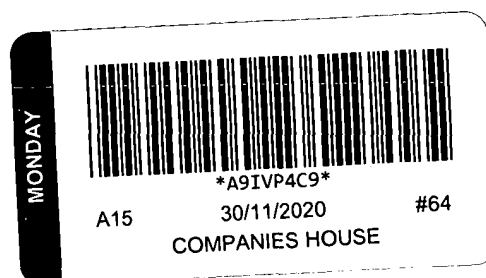


Company Registration No. 07175218 (England and Wales)

YARNINGDALE HEALTH CARE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2020



YARNINGDALE HEALTH CARE LIMITED

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | E Phipps H Baxendale J Whitehead L Waters A Blyth |
| Secretary | E Phipps |
| Company number | 07175218 |
| Registered office | Ferham House Kimberworth Road Rotherham South Yorkshire S61 1AJ |
| Auditor | RSM UK Audit LLP Chartered Accountants 7th Floor City Gate East Tollhouse Hill Nottingham NG1 5FS |

YARNINGDALE HEALTH CARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of administrator and operator of a nursing home. More details of services provided by the home can be found by visiting www.exemplarhc.com.

Directors

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

| | |
|-------------|--------------------------|
| A Lighton | (Resigned 3 July 2019) |
| D Pancott | (Resigned 3 July 2019) |
| D Sturrock | (Resigned 3 July 2019) |
| E Phipps | |
| E Craig | (Resigned 11 July 2020) |
| H Baxendale | (Appointed 15 July 2019) |
| J Robson | (Resigned 3 July 2019) |
| J Whitehead | |
| L Thomas | (Resigned 3 July 2019) |
| L Waters | (Appointed 15 July 2019) |
| A Blyth | (Appointed 11 July 2020) |

Results and dividends

The results for the year are set out on page 6.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Future developments

Maintaining the quality of care and the safety of our residents are and always will be the primary objectives of the company. We will continue to proactively deliver these standards and work closely, where required, with external bodies, to keep abreast of developments in the health care sector.

Covid-19

The company and the wider Cx Holdco Limited group has evaluated the potential impact of the COVID 19 pandemic on its performance including modelling scenario's significantly worse than the real experiences of the first quarter of 2020/21 through cash flow and covenant compliance models. The directors have concluded that the group and company has sufficient financial and operational headroom to withstand any future spikes, even if the outcomes of these spikes are worse than experienced in Quarter 1 of 2020/2021.

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution proposing that RSM UK Audit LLP be reappointed as auditor of the company will be put at a General Meeting.

YARNINGDALE HEALTH CARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



J Whitehead

Director

Date: 8/10/20

YARNINGDALE HEALTH CARE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

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

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

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;
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YARNINGDALE HEALTH CARE LIMITED

Opinion

We have audited the financial statements of Yarningdale Health Care Limited (the 'company') for the year ended 31 March 2020 which the Statement of Comprehensive Income, the Statement of Financial Position, the 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 directors are responsible for the other information. 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 there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YARNINGDALE HEALTH CARE LIMITED (CONTINUED)

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 Directors' Report.

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

RSM UK Audit LLP

Richard King FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
7th Floor
City Gate East
Tollhouse Hill
Nottingham
NG1 5FS

13 October 2020

YARNINGDALE HEALTH CARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

| | Notes | 2020 £ | 2019 £ |
|--|-------|-------------|-------------|
| Turnover | 3 | 2,613,633 | 2,376,342 |
| Staff costs | 4 | (1,568,853) | (1,504,151) |
| Consumables | | (81,796) | (88,600) |
| Depreciation | 5 | (173,692) | (37,334) |
| Other operating expenses | | (815,796) | (1,063,854) |
| Operating loss | 5 | (26,504) | (317,597) |
| Interest payable and similar expenses | 6 | (236,212) | - |
| Loss before taxation | | (262,716) | (317,597) |
| Tax on loss | 7 | 5,550 | (131) |
| Loss and total comprehensive income for the financial year | | (257,166) | (317,728) |

There were no items of other comprehensive income in the current or prior years. Accordingly no Statement of Other Comprehensive Income has been prepared.

