEALTHCARE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

| | Notes | 2022 £ | £ | 2021 £ | £ |
|---|-------|-----------|---|-----------|---|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 20 | 80,280 | | 13,142 | |
| Interest paid | | (12) | | (9) | |
| Income taxes paid | | (60,205) | | - | |
| Net cash inflow from operating activities | | 20,063 | | 13,133 | |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (19,664) | | (14,939) | |
| Interest received | | 3 | | - | |
| Net cash used in investing activities | | (19,661) | | (14,939) | |
| Net Increase/(decrease) in cash and cash equivalents | | 402 | | (1,806) | |
| Cash and cash equivalents at beginning of year | | 4,923 | | 6,729 | |
| Cash and cash equivalents at end of year | | 5,325 | | 4,923 | |

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company Information

Dovercourt Healthcare Limited is a private company limited by shares incorporated in England and Wales. The registered office is Kalamu House, 11 Coldbath Square, London, EC1R 5HL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

COVID-19 has had a material impact on the operations of my business. The director reviewed and assessed forecast cash flows including sensitivity to trading and expenditure plans, and for the potential impact of uncertainties including Brexit and COVID-19 pandemic. The director also considered the company's financing facilities and future funding plans. Based on this, I confirmed that the application of the going concern basis for the preparation of financial statements continued to be appropriate.

The company is financed by the operational profits and cash flow of the business.

In accordance with his responsibilities, the director has considered the appropriateness of the going concern basis for the preparation of the financial statements. For this basis he has reviewed the financial and cash flow projections for the next 12 months from the date of the approval of the financial statements.

On the basis of this, the director has a reasonable expectation that the company will continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements. These financial statements are prepared on the going concern basis.

1.3 Turnover

Turnover represents fees receivable for care services. Turnover is recognised as it is incurred, either daily, weekly or monthly. Where charges are billed in advance these are recorded as deferred income.

1.4 Tangible fixed assets

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

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

| | |
|--------------------------------|----------------------------|
| Leasehold improvements | Over the term of the lease |
| Fixtures, fittings & equipment | 25% on Reducing Balance |

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

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Depreciation and residual values

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

De-recognition

Tangible assets are de-recognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

1.5 Impairment of fixed assets

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

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

Stocks comprise of food and consumables which are used for own consumption and are valued on a First In First Out (FIFO) basis. Stock is carried at the lower of cost and net realisable value.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its net realisable value is recognised as an impairment loss in profit and loss. Reversals of impairment losses are also recognised in profit and loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity Instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs.

1.10 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 differs from net profit as reported in the profit and loss account because it excludes 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 reporting end date.

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Government grants

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

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

1.15 Comparatives

There were no changes in presentation in the current year.

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of debtors

The company reviews their portfolio of trade debtors on an annual basis. In determining whether trade debtors are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

Key sources of estimation uncertainty

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

Useful economic lives of tangible assets

Management reviews the useful lives and residual values of the tangible assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

Staff costs accrual

The monetary liability for employees' accrued holidays and management approved bonus at the reporting date is recognised as an expense accrual.

3 Turnover and other revenue

| | 2022 | 2021 |
|-----------------|-------------------|-------------------|
| | £ | £ |
| Other revenue | | |
| Interest income | 3 | - |
| Grants received | 112,095 | 130,194 |
| | <u> </u> | <u> </u> |

4 Exceptional item

| | 2022 | 2021 |
|---------------------------------------|-------------------|-------------------|
| | £ | £ |
| Expenditure | | |
| Inter-group loan balances written off | - | (416,435) |
| | <u> </u> | <u> </u> |

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

5 Operating profit

| | 2022 | 2021 |
|---|-----------|-----------|
| | £ | £ |
| Operating profit for the year is stated after charging/(crediting): | | |
| Government grants | (112,095) | (130,194) |
| Fees payable to the company's auditor for the audit of the company's financial statements | 7,188 | 6,882 |
| Depreciation of owned tangible fixed assets | 20,047 | 15,869 |
| Loss on disposal of tangible fixed assets | 4,790 | - |
| Operating lease charges | 128,140 | 128,006 |

