

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021  
FOR  
PRESTWICK CARE LIMITED**

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>7</b>
<b>Report of the Independent Auditors</b>	<b>9</b>
<b>Statement of Comprehensive Income</b>	<b>13</b>
<b>Balance Sheet</b>	<b>14</b>
<b>Statement of Changes in Equity</b>	<b>15</b>
<b>Notes to the Financial Statements</b>	<b>16</b>

**PRESTWICK CARE LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2021**

<b>DIRECTORS:</b>	D M Malhotra V Malhotra A Malhotra
<b>REGISTERED OFFICE:</b>	Malhotra House 50 Grey Street Newcastle upon Tyne NE1 6AE
<b>REGISTERED NUMBER:</b>	07110396 (England and Wales)
<b>SENIOR STATUTORY AUDITOR:</b>	Peter Charles BSc FCA
<b>AUDITORS:</b>	Robson Laidler Accountants Limited Statutory Auditor Fernwood House Fernwood Road Jesmond Newcastle upon Tyne Tyne and Wear NE2 1TJ
<b>BANKERS:</b>	National Westminster Bank plc 16 Northumberland Street Newcastle upon Tyne NE1 7EL
<b>TAX ADVISERS:</b>	PriceWaterhouseCoopers LLP Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

**PRESTWICK CARE LIMITED (REGISTERED NUMBER: 07110396)**

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their strategic report for the year ended 31 March 2021.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2021**

**REVIEW OF BUSINESS**

Prestwick Care Ltd is a leading care home operator in the North East of England providing nursing and residential care through the provision of 227 bedrooms within four separate care home facilities.

Prestwick Care Ltd, trading as 'Prestwick Care', has a reputation for excellence through the quality of its homes, and the provision of high-quality care. We are a forward thinking, dynamic organisation that is committed to the development of our staff and ensuring that the highest standards of care are continually maintained. The care, well-being, safety, and comfort of our residents is paramount, which is why we have embedded a person-centred, individual care approach regardless of whether they are publicly or privately funded. Two of the homes were rated as 'Outstanding' by the Care Quality Commission (CQC) and the other as 'Good'. Our fourth home, the newly built 86 bedroom Beech Tree House in Alnwick, Northumberland was opened in September 2020 with the opening unfortunately delayed due to Covid-19. On opening, the decision was taken to offer 20 beds as infection control beds for patients being released from hospital who had tested positive for Covid-19 and in so doing, prevent them being placed in other care homes in the region which already held existing residents so helping reduce the risk of spreading infection to already vulnerable people. Had it not been for the pandemic, we would have been able to operate our normal marketing plan prior to opening, and indeed, prior to the start of the pandemic, positive enquiries for Beech Tree had been high.

**Primary Financial Results**

The Statement of Comprehensive Income shows the results for year ended 31 March 2021. The Company's turnover for the year was £5.6m representing a 9.2% decrease on the previous year (2020: £6.1m). The Company's operating profit for year ended 31 March 2021 amounted to £281k (2020: £822k).

As at 31 March 2021 the Company had net assets of £5.3m (2020: £6.5m).

**Key Performance Indicators**

Two of the principal Key Performance Indicators (KPIs) used by the Company to measure its own level of ongoing performance is shown below:

At 31 March 2021\* At 31 March 2020 Difference

Average Room Occupancy 75.5% 92.2% -16.7%

Average weekly fee rate £917.18 £852.58 £64.60

\* Occupancy levels exclude Beech Tree, Alnwick due to still being in opening phase with Covid-19 referral residents at 31 March 2021 and still under construction in March 2020.

**Covid-19 Impact**

The impact of the Covid-19 pandemic was felt throughout the full financial year ended 31 March 2021 and has had an enormous effect on the healthcare sector, with Prestwick Care being no exception. Occupancy rates have declined significantly due to increased death rates together with restrictions on admissions to homes in outbreak. In addition a number of potential residents deciding to remain in their own homes instead of moving into a care home setting for fear of catching Covid-19 and because family and friends were more able to support due to working from home, and also because of visiting restrictions that were in place for residents in a care setting.