Notes on pages 9 to 22 form an integral part of these financial statements.

YARNINGDALE HEALTH CARE LIMITED**STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2020**

| | Notes | 2020 £ | £ | 2019 £ | £ |
|--|-------|---------------------------|--------------------|---------------------------|---|
| Non-current assets | | | | | |
| Deferred taxation | 8 | 62,340 | | 9,322 | |
| Tangible assets | 9 | 3,593,299 | | 122,130 | |
| | | <u>3,655,639</u> | | <u>131,452</u> | |
| Current assets | | | | | |
| Debtors | 10 | 1,443,032 | 1,139,311 | | |
| Cash at bank and in hand | | 338,913 | 82,960 | | |
| | | <u>1,781,945</u> | <u>1,222,271</u> | | |
| Creditors: amounts falling due within one year | 11 | <u>(2,582,380)</u> | <u>(1,897,702)</u> | | |
| Net current liabilities | | <u>(800,435)</u> | | <u>(675,431)</u> | |
| Total assets less current liabilities | | <u>2,855,204</u> | | <u>(543,979)</u> | |
| Creditors: amounts falling due after more than one year | 12 | <u>(4,749,447)</u> | | <u>(861,337)</u> | |
| Net liabilities | | <u><u>(1,894,243)</u></u> | | <u><u>(1,405,316)</u></u> | |
| Capital and reserves | | | | | |
| Called up share capital | 14 | 1 | 1 | | |
| Profit and loss reserves | | <u>(1,894,244)</u> | | <u>(1,405,317)</u> | |
| Total equity | | <u><u>(1,894,243)</u></u> | | <u><u>(1,405,316)</u></u> | |

The financial statements on pages 6 to 22 were approved by the board of directors and authorised for issue on 8.10.20 and are signed on its behalf by:



J Whitehead
Director

YARNINGDALE HEALTH CARE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

| | Notes | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|-------------------------------|-------------|
| Balance at 1 April 2018 | | 1 | (1,087,589) | (1,087,588) |
| Year ended 31 March 2019: | | | | |
| Loss and total comprehensive income for the year | | - | (317,728) | (317,728) |
| Balance at 31 March 2019 | | 1 | (1,405,317) | (1,405,316) |
| Adjustment on transition to IFRS 16 | 16 | - | (231,761) | (231,761) |
| Balance at 1 April 2019 | | 1 | (1,637,078) | (1,637,077) |
| Year ended 31 March 2020: | | | | |
| Loss and total comprehensive income for the year | | - | (257,166) | (257,166) |
| Balance at 31 March 2020 | | 1 | (1,894,244) | (1,894,243) |

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Yarningdale Health Care Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Ferham House, Kimberworth Road, Rotherham, South Yorkshire, S61 1AJ.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements were prepared in accordance with Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006.

The company has applied IFRS 16 Leases for the first time in the year ended 31 March 2020. IFRS 16 replaces IAS 17 Leases. The company previously split leases between 'finance leases' that transferred substantially all the risks and rewards incidental to ownership of the asset to the company, and 'operating leases'.

The main change on application of IFRS 16 is the accounting for 'operating leases' where rentals payable (as adjusted for lease incentives) were previously expensed under IAS 17 on a straight-line basis over the lease term.

Under IFRS 16 a right-of-use asset and a lease liability are recognised for all leases except 'low-value' and 'short' term leases where lease payments are recognised on a straight-line basis over the lease term.

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.

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Reduced disclosures

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements and, where relevant, equivalent disclosures have been made in the group accounts of the ultimate controlling party, in accordance with FRS 101:

- Presentation of a Statement of Cash Flows and related notes;
- Disclosure of the objectives, policies and processes for managing capital;
- Disclosure of key management personnel compensation;
- Disclosure of the categories of financial instrument and the nature and extent of risks arising on these financial instruments; income, expenses, gains and losses on financial instruments; effects of initial application of IFRS 9;
- Comparative period reconciliations for the number of shares outstanding and the carrying amounts of property, plant and equipment;
- Related party disclosures for transactions with the parent or wholly owned members of the group;
- Disclosure of the future impact of new International Financial Reporting Standards in issue but not yet effective at the reporting date;
- Revenue disclosures, including:
 - Description of when performance obligations are satisfied, significant payment terms, and the nature of services to be transferred;
 - Significant judgements in determining the amount and timing of revenue recognition;
 - Methods used to recognise revenue over time, determine transaction price and amounts allocated to performance obligations; and
- Separate lessee disclosures under IFRS 16.

