

**Battersea Place Retirement Village
Ltd**

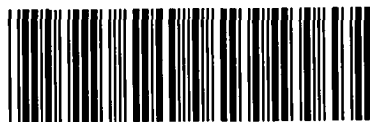
Report and Financial Statements

Year Ended

31 March 2022

Company Number: 07545666

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Battersea Place Retirement Village Ltd

Company Information

| | |
|-----------------------------|---|
| Directors | G P Heather S Stoneham S M Nayee J M S Smart |
| Registered number | 07545666 |
| Registered office | 15 Savile Row London W1S 3PJ |
| Independent auditors | BDO LLP 55 Baker Street London W1U 7EU |

Battersea Place Retirement Village Ltd

Contents

| | Page |
|-----------------------------------|---------|
| Strategic report | 1 - 2 |
| Directors' report | 3 - 4 |
| Independent auditors' report | 5 - 8 |
| Statement of comprehensive income | 9 |
| Statement of financial position | 10 |
| Statement of changes in equity | 11 |
| Notes to the financial statements | 12 - 25 |

Battersea Place Retirement Village Ltd

Strategic report For the Year Ended 31 March 2022

Introduction

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2022.

Business review

Battersea Place Retirement Village ("the company") operates a continuing care retirement community in the heart of London and is part of the LifeCare Residences group of companies.

The results of the company show a pre-tax profit of £1.9 million (2021 - £6.2 million) and has a net asset position of £47.3 million (2021 - £49.5 million). The current year's loss £2.1 million (2021 - £5.1 million profit) after tax is principally a result of enacted tax rates increasing the deferred tax charge.

Net assets have decreased by £2.2 million (2021 - increased by £3.7 million).

Future Outlook

All of the apartments in the Battersea Place development have been sold, meaning the company is operating a fully sold-down retirement village. The directors have confidence the business strategy will generate a viable and profitable business. The focus is being placed on maintaining and building upon the high standards of luxury care and 5 star amenities provided.

Principal risks and uncertainties

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

At the time of writing, management is confident that they have reacted to the global COVID-19 pandemic in a way that has protected its staff and residents and has maintained a platform for future growth. Demand for retirement living continues to outweigh supply and management are confident the reduction in nursing home occupancy is temporary and will improve as we continue learning to live with COVID-19 without Government restrictions.

The current economic environment with increasing interest rates, energy prices and inflation are being managed through price increases, cost management, appropriate negotiation of energy contracts and regular consultations with lending firms. Regular inspection of forecasts, budgeting and cashflow planning further assist in mitigating such risks. The pressures on NHS and the anticipated Government drive to discharge patients earlier would only further the demand for care which the company is prepared for.

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

Battersea Place Retirement Village Ltd

Strategic report (continued)
For the Year Ended 31 March 2022

Financial key performance indicators

1. Value of Resales

The table below illustrates the number of resales that have taken place, the total resale value and how much of the proceeds were attributable to the company:

| | FY22 | | | FY21 | | |
|------------------------------------|----------------|-----------------------------|------------------------------|----------------|-----------------------------|------------------------------|
| | No. of Resales | Total Value of Resales (£m) | Company Resales Revenue (£m) | No. of Resales | Total Value of Resales (£m) | Company Resales Revenue (£m) |
| Battersea Place Retirement Village | 3 | 5.2 | 1.6 | 6 | 7.7 | 2.1 |

Other key performance indicators

1. Care facility occupancy

This is the occupancy rate at the nursing home at Battersea Place. The objective of the company is to maximise the occupancy rate for the nursing home by providing high quality care services. This objective is important to the company as occupancy is a key driver for EBITDA. The impact of the pandemic has affected the company's ability to attract short-term residents with the average occupancy increasing to 47% (2021 - 39%) in the year. In January 2023, Average occupancy was 19. Weekly Fees remain ahead of budget through 1:1 care being delivered. Management are confident that they have the right strategy in place to increase occupancy as we continue learning how to live with COVID-19 without Government restrictions.

This report was approved by the board and signed on its behalf by:



S M Nayee
Director

Date: 31/03/2023

Battersea Place Retirement Village Ltd

Directors' report For the Year Ended 31 March 2022

The directors present their report and the audited financial statements for the year ended 31 March 2022.

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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). 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 year.

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

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

Principal activities

The principal activities of the company in the year under review was the operation of a retirement village and nursing home.

Results and dividends

The loss for the year, after taxation, amounted to £2,125,000 (2021 - profit £5,060,000).