The company has received additional government grants during the year from the Infection Control Fund and Coronavirus Job Retention Scheme, together with some specific funding for support to partially cover increased costs, especially in relation to Personal Protective Equipment which was costly but essential in preventing the spreading of infection. The Infection Control Funding enabled us to pay staff who were isolating in line with government guidance at their normal pay rates. Additionally, the company has also received Covid-19 bed bookings from the NHS and local authorities for two care homes with an additional home being used as a step down facility, and the company has also been partly helped by occupancy guarantee support.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2021**

We would like to thank our staff for their magnificent contribution during the Covid pandemic. All of our staff have been outstanding and worked relentlessly during the last year so that our residents could be provided with high-quality care. We would like to offer our heartfelt thanks for their enormous efforts and dedication.

Since the end of the financial year, Covid-19 vaccinations have been offered and administered to our residents and 99% of our staff have now been vaccinated. Restrictions on visiting have now been lifted, and it has been wonderful for our residents to be able to spend time with their family and friends face to face. However, the medium and long term impact of the pandemic are still unknown, with uncertainty around the government's continued support of the care sector, the continuing impact on admission rates and the risk posed by virus variants.

Despite the uncertainties, the Board remains positive about the future, about our ability to cope with the challenges posed through our experienced management team, and that we are able to continue to provide person-centred high-quality individual care. Our lenders remain committed to the business, and our recent refinancing post year end, which we initiated early in 2021 completed in July 2021, and was positively supported by a high street lender which enabled us to release additional cash into the company and provide us with longer term funding certainty.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2021**

**PRINCIPAL RISKS AND UNCERTAINTIES**

The principal risks faced by the company are set out below:

**Covid-19/pandemic risk**

Whilst we have not been immune from the impact of Covid-19, and notwithstanding the challenges this has presented, we have navigated through the crisis well. The first vaccination roll out is nearing completion, with booster vaccines expected in the Autumn for all our residents. Precautionary measures and restrictions remain in place to mitigate infection. Although it is not possible to predict the impact of Covid-19 moving forward, all necessary steps are being taken to steer us through these unprecedented times. However, while we are doing everything possible to deal with the current infection risk, there is still the risk posed by new variants. Additionally, there is financial uncertainty around the Government's continued support of the care sector whilst there is a continuing impact on admission and occupancy rates.

**Staff recruitment and skill levels**

The ongoing national nursing staff shortages continue to impact on staff availability and salary expectations. In addition, staff costs are also impacted by the ongoing increases in the National Minimum Wage. Local Authorities and Care Commissioning Groups have recognised the cost pressures and provided care home providers with a fee level increase to part subsidise these incremental costs, whilst our overseas nursing programme has helped to bring in additional nursing skills to fill shortages, and we continue to develop our existing staff. With the substantial increase in applications for nursing degrees, hopefully this will help to mitigate some of the skill shortages in the years ahead.

**Regulatory risk**

The social care sector continues to be highly regulated by both Local Authorities and the CQC, both of which have high expectations for the standards of care to be provided by care home operators. We are confident that we have the right level of experience and competence within our management team and senior staff structure to ensure we continue to meet the high standards expected of us. This is borne out by two of our homes now being rated as Outstanding by the CQC with the third home being rated as Good. All three homes are graded as Tier 1 by the Local Authorities. However, failure to comply with regulations could lead to substantial penalties. This is mitigated by the policies and procedures we have in place which staff must adhere to, and management oversight, which together continues to ensure the safety of residents.

**Market risk**

A large proportion of the company's income comes from the provision of services to Local Authorities and the NHS through Clinical Commissioning Groups (CCGs). If there are any changes in legislation or in the levels of funding with these public bodies, or the contracts are not renewed, this could significantly impact the company's revenue. Given that the Government has just announced a proposal to increase funding to the NHS and social care through an increase in National Insurance Contributions, hopefully this will secure the level of funding for the future. Additionally, the company ensures that it delivers a high class service to its' residents in well maintained and attractive properties to make it a provider of choice, and continues to maintain strong relationships with the Local Authorities, NHS, CCGs and the CQC.