The financial statements of the company are consolidated into the financial statements of Cx Holdco Limited. The consolidated financial statements of Cx Holdco Limited are available from its registered office, 6th Floor, 125 London Wall, London, EC2Y 5AS or Companies House.

Going concern

The company meets its day to day working capital requirements through existing cash reserves. Aaron Holdings Limited, an intermediate parent, has confirmed it will provide financial support to the company for a period of not less than 12 months from the date of approval of these financial statements. The directors of the company are satisfied as to the ability of Aaron Holdings Limited to provide support, through utilising funds from throughout the group and based on the forecasted position of the group over this period. The company has net current liabilities of £800,435 (2019 - £675,431) and net liabilities of £1,894,243 (2019 - £1,405,316). The directors of the intermediate parent company have prepared group forecasts and projections, taking account of reasonably possible changes in trading performance, which show that the group and company is expected to have sufficient levels of financial resources available through current group facilities to continue in operational existence for the foreseeable future. The directors believe that the group and company is well placed to manage its business risks successfully despite the uncertain economic conditions and as such after making enquiries in respect of the factors above they continue to prepare the financial statements on a going concern basis.

The company and the wider Cx Holdco Limited group has evaluated the potential impact of the COVID 19 pandemic on its performance including modelling scenario's significantly worse than the real experiences of the first quarter of 2020/21 through cash flow and covenant compliance models. The directors have concluded that the group and company has sufficient financial and operational headroom to withstand any future spikes, even if the outcomes of these spikes are worse than experienced in Quarter 1 of 2020/2021.

Turnover

Turnover in relation to care services is recognised over time as the services are rendered based on the level of care required.

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Contract assets

Contract assets are recognised when the company has transferred services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Contract liabilities

Contract liabilities represent the company's obligation to transfer services to a customer and are recognised when a customer pays consideration, or when the company recognises a debtor to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the services to the customer.

Consumables

Consumables represent food, medical and other items used on a day to day basis within the business. Such items are bought as required and no material stocks are held.

Tangible fixed assets

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

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

| | |
|-----------------------|----------------------------|
| Fixtures and fittings | 20% -33% straight line |
| Motor vehicles | 20% straight line |
| Right-of-use assets | Over the life of the lease |

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.

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.

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Recognition of financial instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Initial and subsequent measurement of financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the company with maturities of less than three months.

Trade, group and other debtors

Trade debtors are initially measured at their transaction price. Group and other debtors are initially measured at fair value plus transaction costs.

Debtors are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these debtors are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

Trade debtors

For trade debtors, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Impairment of group debtors measured at amortised cost

The measurement of impairment losses depends on whether the financial asset is 'performing', 'underperforming' or 'non-performing' based on the company's assessment of increases in the credit risk of the financial asset since its initial recognition and any events that have occurred before the year-end which have a detrimental impact on cash flows.

The financial asset moves from 'performing' to 'underperforming' when the increase in credit risk since initial recognition becomes significant.

In assessing whether credit risk has increased significantly, the company compares the risk of default at the year-end with the risk of a default when the debtor was originally recognised using reasonable and supportable past and forward-looking information that is available without undue cost.

The risk of a default occurring takes into consideration default events that are possible within 12 months of the year-end ("the 12-month expected credit losses") for 'performing' financial assets, and all possible default events over the expected life of those debtors ("the lifetime expected credit losses") for 'underperforming' financial assets.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the debtor and are recognised in profit or loss.

Financial liabilities and equity

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.

Initial and subsequent measurement of financial liabilities

Trade, group and other creditors

Group and other creditors are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Equity instruments

Equity instruments issued by the company are recorded at fair value on initial recognition net of transaction costs.

