Company Registration No. 06858140 (England and Wales)

SIRTIN LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

PAGES FOR FILING WITH REGISTRAR

SIRTIN LIMITED

CONTENTS

SIRTIN LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		2021		2020	
	Notes	**£**	**£**	**£**	**£**
Non-current assets					
Property, plant and equipment	**4**		1,648,111		1,605,871
Current assets					
Inventories	**5**	1,100		1,100	
Trade and other receivables	**6**	499,806		475,321	
Cash and cash equivalents		364,010		266,753	
		864,916		743,174	
Current liabilities	**7**	(267,329)		(285,849)	
Net current assets			597,587		457,325
Total assets less current liabilities			2,245,698		2,063,196
Provisions for liabilities			(138,951)		(104,305)
Net assets			2,106,747		1,958,891
Equity					
Called up share capital			1,000		1,000
Share premium account			399,100		399,100
Revaluation reserve	**9**		422,585		454,904
Retained earnings	**10**		1,284,062		1,103,887
Total equity			2,106,747		1,958,891

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 24 March 2022 and are signed on its behalf by:

Mr A J MacArthur
Director

Company Registration No. 06858140

SIRTIN LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Share capital	Share premium account	Revaluation reserve	Retained earnings	Total
		£	£	£	£	£
Balance at 1 July 2019		1,000	399,100	457,674	926,664	1,784,438
Year ended 30 June 2020:						
Profit for the year		-	-	-	202,826	202,826
Other comprehensive income:						
Tax relating to other comprehensive income		-	-	4,809	-	4,809
Total comprehensive income for the year		-	-	4,809	202,826	207,635
Dividends		-	-	-	(33,182)	(33,182)
Transfers		-	-	(7,579)	7,579	-
Balance at 30 June 2020		1,000	399,100	454,904	1,103,887	1,958,891
Year ended 30 June 2021:						
Profit for the year		-	-	-	272,596	272,596
Other comprehensive income:						
Tax relating to other comprehensive income		-	-	(24,740)	-	(24,740)
Total comprehensive income for the year		-	-	(24,740)	272,596	247,856
Dividends		-	-	-	(100,000)	(100,000)
Transfers		-	-	(7,579)	7,579	-
Balance at 30 June 2021		1,000	399,100	422,585	1,284,062	2,106,747

1 Accounting policies

Company information

Sirtin Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Gatehouse, 9 Manor Road, Harrogate, North Yorkshire, HG2 0HP. The principal business address is Hillcrest Care Home, Byng Road, Richmond, North Yorkshire, DL9 4DW.

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 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

1.3 Going concern

The directors have adopted the going concern basis in preparing these accounts, after assessing the principal risks and having considered the impact of the ongoing COVID-19 pandemic. The directors considered the impact of the current COVID-19 environment on the business for the next 12 months and in the longer term. The directors have considered a number of impacts on fee income, profitability and cash flow. They have assumed that due to the nature of the trade of the business, with residential care services being an essential supply to many private and Local Authority clients, business operations will continue into the future. Whilst the biggest risk faced would be a significant reduction in occupancy resulting from COVID-19, due to the nature of the trade there is expected to be a continued regenerating income stream going forward and any consequential effect would therefore likely manifest itself primarily in a cash flow timing issue as opposed to a significant downturn in company profitability. However, the company has sufficient cash reserves and has taken advantage of Government financial support available to enable it to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. The directors believe from their regular review of the company’s financial position and performance that the company is well placed to manage its financing and business risks satisfactorily and they therefore consider it appropriate to adopt the going concern basis in preparing these accounts.

1 Accounting policies **(Continued)**

1.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the supply of care services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where payments are received from customers in advance of services provided the amounts are recorded as deferred income and included as part of payables due within one year.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliability. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised over the FRS 102 default period of 10 years on a straight line basis, as the directors consider that it is not possible to make a reliable estimate of the useful life of the assets.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or 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:

Freehold land and buildings	2% straight line
Fixtures and fittings	15% straight line

Freehold land is not depreciated.

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.

1 Accounting policies **(Continued)**

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

1.7 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

1.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost is calculated using the weighted average method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies **(Continued)**

1.10 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 statement of financial position 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 trade and other receivables 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.

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.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, 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 payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 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 income statement 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.

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 income statement, 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.

1.13 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 non-current 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.

1.14 Retirement benefits

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

1.15 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.

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 Employees

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

	2021 Number	2020 Number
Total	32	31

3 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 July 2020 and 30 June 2021	5,000
Amortisation and impairment	
At 1 July 2020 and 30 June 2021	5,000
Carrying amount	
At 30 June 2021	-
At 30 June 2020	-

4 Property, plant and equipment

	Freehold land and buildings	Fixtures and fittings	Total
	£	£	£
Cost or valuation			
At 1 July 2020	1,594,982	211,376	1,806,358
Additions	-	94,640	94,640
At 30 June 2021	1,594,982	306,016	1,900,998
Depreciation and impairment			
At 1 July 2020	50,628	149,859	200,487
Depreciation charged in the year	25,314	27,086	52,400
At 30 June 2021	75,942	176,945	252,887
Carrying amount			
At 30 June 2021	1,519,040	129,071	1,648,111
At 30 June 2020	1,544,354	61,517	1,605,871

Property, plant and equipment with a carrying amount of £1,648,111 (2020 - £1,605,871) have been pledged to secure borrowings of the company. Further information is provided in note 12.