The statement of comprehensive income is set out on page 9 and shows the loss for the year.

The directors do not recommend the payment of a dividend (2021 - £Nil).

Directors

The directors who served during the year and up until signing were:

G P Heather
S Stoneham
S M Nayee (appointed 24 January 2022)
M J A Edser (resigned 18 June 2021)
J M S Smart (appointed 3 February 2023)

Battersea Place Retirement Village Ltd

Directors' report (continued) For the Year Ended 31 March 2022

Disclosure of information to auditors

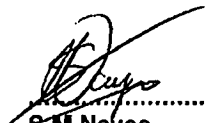
Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

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

Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf:


.....
S M Nayee
Director

Date: 31/03/2023

Battersea Place Retirement Village Ltd

Independent auditors' report to the members of Battersea Place Retirement Village Ltd

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Battersea Place Retirement Village ("the company") for the year ended 31 March 2022, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Battersea Place Retirement Village Ltd

Independent auditors' report to the members of Battersea Place Retirement Village Ltd (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

Battersea Place Retirement Village Ltd

Independent auditors' report to the members of Battersea Place Retirement Village Ltd (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience through discussion with the directors and other management (as required by auditing standards).
- We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered that extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.
- With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the directors.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- Our tests included agreeing the financial statement disclosures to underlying supporting documentation where relevant.
- We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.
- We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates, in particular revenue recognition as well as the valuation of investment properties and property plant and equipment, are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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 by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Battersea Place Retirement Village Ltd

Independent auditors' report to the members of Battersea Place Retirement Village Ltd (continued)

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.

DocuSigned by:

Chris Young

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Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 31 March 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Battersea Place Retirement Village Ltd

Statement of comprehensive income For the Year Ended 31 March 2022

| | Note | 2022 £000 | 2021 £000 |
|--|------|----------------|--------------|
| Turnover | 4 | 5,352 | 5,572 |
| Cost of sales | | (3,774) | (3,727) |
| Gross profit | | 1,578 | 1,845 |
| Administrative expenses | | (1,349) | (982) |
| Other operating income | 5 | 183 | 213 |
| Fair value movements | 13 | 1,480 | 5,090 |
| Operating profit | 6 | 1,892 | 6,166 |
| Interest receivable and similar income | 9 | 441 | 475 |
| Interest payable and similar charges | 10 | (453) | (488) |
| Profit before tax | | 1,880 | 6,153 |
| Tax on profit | 11 | (4,005) | (1,093) |
| (Loss)/profit for the financial year | | (2,125) | 5,060 |
| Other comprehensive (loss)/income for the year | | | |
| Unrealised surplus/(deficit) on revaluation of tangible fixed assets | | 30 | (1,552) |
| Tax on revaluation of freehold property | | (102) | 295 |
| Total comprehensive (loss)/ income for the year | | (2,197) | 3,803 |

All amounts relate to continuing operations.


The notes on pages 12 to 25 form part of these financial statements.

Battersea Place Retirement Village Ltd
Registered number: 07545666

**Statement of financial position
as at 31 March 2022**

| | Note | 2022 £000 | 2022 £000 | 2021 £000 | 2021 £000 |
|---|------|--------------|----------------|--------------|---------------|
| Fixed assets | | | | | |
| Tangible assets | 12 | | 7,900 | | 7,900 |
| Investment property | 13 | | 60,580 | | 59,100 |
| | | | <u>68,480</u> | | <u>67,000</u> |
| Current assets | | | | | |
| Stocks | 14 | 66 | | 20 | |
| Debtors | 15 | 7,533 | | 8,260 | |
| Cash at bank and in hand | | 361 | | 11 | |
| | | <u>7,960</u> | | <u>8,291</u> | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 16 | (14,058) | | (7,619) | |
| Net current (liabilities)/assets | | | <u>(6,098)</u> | | <u>672</u> |
| Total assets less current liabilities | | | <u>62,382</u> | | <u>67,672</u> |
| Creditors: amounts falling due after more than one year | 17 | | - | | (7,200) |
| Provisions for liabilities | | | | | |
| Deferred tax | 19 | | (15,119) | | (11,012) |
| Net assets | | | <u>47,263</u> | | <u>49,460</u> |
| Capital and reserves | | | | | |
| Share capital | 20 | | - | | - |
| Revaluation reserve | 21 | | 3,936 | | 4,008 |
| Retained earnings | 21 | | 43,327 | | 45,452 |
| Total equity | | | <u>47,263</u> | | <u>49,460</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
S M Nayee
Director

Date: 31/03/2023

The notes on pages 12 to 25 form part of these financial statements.