6 Employees

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

| | 2022 | 2021 |
|----------------|--------|--------|
| | Number | Number |
| Care Staff | 66 | 71 |
| Administration | 3 | 3 |
| Managerial | 1 | 1 |
| Total | 70 | 75 |

Their aggregate remuneration comprised:

| | 2022 | 2021 |
|--------------------|-----------|-----------|
| | £ | £ |
| Wages and salaries | 1,001,564 | 1,007,934 |
| Pension costs | 15,001 | 16,222 |
| | 1,016,565 | 1,024,156 |

7 Director's remuneration

| | 2022 | 2021 |
|--------------------------------------|-------|------|
| | £ | £ |
| Remuneration for qualifying services | 2,604 | - |

8 Interest receivable and similar income

| | 2022 | 2021 |
|--|------|------|
| | £ | £ |
| Interest income | | |
| Interest receivable from group companies | 3 | - |

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

(Continued)

8 Interest receivable and similar income

Investment income includes the following:

| | | |
|--|---|---|
| Interest on financial assets not measured at fair value through profit or loss | 3 | - |
|--|---|---|

9 Interest payable and similar expenses

| | |
|-------------|-------------|
| 2022 | 2021 |
| £ | £ |

Interest on financial liabilities measured at amortised cost:

| | | |
|---------------------------------------|----|---|
| Interest on bank overdrafts and loans | 12 | 9 |
|---------------------------------------|----|---|

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

10 Taxation

| | 2022 £ | 2021 £ |
|--|---------------|---------------|
| Current tax | | |
| UK corporation tax on profits for the current period | 47,721 | 46,798 |
| Adjustments in respect of prior periods | 11,042 | - |
| | <u>58,763</u> | <u>46,798</u> |
| Total current tax | <u>58,763</u> | <u>46,798</u> |

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2022 £ | 2021 £ |
|--|----------------|----------------|
| Profit before taxation | <u>263,303</u> | <u>656,517</u> |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%) | 50,028 | 124,738 |
| Tax effect of expenses that are not deductible in determining taxable profit | 252 | 10 |
| Tax effect of income not taxable in determining taxable profit | - | (79,122) |
| Adjustments in respect of prior years | 11,042 | - |
| Permanent capital allowances in excess of depreciation | (3,465) | 218 |
| Depreciation on assets not qualifying for tax allowances | 906 | 954 |
| | <u>58,763</u> | <u>46,798</u> |
| Taxation charge for the year | <u>58,763</u> | <u>46,798</u> |

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

11 Tangible fixed assets

| | Leasehold improvements | Fixtures, fittings & equipment | Total |
|------------------------------------|---------------------------|--------------------------------------|----------|
| | £ | £ | £ |
| Cost | | | |
| At 1 April 2021 | 159,521 | 273,602 | 433,123 |
| Additions | - | 19,664 | 19,664 |
| Disposals | - | (30,527) | (30,527) |
| At 31 March 2022 | 159,521 | 262,739 | 422,260 |
| Depreciation and impairment | | | |
| At 1 April 2021 | 64,089 | 225,470 | 289,559 |
| Depreciation charged in the year | 4,772 | 15,275 | 20,047 |
| Eliminated in respect of disposals | - | (25,737) | (25,737) |
| At 31 March 2022 | 68,861 | 215,008 | 283,869 |
| Carrying amount | | | |
| At 31 March 2022 | 90,660 | 47,731 | 138,391 |
| At 31 March 2021 | 95,432 | 48,132 | 143,564 |

12 Stocks

| | 2022 £ | 2021 £ |
|----------------------|-----------|-----------|
| Food and consumables | 1,300 | 1,300 |

13 Debtors

| | 2022 £ | 2021 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 98,512 | 84,473 |
| Amounts owed by group undertakings | 1,031,240 | 75,519 |
| Other debtors | 100 | 100 |
| Prepayments and accrued income | 23,814 | 7,167 |
| | 1,153,666 | 167,259 |

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|------------------|----------------|
| Trade creditors | 13,286 | 13,605 |
| Amounts owed to group undertakings | 746,080 | - |
| Corporation tax | 47,685 | 49,127 |
| Other taxation and social security | 31,596 | 29,270 |
| Other creditors | 65,759 | 85,039 |
| Accruals and deferred income | 183,607 | 133,876 |
| | <u>1,088,013</u> | <u>310,917</u> |