**Property risk**

If a property were severely damaged by fire or flooding or a serious equipment malfunction, then this could endanger tenants, customers and staff in the first instance, but also mean significant disruption to the provision of services for some period of time. In order to mitigate this, Malhotra Group is committed to making all necessary arrangements to ensure that the buildings and equipment are maintained at all times and to protect staff, residents, visitors, contractors and members of the public who may be affected by our activities. This will be achieved by ensuring compliance with relevant legal and Approved Codes of Practice standards are complied with and include ensuring that a programme of routine and emergency maintenance of the premises is in place and that records are kept of all maintenance activities. All buildings, fabrics, fittings, plant, utilities and equipment are kept in good, safe condition, in efficient working order and in good repair and services such as water, lighting, heating and air conditioning are maintained appropriately to ensure that premises are comfortable, economical and safe to use and that energy is not wasted.

**Inflation risk**

Revenue earned is from long term contracts at agreed rates of service provision. Any increase in inflation rates over and above those forecast will result in additional cost increases and may have the consequence of reducing profitability.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2021**

Increases to the National Minimum Wage continue to impact labour costs and there is a risk that these are not always covered by fee increases from public funders, thereby also affecting margins.

**Liquidity risk**

The company continues to be funded by bank loans secured on the freehold properties with the loans being refinanced in July 2021 for a five year term. The properties continue to be well maintained and to hold their valuations although this could be impacted by macroeconomic factors. Fluctuations in interest rates would impact cashflow although there is headroom in the cashflow forecasts to handle this. Working capital is monitored to ensure that the company maintains sufficient cash for its ongoing operations and future developments.

**Credit risk**

The company's credit risk relates to its' trade debtors. There is potential exposure to credit risk due to the company's revenue being partly derived from privately funded customers. The risk of weak macro-economic conditions through recession and high unemployment may result in reduced disposable income and pension funds and a reduction in house values which may impact the ability to pay for care fees.

The company has procedures in place for dealing with aged debt and adequate provisions have been included in the financial statements.

**Data protection risk**

The risk continues to be controlled through the data protection policies and privacy notices that are in place. Internal data protection activities are well managed and all responses to data requests are provided ensuring compliance with ICO guidance. Awareness continues to be raised with staff of data protection issues through updates and training.

**ON BEHALF OF THE BOARD:**

D M Malhotra - Director

30 September 2021



**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the operation of care homes in Newcastle upon Tyne and Northumberland.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2021.

**FUTURE DEVELOPMENTS**

Prestwick Care continues to invest in our workforce to ensure we offer the best possible environment in which to deliver high quality care. Prestwick Care continues to be a leading provider of quality care in the North East of England. To this end, Prestwick Care continues to develop relationships with all Local Authorities and NHS commissioner groups to provide an integrated health and social care system.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

D M Malhotra  
V Malhotra  
A Malhotra

**FINANCIAL INSTRUMENTS**

The company has bank loans which are interest bearing and which are secured on the company's assets in the course of construction. The applicable loan interest rates are linked to movements in the bank base rates. Interest rate risk with regard to unfavourable interest rate movements is not considered to be material to the financial statements due to the arrangements in place.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**PRESTWICK CARE LIMITED (REGISTERED NUMBER: 07110396)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2021**

**AUDITORS**

The auditors, Robson Laidler Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

D M Malhotra - Director

30 September 2021

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRESTWICK CARE LIMITED**

### **Opinion**

We have audited the financial statements of Prestwick Care Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, 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 company's affairs as at 31 March 2021 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 Auditors' 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 the audit:

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

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRESTWICK CARE 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 Report of the Directors.

We have nothing to report in respect of the following matters where 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRESTWICK CARE LIMITED**

### **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 a Report of the Auditors 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.

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:

Based on our understanding of the company, we identified that there were principal risks of non-compliance with laws and regulations central to the company's operations due to the oversight of the Care Quality Commission (CQC) and the company's care homes receiving regular inspections from the CQC. We also considered those laws and regulations that have a direct impact on the financial statements of the company such as the Companies Act 2006 and UK tax legislation.

Audit procedures performed by the engagement team included:

Review of the care home CQC inspection reports;

Discussions with UK directors and key management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;

Evaluation and testing of the operating effectiveness of management's controls designed to prevent and detect irregularities;

Reviewing relevant meeting minutes;

Identifying and testing journal entries based on risk criteria;

Testing transactions entered into outside of the company's normal course of business.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment or collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRESTWICK CARE 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 a Report of the Auditors 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.