Battersea Place Retirement Village Ltd

Statement of changes in equity For the Year Ended 31 March 2022

| | Share capital £000 | Revaluation reserve £000 | Retained earnings £000 | Total equity £000 |
|--|--------------------------|--------------------------------|------------------------------|----------------------|
| At 1 April 2021 | - | 4,008 | 45,452 | 49,460 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (2,125) | (2,125) |
| Gain on revaluation of freehold property (see note 12) | - | 30 | - | 30 |
| Tax on revaluation of freehold property | - | (102) | - | (102) |
| At 31 March 2022 | - | 3,936 | 43,327 | 47,263 |

Statement of changes in equity For the Year Ended 31 March 2021

| | Share capital £000 | Revaluation reserve £000 | Retained earnings £000 | Total equity £000 |
|---|--------------------------|--------------------------------|------------------------------|----------------------|
| At 1 April 2020 | - | 5,265 | 40,392 | 45,657 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 5,060 | 5,060 |
| Deficit on revaluation of freehold property (see note 12) | - | (1,552) | - | (1,552) |
| Tax on revaluation of freehold property | - | 295 | - | 295 |
| At 31 March 2021 | - | 4,008 | 45,452 | 49,460 |

The notes on pages 12 to 25 form part of these financial statements.

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

1. General Information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 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 the 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 Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of LifeCare Residences Limited as at 31 March 2022 and these financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

2. Accounting policies (continued)

2.3 Going concern

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

The Company was in compliance with all of its loan covenants as at 31 March 2022.

An extension to the Investec facility, as detailed in the post balance sheet events note, was agreed to in March 2023 to cover the reporting period end March 2023 through to the end of the loan term.

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

2.4 Turnover

Turnover represents income from the provision of property management, and care services and is recognised in the period the service is provided. Turnover also represents a portion of income from sales proceeds recognised on legal completion of the apartment sales, as a result of Battersea Place Retirement Village Limited owning the freehold.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.5 Government grants

Grants are recognised when there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received. The grants are recognised in the income statement (under other operating income) over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

2.6 Tangible fixed assets

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|------------------------------|-----------------------|
| Long-term leasehold property | - Nil |
| Plant and machinery | - 20% - 25% per annum |
| Fixtures and fittings | - 20% - 25% per annum |

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

2.7 Revaluation of tangible fixed assets

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

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

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

2.8 Investment property

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

2.9 Stocks

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

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

2. Accounting policies (continued)

2.12 Creditors

Short term creditors are measured at the transaction price.

2.13 Finance costs

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

2.14 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

2.15 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the year in which they are incurred.

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

2. Accounting policies (continued)

2.17 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

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

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

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

Other key sources of estimation uncertainty:

- Tangible fixed assets (see note 12)

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

Freehold land and buildings consists of a Nursing Home which is based on professional valuations using a multiple of between 7.75 times of EBITDA.

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

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

Other key sources of estimation uncertainty (continued):

- Freehold investment property (see note 13)

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

Key inputs into the valuation were:

Length of cashflows: 25 years
Weighted average cost of capital: 10.08%
Average length of stay: 7.5 years
Average property value growth rate: 4% per annum
50% capital gains share
Service charge loss of £900,000
Capital expenditure of £106,000

4. Turnover

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

| | 2022 £000 | 2021 £000 |
|-----------------------------------|--------------|--------------|
| Care services | 3,758 | 3,471 |
| Sale proceeds on sale of property | 1,594 | 2,101 |
| | <u>5,352</u> | <u>5,572</u> |

All turnover arose within the United Kingdom.

5. Other operating income

| | 2022 £000 | 2021 £000 |
|------------------------|--------------|--------------|
| Other operating income | <u>183</u> | <u>213</u> |

Included within other operating income are UK Government COVID-19 related grants.

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

6. Operating profit

The operating profit is stated after charging:

| | 2022 £000 | 2021 £000 |
|---------------------------------------|--------------|--------------|
| Depreciation of tangible fixed assets | 144 | 223 |
| Defined contribution pension cost | 48 | 48 |
| | <u>192</u> | <u>271</u> |

The company has taken the exemption not to disclose remuneration for non-audit services, as these are disclosed in the group financial statements.