Derecognition of financial assets (including write-off's) and financial liabilities

A financial asset (or part thereof) is derecognised when the contractual rights to cash flows expire or are settled, or when the contractual rights to receive the cash flows of the financial asset and substantially all the risks and rewards of ownership are transferred to another party.

When there is no reasonable expectation of recovering a financial asset it is derecognised ('written off').

The gain or loss on derecognition of financial assets measured at amortised cost is recognised in profit or loss.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Any difference between the carrying amount of a financial liability (or part thereof) that is derecognised and the consideration paid is recognised in profit or loss.

Profit and loss reserves

Profit and loss reserves comprise of cumulative profit and loss net of distributions to owners.

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Taxation

The tax expense for the period 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. In this case, the tax is also recognised in Other Comprehensive Income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle the balances on a net basis.

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.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

Leases

For the year ended 31 March 2019 under IAS 17, rentals payable under operating leases, including any lease incentives received, are charged to income 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 leased asset are consumed.

The company has transitioned from IAS 17 to IFRS 16 for the year ended 31 March 2020. The company has applied IFRS 16 retrospectively to all leases, but has elected to recognise the cumulative effect against opening reserves at 1 April 2019. This has resulted in a debit of £231,761 to opening reserves at the 1 April 2019 as detailed in the Statement of Changes in Equity. Therefore, the comparative figures are as previously reported under IAS 17. The company has applied this approach subject to the transition provisions set out below.

- For all contracts that existed prior to 1 April 2019, the group has not applied IFRS 16 to reassess whether each contract is, or contains, a lease.
- A single discount rate has been applied to portfolios of leases with similar characteristics.
- Initial direct costs have been excluded from the measurement of the right-of-use assets.

The amounts recognised for leases at 1 April 2019, have been measured as follows:

Operating leases under IAS 17, except 'low-value' and 'short-term' leases

The lease liability is measured at the present value of the remaining lease payments at 1 January 2019, discounted at the company's incremental borrowing rate at that date.

The right-of-use asset is measured as if IFRS 16 had been applied from commencement of the lease, but using the company's incremental borrowing rate of 5.00% at 1 April 2019 to discount future payments.

'Low-value' leases

When the value of the underlying asset (if new) at 1 April 2019 is £5,000 or less, the company has continued to recognise the lease payments associated with those leases on a straight-line basis over the lease term.

'Short-term' leases

Where the lease term ends before 31 March 2020, the company has continued to recognise the lease payments associated with those leases on a straight-line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are 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. The directors do not consider there to be any critical judgements.

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty (Continued)

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.

Recognition of deferred taxes

The carrying value of deferred tax assets are dependent of the estimates of future cash flows arising from the group's operations. The realisation of the deferred tax asset recognised at 31 March 2020 of £62,340 (2019 - £9,322) is dependent on the generation of future taxable profits. The group recognises deferred tax assets where it is more likely than not that benefit will be realised, and this is currently expected to be the case.

Leases

In determining the lease term the company assesses whether it is reasonably certain to exercise, or not to exercise, options to extend or terminate a lease. This assessment is made at the start of the lease and is re-assessed if significant events of changes in circumstances occur that are within the lessee's control.

When the interest rate implicit in the lease is not readily determinable, the company estimates the incremental borrowing rate based on its external borrowings secured against similar assets, adjusted for the term of the lease. The company applied a rate of 5.00% to all its leases.

3 Turnover

All turnover arises from rendering of services. The turnover and loss before tax are attributable to the one principal activity of the company. An analysis of the company's turnover is as follows:

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Turnover analysed by geographical market | | |
| United Kingdom | 2,613,633 | 2,376,342 |

4 Employees

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

| | 2020 Number | 2019 Number |
|----------------|----------------|----------------|
| Nursing | 59 | 66 |
| Administration | 2 | 1 |
| | 61 | 67 |

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

4 Employees (Continued)

Their aggregate remuneration comprised:

| | 2020 £ | 2019 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 1,353,148 | 1,264,014 |
| Social security costs | 86,471 | 73,829 |
| Pension costs | 19,135 | 12,109 |
| | <u>1,458,754</u> | <u>1,349,952</u> |

Directors' emoluments and pension contributions were borne by a fellow group company in the current and prior years.