15 Retirement benefit schemes

| | 2022 £ | 2021 £ |
|---|---------------|---------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>15,001</u> | <u>16,222</u> |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

16 Share capital

| | 2022 Number | 2021 Number | 2022 £ | 2021 £ |
|-------------------------------|----------------|----------------|---------------|---------------|
| Ordinary share capital | | | | |
| Issued and fully paid | | | | |
| Ordinary shares of £1 each | <u>10,000</u> | <u>10,000</u> | <u>10,000</u> | <u>10,000</u> |

17 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2022 £ | 2021 £ |
|----------------------------|----------------|----------------|
| Within one year | 125,000 | 125,000 |
| Between two and five years | 400,000 | 525,000 |
| In over five years | 325,000 | 325,000 |
| | <u>850,000</u> | <u>975,000</u> |

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

18 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

The following amounts were outstanding at the reporting end date:

The balance receivable from related parties at the year end date are as follows:

Abbots Care Centre Limited - £137,253 (2021 - nil)

Ashlyn Healthcare Limited - £83,998 (2021 - nil)

Excelcare Equities Limited - £75,519 (2021 - £75,519)

Goldenley Healthcare Limited - £57,545 (2021 - nil)

Longfield Healthcare Limited - £55,833 (2021 - nil)

Okeley Healthcare Limited - £118,238 (2021 - nil)

Saffron Healthcare Limited - £104,825 (2021 - nil)

Sherrell House Healthcare Limited - £128,774 (2021 - nil)

St Fillan Healthcare Limited - £102,594 (2021 - nil)

Sweyne Healthcare Limited - £60,215 (2021 - nil)

Winifred Healthcare Limited - £106,447 (2021 - nil)

There were material transactions between all of the above named companies. The company acts as the regional head office for these companies.

The nature of the transactions were allocations for regional office expenses including amounts for wages and salaries and general overheads i.e. transactions in the normal course of business.

The balances payable to related parties at the year end date are as follows:

Castlebar Healthcare Limited - £339,203 (2021 - nil)

Excelcare (Cambridge) Limited - £257,000 (2021 - nil)

Park Avenue Healthcare Limited - £142,180 (2021 - nil)

There were material transactions between the company and Castlebar Healthcare Limited which acted as the group head office. Also there were material transactions between the company and Park Avenue Healthcare Limited which acts as the group new head office.

The nature of the transactions were allocations for head office expenses including amounts for wages and salaries and general overheads i.e. transactions in the normal course of business.

No guarantees have been given or received.

DOVERCOURT HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19 Ultimate controlling party

In the opinion of the directors, the ultimate parent company is Excel Portfolios Limited, a company registered in Jersey. The immediate parent company is Excelcare Holdings Limited, a company incorporated in England & Wales. The ultimate joint controlling party is E Ertosun and O Ertosun.

The smallest undertaking for which group financial statements are prepared is Excelcare Holdings Limited. The copies of these consolidated financial statements can be obtained from Kalamu House, 11 Coldbath Square, London EC1R 5HL.

The largest undertaking for which group financial statements are prepared is Excel Portfolios Limited. The copies of these consolidated financial statements can be obtained from St Paul's Gate, Fourth Floor, 22 – 24 New Street, St Helier, Jersey JE1 4TR.

20 Cash generated from operations

| | 2022 £ | 2021 £ |
|--|---------------|---------------|
| Profit for the year after tax | 204,540 | 609,719 |
| Adjustments for: | | |
| Taxation charged | 58,763 | 46,798 |
| Finance costs | 12 | 9 |
| Investment income | (3) | - |
| Loss on disposal of tangible fixed assets | 4,790 | - |
| Depreciation and impairment of tangible fixed assets | 20,047 | 15,869 |
| Movements in working capital: | | |
| Decrease in stocks | - | 100 |
| (Increase)/decrease in debtors | (986,407) | 8,252,480 |
| Increase/(decrease) in creditors | 778,538 | (8,911,833) |
| Cash generated from operations | 80,280 | 13,142 |

21 Analysis of changes in net funds

| | 1 April 2021 £ | Cash flows £ | 31 March 2022 £ |
|--------------------------|-------------------|-----------------|--------------------|
| Cash at bank and in hand | 4,923 | 402 | 5,325 |