Peter Charles BSc FCA (Senior Statutory Auditor)  
for and on behalf of Robson Laidler Accountants Limited  
Statutory Auditor  
Fernwood House  
Fernwood Road  
Jesmond  
Newcastle upon Tyne  
Tyne and Wear  
NE2 1TJ

30 September 2021

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
<b>TURNOVER</b>	4	5,621,503	6,190,919
Cost of sales		<u>276,624</u>	<u>240,297</u>
<b>GROSS PROFIT</b>		<b>5,344,879</b>	<b>5,950,622</b>
Administrative expenses		<u>5,955,251</u> <u>(610,372)</u>	<u>5,424,713</u> <u>525,909</u>
Other operating income		<u>891,616</u>	<u>295,710</u>
<b>OPERATING PROFIT</b>	6	<b>281,244</b>	<b>821,619</b>
Interest payable and similar expenses	7	<u>61,054</u>	<u>-</u>
<b>PROFIT BEFORE TAXATION</b>		<b>220,190</b>	<b>821,619</b>
Tax on profit	8	<u>4,326</u>	<u>108,320</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>215,864</b>	<b>713,299</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Revaluation of tangible fixed assets		(1,897,227)	3,836,564
Income tax relating to other comprehensive income		<u>360,473</u>	<u>(728,947)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<b>(1,536,754)</b>	<b>3,107,617</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>(1,320,890)</u></b>	<b><u>3,820,916</u></b>

**BALANCE SHEET**  
**31 MARCH 2021**

	Notes	2021 £	£	2020 £	£
<b>FIXED ASSETS</b>					
Tangible assets	9		<b>12,145,083</b>		11,504,988
<b>CURRENT ASSETS</b>					
Debtors	10	<b>6,321,484</b>		4,637,431	
Cash at bank and in hand		<b>61,739</b>		18,758	
		<b>6,383,223</b>		<b>4,656,189</b>	
<b>CREDITORS</b>					
Amounts falling due within one year	11	<b>7,534,919</b>		<b>3,491,085</b>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<b>(1,151,696)</b>		<b>1,165,104</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>10,993,387</b>		<b>12,670,092</b>
<b>CREDITORS</b>					
Amounts falling due after more than one year	12		<b>(5,331,800)</b>		<b>(5,331,800)</b>
<b>PROVISIONS FOR LIABILITIES</b>	16		<b>(403,737)</b>		<b>(759,552)</b>
<b>NET ASSETS</b>			<b>5,257,850</b>		<b>6,578,740</b>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		<b>1</b>		<b>1</b>
Revaluation reserve	18		<b>1,550,702</b>		<b>3,107,617</b>
Retained earnings	18		<b>3,707,147</b>		<b>3,471,122</b>
<b>SHAREHOLDERS' FUNDS</b>			<b>5,257,850</b>		<b>6,578,740</b>

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2021 and were signed on its behalf by:

D M Malhotra - Director



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Revaluation reserve £</b>	<b>Total equity £</b>
<b>Balance at 1 April 2019</b>	1	2,757,823	-	2,757,824
<b>Changes in equity</b>				
Total comprehensive income	-	713,299	3,107,617	3,820,916
<b>Balance at 31 March 2020</b>	1	3,471,122	3,107,617	6,578,740
<b>Changes in equity</b>				
Total comprehensive income	-	236,025	(1,556,915)	(1,320,890)
<b>Balance at 31 March 2021</b>	1	3,707,147	1,550,702	5,257,850

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**1. STATUTORY INFORMATION**

Prestwick Care Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The financial statements are rounded to the nearest £1.

**2. STATEMENT OF COMPLIANCE**

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

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**Financial Reporting Standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

**Significant judgements and estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. If, in the future, such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and judgements will be modified as appropriate in the year in which the circumstances change.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

The estimated useful lives of tangible fixed assets

**Turnover**

Turnover represents care home residents' fees receivable (exempt from value added tax) which are recognised either under the terms of contracts with local authorities or under the terms of short term letting agreements.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2021**

**3. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% straight line basis
Fixtures and fittings	- 25% straight line basis

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Assets in the course of construction are not depreciated until they are complete and have been brought into use.