Staff costs in the Statement of Comprehensive Income include agency staff costs.

5 Operating loss

| | 2020 £ | 2019 £ |
|---|------------------|------------------|
| Operating loss for the year is stated after charging: | | |
| Depreciation of tangible fixed assets (note 9) | 173,692 | 37,334 |
| Operating lease charges | - | 314,172 |
| Staff costs (note 4) | <u>1,568,853</u> | <u>1,504,151</u> |

Audit fees were borne by fellow group companies in both the current and prior years.

6 Interest payable and similar expenses

| | 2020 £ | 2019 £ |
|-------------------------------|----------------|-----------|
| Interest on lease liabilities | <u>236,212</u> | <u>-</u> |

7 Taxation

| | 2020 £ | 2019 £ |
|--|----------------|--------------|
| Deferred tax | | |
| Origination and reversal of timing differences | 1,355 | 783 |
| Changes in tax rates | (6,705) | (82) |
| Adjustment in respect of prior periods | <u>(200)</u> | <u>(570)</u> |
| Total deferred tax | <u>(5,550)</u> | <u>131</u> |

Deferred taxes at the Statement of Financial Position date have been measured using the enacted tax rate of 19% which comes into effect from 1 April 2021.

There is no expiry date on the timing differences, unused tax losses or tax credits.

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

7 Taxation (Continued)

The total tax (credit)/charge for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

| | 2020 £ | 2019 £ |
|--|-----------|-----------|
| Loss before taxation | (262,716) | (317,597) |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%) | (49,916) | (60,343) |
| Tax effect of expenses that are not deductible in determining taxable profit | 1,185 | 737 |
| Adjustments in respect of prior years | (200) | (570) |
| Effect of change in corporation tax rate | (6,705) | (82) |
| Group relief | 64,162 | 54,070 |
| Transfer pricing adjustments | (14,076) | 6,319 |
| Taxation (credit)/charge for the year | (5,550) | 131 |

8 Deferred taxation

The major deferred tax assets recognised by the company are:

| | Assets 2020 £ | Assets 2019 £ |
|--------------------------------|---------------------|---------------------|
| Balances: | | |
| Accelerated capital allowances | 10,376 | 8,995 |
| Short term timing differences | 806 | 327 |
| IFRS 16 spreading adjustment | 51,158 | - |
| | 62,340 | 9,322 |
| Movements in the year: | | 2020 £ |
| Asset at 1 April 2019 | | 9,322 |
| Credit to profit or loss | | 5,550 |
| IFRS 16 | | 47,468 |
| Asset at 31 March 2020 | | 62,340 |

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

8 Deferred taxation (Continued)

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax assets are recognised for accelerated capital allowances to the extent that the realisation of the related tax benefit through future taxable profits is probable.

9 Tangible fixed assets

| | Fixtures and fittings £ | Motor vehicles £ | Right-of-use assets £ | Total £ |
|--|----------------------------|---------------------|--------------------------|------------|
| Cost | | | | |
| At 1 April 2019 | 244,136 | 50,618 | - | 294,754 |
| Additions | 47,957 | - | - | 47,957 |
| Right-of-use assets on transition to IFRS 16 | - | - | 4,482,876 | 4,482,876 |
| At 31 March 2020 | 292,093 | 50,618 | 4,482,876 | 4,825,587 |
| Depreciation and impairment | | | | |
| At 1 April 2019 | 122,006 | 50,618 | - | 172,624 |
| Depreciation charged in the year | 45,600 | - | 128,092 | 173,692 |
| Right-of-use assets on transition to IFRS 16 | - | - | 885,972 | 885,972 |
| At 31 March 2020 | 167,606 | 50,618 | 1,014,064 | 1,232,288 |
| Carrying amount | | | | |
| At 31 March 2020 | 124,487 | - | 3,468,812 | 3,593,299 |
| At 31 March 2019 | 122,130 | - | - | 122,130 |

The carrying amount of right-of-use assets relates entirely to land and buildings.