Land and buildings with a carrying amount of £1,519,040 were revalued in February 2018 by Knight Frank, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

The revaluation surplus is disclosed in note 9.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

4 Property, plant and equipment (Continued)

	2021	2020
	£	£
Cost	1,026,534	1,026,534
Accumulated depreciation	(53,204)	(35,470)
Carrying value	973,330	991,064

5 Inventories

	2021	2020
	£	£
Inventories	1,100	1,100

The carrying amount of inventories includes £1,100 (2020 - £1,100) pledged as security for liabilities. Further information is provided in Note 12.

6 Trade and other receivables

	2021	2020
Amounts falling due within one year:	£	£
Trade receivables	33,222	41,610
Amounts owed by group undertakings	452,511	413,997
Other receivables	-	13,896
Prepayments and accrued income	14,073	5,818
	499,806	475,321

The carrying amount of trade and other receivables includes £499,806 (2020 - £475,320) pledged as security for liabilities. Further information is provided in Note 12.

7 Current liabilities

	2021	2020
	£	£
Trade payables	21,874	20,949
Amounts owed to group undertakings	-	160,420
Corporation tax	96,168	47,672
Other taxation and social security	6,675	6,440
Other payables	94,510	14,353
Accruals and deferred income	48,102	36,015
	267,329	285,849

8 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021	Liabilities 2020
Balances:	**£**	**£**
Accelerated capital allowances	15,825	5,919
Revaluations	123,126	98,386
	138,951	104,305

	2021
Movements in the year:	**£**
Liability at 1 July 2020	104,305
Charge to profit or loss	9,906
Charge to other comprehensive income	24,740
Liability at 30 June 2021	138,951

Of the deferred tax liability set out above, an amount of £4,245 is expected to reverse within 12 months and relates to accelerated capital allowances.

Of the deferred tax liability set out above, an amount of £6,328 is expected to reverse within 12 months and relates to revaluation of freehold property.

9 Revaluation reserve

	2021	2020
	£	£
At the beginning of the year	454,904	457,674
Deferred tax on revaluation of property, plant and equipment	(24,740)	4,809
Transfer to retained earnings	(7,579)	(7,579)
At the end of the year	422,585	454,904

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value. At the end of each reporting period a transfer is made to retained earnings to transfer the excess depreciation that has been charged in the income statement which relates to the revalued portion of the assets. In respect of revaluation gains, deferred tax is recognised and is initially debited to the revaluation reserve. The amount of deferred tax recognised is adjusted on an annual basis for any movement in amounts debited or credited to the revaluation reserve in the year. Current year corporation tax is not required to be recognised in respect of any amounts debited or credited to the revaluation reserve.

10 Retained earnings

	2021	2020
	£	£
At the beginning of the year	1,103,887	926,664
Profit for the year	272,596	202,826
Dividends declared and paid in the year	(100,000)	(33,182)
Transfer from revaluation reserve	7,579	7,579
At the end of the year	1,284,062	1,103,887

Retained earnings represents cumulative profits or losses, including unrealised profits on the remeasurement of investment properties, net of dividends paid and other adjustments

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Roger Morris.
The auditor was Morris Lane.

12 Financial commitments, guarantees and contingent liabilities

At 30 June 2021, the company had secured borrowings of its ultimate parent company, Franklyn Care Limited, by way of a first legal charge over the property and other assets and an intercompany guarantee up to an amount of £5,200,000. At 30 June 2021, the maximum exposure of the company in respect of amounts drawn by the parent company was £3,451,791 (2020: £3,689,531).

13 Operating lease commitments

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

	2021	2020
	£	£
Within one year	16,898	16,898
Between two and five years	11,759	28,657
	28,657	45,555

14 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021	2020
	£	£
Acquisition of property, plant and equipment	-	54,101

Included in this amount is a deposit of £nil (2020: £13,896) paid prior to the year end and recorded in other debtors.

15 Related party transactions

Remuneration of key management personnel

	2021	2020
	£	£
Aggregate compensation	4,515	4,354

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

	Services received	
	2021	2020
	£	£
Other related parties	-	590
	-	590

	2021	2020
Amounts due to related parties	£	£
Entities with control, joint control or significant influence over the company	-	160,420
	-	160,420

15 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	**2021** £	**2020** £
Entities with control, joint control or significant influence over the company	39,580	-
Other related parties	412,931	413,997
	452,511	413,997

16 Parent company

The ultimate parent company is Franklyn Care Ltd, whose registered office is The Gatehouse, 9 Manor Road, Harrogate, England, HG2 0HP.

The smallest and largest group into which the company is consolidated is Franklyn Care Ltd.