In respect of bank loan finance obtained for a particular property development project, loan interest payments are capitalised as a cost of construction.

**Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them and the grants will be received using the performance/accrual model.

Grants in respect of revenue expenditure are credited to revenue in order to match the income against the expenditure to which the grant relates.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

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

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**3. ACCOUNTING POLICIES - continued**

**Impairment of assets**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

**Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

**Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

**Provisions**

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

**4. TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

Rendering of services £5,621,503 (2020: £6,190,919).

**5. EMPLOYEES AND DIRECTORS**

	2021 £	2020 £
Wages and salaries	3,983,055	3,754,879
Social security costs	269,356	241,014
Other pension costs	61,645	59,475
	<u>4,314,056</u>	<u>4,055,368</u>

The average number of employees during the year was as follows:

	2021	2020
Care home	<u>172</u>	<u>208</u>

	2021 £	2020 £
Directors' remuneration	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2021

## 6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Hire of plant and machinery	2,966	-
Other operating leases	823,846	842,458
Depreciation - owned assets	213,861	51,853
Auditors' remuneration	6,798	4,206
Insurance claim receipts	-	(293,380)
Government grants receivable	<u>(891,616)</u>	<u>-</u>

The government grants receivable were £47,457 in respect of the Coronavirus Job Retention Scheme (CJRS) and £844,159 in respect of occupancy support, rapid testing, PPE equipment, infection control and workforce capacity.

## 7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Bank loan interest	<u>61,054</u>	<u>-</u>

## 8. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	-	37,417
Adjustment in respect of earlier years	<u>(332)</u>	<u>64,709</u>
Total current tax	<u>(332)</u>	<u>102,126</u>
Deferred tax charge/(credit)	<u>4,658</u>	<u>6,194</u>
Tax on profit	<u>4,326</u>	<u>108,320</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2021

## 8. TAXATION - continued

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Profit before tax	<u>220,190</u>	<u>821,619</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	<b>41,836</b>	156,108
Effects of:		
Capital allowances in excess of depreciation	-	(3,322)
Depreciation in excess of capital allowances	19,241	-
Adjustments to tax charge in respect of previous periods	(332)	64,709
Group loss relief claimed	(61,077)	(115,093)
Expenses now allowable for tax purposes	-	(276)
Deferred taxation	<u>4,658</u>	<u>6,194</u>
Total tax charge	<u><b>4,326</b></u>	<u>108,320</u>

**Tax effects relating to effects of other comprehensive income**

	2021 Gross £	2021 Tax £	Net £
Revaluation of tangible fixed assets	<u>(1,897,227)</u>	<u>360,473</u>	<u>(1,536,754)</u>
	2020 Gross £	2020 Tax £	Net £
Revaluation of tangible fixed assets	<u>3,836,564</u>	<u>(728,947)</u>	<u>3,107,617</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2021

## 9. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Totals £
<b>COST OR VALUATION</b>			
At 1 April 2020	11,200,000	613,420	11,813,420
Additions	2,648,009	103,174	2,751,183
Revaluations	(2,023,009)	-	(2,023,009)
At 31 March 2021	11,825,000	716,594	12,541,594
<b>DEPRECIATION</b>			
At 1 April 2020	-	308,432	308,432
Charge for year	125,782	88,079	213,861
Revaluation adjustments	(125,782)	-	(125,782)
At 31 March 2021	-	396,511	396,511
<b>NET BOOK VALUE</b>			
At 31 March 2021	11,825,000	320,083	12,145,083
At 31 March 2020	11,200,000	304,988	11,504,988

Freehold property with a value of £11,825,000 has been pledged as security for the company's bank liabilities. Included in this figure are capitalised borrowing costs of £284,434.

Cost or valuation at 31 March 2021 is represented by:

	Freehold property £	Fixtures and fittings £	Totals £
Valuation in 2020	3,836,564	-	3,836,564
Valuation in 2021	(2,023,009)	-	(2,023,009)
Cost	10,011,445	716,594	10,728,039
	11,825,000	716,594	12,541,594

If freehold property had not been revalued it would have been included at the following historical cost:

	2021 £	2020 £
Cost	10,011,445	7,363,436
Aggregate depreciation	105,621	-

Freehold property was valued on an open market basis on 10 May 2021 by CBRE Limited .