10 Debtors

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 220,579 | 215,096 |
| Amounts owed by group undertakings | 1,220,319 | 898,514 |
| Other debtors | 121 | - |
| Prepayments and accrued income | 2,013 | 25,701 |
| | 1,443,032 | 1,139,311 |

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

11 Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|------------------|------------------|
| Amounts due to group undertakings | 2,307,715 | 1,633,309 |
| Other taxation and social security | 37,102 | 30,316 |
| Deferred income | 109,391 | 96,904 |
| Other creditors | 99,807 | 82,879 |
| Accruals | 28,365 | 54,294 |
| | <u>2,582,380</u> | <u>1,897,702</u> |

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

Other creditors includes £27,199 (2019 - £26,270) in relation to amounts held on behalf of customers, with a corresponding balance held within cash balances.

12 Creditors: amounts falling due after more than one year

| | Notes | 2020 £ | 2019 £ |
|-----------------------------|-------|------------------|----------------|
| Long term lease liabilities | 16 | 4,749,447 | - |
| Accruals | | - | 861,337 |
| | | <u>4,749,447</u> | <u>861,337</u> |

Accruals in the prior year represents amortised cost commitments in relation to the rental property operating lease, these have now being replaced by lease liabilities in accordance with IFRS 16.

13 Retirement benefit schemes

| | 2020 £ | 2019 £ |
|---|---------------|---------------|
| Defined contribution schemes | | |
| Charge to profit or loss in respect of defined contribution schemes | <u>19,135</u> | <u>12,109</u> |

The group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the group in funds under control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the group are reduced by the amount or forfeited contributions.

As at 31 March 2020 , included within other creditors are contributions payable of £4,230 (2019 - £1,921).

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

14 Share capital

| | 2020 £ | 2019 £ |
|----------------------------------|-----------|-----------|
| Ordinary share capital | | |
| Authorised | | |
| 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |
| Issued and fully paid | | |
| 1 Ordinary share of £1 each | 1 | 1 |
| | 1 | 1 |

The company has one class of ordinary share which carries no right to fixed income. All shares are held at cost.

15 Financial commitments, guarantees and contingent liabilities

The company is part of the group banking facility which includes an unlimited guarantee in respect of the indebtedness to the bank. At 31 March 2020 and 31 March 2019, there was no contingent liability to recognise in respect of this.

16 Leases

| | Liability £ |
|---|----------------|
| Operating lease commitments disclosed as at 31 March 2019 | 8,796,814 |
| Discounted using the lessee's incremental borrowing rate as at 1 April 2019 | (4,059,347) |
| Lease liability recognised as at 1 April 2019 | 4,737,467 |

The total cash outflow for leases during the year was £224,232.

The maturity of the gross contractual undiscounted cash flows due on the company's lease liabilities is set out below based on the period between 31 March and the contractual maturity date.

| | 2020 £ | 2019 £ |
|----------------------------|-----------|-----------|
| Land and buildings | | |
| Within one year | 314,568 | 314,172 |
| Between one and five years | 1,258,272 | 1,256,688 |
| Over five years | 6,920,496 | 7,225,954 |
| | 8,493,336 | 8,796,814 |

The company's leasing activities relate to rentals payable for its home property. Leases are negotiated for a term of 35 years. Leases of buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

YARNINGDALE HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

17 Ultimate controlling party

The company is a wholly owned subsidiary of Exemplar Business Services Limited, whose ultimate parent company, at the balance sheet date, is Cx Holdco Limited, all of these companies are domiciled in the United Kingdom and incorporated in England and Wales.

Consolidated financial statements are prepared by the group headed by Cx Holdco Limited and copies can be obtained from its registered office at 6th Floor, 125 London Wall, London, EC2Y 5AS or Companies House. Cx Holdco Limited is the largest group and Exemplar Health Care Group Limited is the smallest group into which these financial statements are consolidated.

At the end of the financial period the directors noted the ultimate controlling party was Agilitas 2015 Private Equity Fund L.P., based on the disposition of the shareholdings in the company.