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**9. TANGIBLE FIXED ASSETS - continued**

CBRE Limited are property valuers and their valuations were undertaken by qualified individuals in accordance with RICS Valuation - Professional Standards (the "Red Book"). They are external valuers not connected to the company.

The properties were valued at open market values on the basis of special assumptions that they are fully equipped operational entities having regard to their current use and trading potential and so does not take into account any factors arising since that date, in particular the impacts of the Coronavirus (COVID-19) restrictions on the care home industry.

**10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £	2020 £
Trade debtors	462,717	145,728
Amounts owed by group undertakings	5,722,434	3,808,733
Other debtors	42,924	38,230
Prepayments and accrued income	93,409	644,740
	<u>6,321,484</u>	<u>4,637,431</u>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021 £	2020 £
Bank loans and overdrafts (see note 13)	1,000,000	-
Trade creditors	134,195	167,981
Amounts owed to group undertakings	2,917,535	2,388,982
Corporation tax	37,085	37,417
Social security and other taxes	166,296	95,623
Other creditors	19,302	19,606
Amounts owed to related parties	2,721,825	492,210
Accruals and deferred income	538,681	289,266
	<u>7,534,919</u>	<u>3,491,085</u>

**12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2021 £	2020 £
Bank loans (see note 13)	<u>5,331,800</u>	<u>5,331,800</u>

**13. LOANS**

An analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year or on demand:		
Bank loans	<u>1,000,000</u>	<u>-</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>5,331,800</u>	<u>-</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2021

## 13. LOANS - continued

	2021 £	2020 £
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>-</u>	<u>5,331,800</u>

## 14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021 £	2020 £
Within one year	840,000	840,000
Between one and five years	3,360,000	3,360,000
In more than five years	6,720,000	7,560,000
	<u>10,920,000</u>	<u>11,760,000</u>

## 15. SECURED DEBTS

The following secured debts are included within creditors:

	2021 £	2020 £
Bank loans	<u>6,331,800</u>	<u>5,331,800</u>

The bank loan is secured by way of a legal charge over all of the company's assets.

A bank loan of £5,331,800 has an applicable interest rate of 1.96% above LIBOR.

A bank loan of £600,000 has an applicable interest rate of 2.25% above the bank base rate.

A bank loan of £400,000 has an applicable interest rate of 1% above the bank base rate.

## 16. PROVISIONS FOR LIABILITIES

	2021 £	2020 £
Deferred tax		
Accelerated capital allowances	35,263	30,605
Revaluation of freehold property	368,474	728,947
	<u>403,737</u>	<u>759,552</u>

	Deferred tax £
Balance at 1 April 2020	759,552
Charge to Statement of Comprehensive Income during year	4,658
Unused amounts reversed during year	(360,473)
Balance at 31 March 2021	<u>403,737</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2021

## 17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2021 £	2020 £
1	Ordinary		<u>1</u>	<u>1</u>

## 18. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 April 2020	3,471,122	3,107,617	6,578,739
Profit for the year	215,864		215,864
Transfer of realised profit	20,161	(20,161)	-
Revaluation in year	-	(1,897,227)	(1,897,227)
Tax on revaluations	-	360,473	360,473
At 31 March 2021	<u>3,707,147</u>	<u>1,550,702</u>	<u>5,257,849</u>

**Reserves:**

Retained earnings - includes all current and prior period retained profits and losses.

Revaluation reserve - reserve created from revaluations to the company's freehold property.

## 19. ULTIMATE PARENT COMPANY

Malhotra Group PLC (incorporated in England and Wales ) is regarded by the directors as being the company's ultimate parent company.

A copy of the consolidated financial statements can be obtained via the Companies House website.

## 20. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Amounts due from/to related parties are interest free.

**Other related parties (in the aggregate)**

	2021 £	2020 £
Rent payable	823,846	842,458
Property development costs	-	1,769,000
Amount due to related party	<u>2,721,825</u>	<u>492,210</u>

## 21. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is J Malhotra.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.