7. Auditors' remuneration

| | 2022 £000 | 2021 £000 |
|---|--------------|--------------|
| Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements | <u>8</u> | <u>7</u> |
| Fees payable to the company's auditor and its associates in respect of: | | |
| Other services relating to taxation | 3 | 3 |
| All other services | 2 | 2 |
| | <u>5</u> | <u>5</u> |

8. Employees

Staff costs were as follows:

| | 2022 £000 | 2021 £000 |
|-------------------------------------|--------------|--------------|
| Wages and salaries | 2,400 | 2,542 |
| Social security costs | 221 | 240 |
| Cost of defined contribution scheme | 48 | 48 |
| | <u>2,669</u> | <u>2,830</u> |

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

| | 2022 No. | 2021 No. |
|---------------------------------|-------------|-------------|
| Employees (including part time) | <u>92</u> | <u>96</u> |

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

9. Interest receivable and similar income

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Interest receivable from group companies | 441 | 475 |

10. Interest payable and similar charges

| | 2022 £000 | 2021 £000 |
|-----------------------------|--------------|--------------|
| Bank interest payable | 447 | 482 |
| Other loan interest payable | 6 | 6 |
| | 453 | 488 |

11. Taxation on profit

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Corporation tax | | |
| Current tax on profits for the year | - | - |
| Total current tax | - | - |
| Deferred tax | | |
| Origination and reversal of timing differences | 4,005 | 1,093 |
| Total deferred tax | 4,005 | 1,093 |
| Taxation on profit on ordinary activities | 4,005 | 1,093 |

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

11. Taxation on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2021 - higher than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Profit on ordinary activities before tax | 1,880 | 6,153 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%) | 357 | 1,169 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 4 | 2 |
| Deferred tax not recognised | (58) | (131) |
| Adjustments to tax charge in respect of prior periods | 356 | - |
| Income not taxable for tax purposes | (283) | (967) |
| Chargeable gains | 281 | 1,093 |
| Group relief claimed | (47) | (73) |
| Remeasurement of deferred tax for changes in tax rates | 3,395 | - |
| Total tax charge for the year | 4,005 | 1,093 |

As at the 31 March 2022, the company has not recognised deferred tax asset in respect of losses and fixed asset timing differences of £109,542 (2021 - £55,695) due to uncertainty regarding timing and the amount of the realisation.

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

12. Tangible fixed assets

| | Land and buildings £000 | Plant and machinery £000 | Fixtures, fittings and equipment £000 | Total £000 |
|--------------------------|-------------------------------|--------------------------------|--|---------------|
| Cost or valuation | | | | |
| At 1 April 2021 | 7,651 | 643 | 856 | 9,150 |
| Additions | - | 93 | 21 | 114 |
| Revaluations | 30 | - | - | 30 |
| At 31 March 2022 | <u>7,681</u> | <u>736</u> | <u>877</u> | <u>9,294</u> |
| Depreciation | | | | |
| At 1 April 2021 | - | 522 | 728 | 1,250 |
| Charge for the year | - | 67 | 77 | 144 |
| At 31 March 2022 | <u>-</u> | <u>589</u> | <u>805</u> | <u>1,394</u> |
| Net book value | | | | |
| At 31 March 2022 | <u>7,681</u> | <u>147</u> | <u>72</u> | <u>7,900</u> |
| At 31 March 2021 | <u>7,651</u> | <u>121</u> | <u>128</u> | <u>7,900</u> |

The land and buildings were valued by qualified professional external advisers based on an open market value using a multiple of EBITDA. The valuation was performed in March 2022.

The historical cost of the nursing home is £3,141,509 (2021 - £3,141,509).

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

13. Investment property

| | Freehold investment property £000 |
|-------------------------|--|
| Valuation | |
| At 1 April 2021 | 59,100 |
| Surplus on revaluation | 1,480 |
| At 31 March 2022 | 60,580 |

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

| | 2022 £000 | 2021 £000 |
|---------------|--------------|--------------|
| Historic cost | 4,166 | 4,166 |

14. Stocks

| | 2022 £000 | 2021 £000 |
|------------------|--------------|--------------|
| Work in progress | 53 | 9 |
| Finished goods | 13 | 11 |
| | 66 | 20 |

15. Debtors: amounts falling due within one year

| | 2022 £000 | 2021 £000 |
|------------------------------------|--------------|--------------|
| Trade debtors | 110 | 104 |
| Amounts owed by group undertakings | 7,252 | 8,012 |
| Other debtors | 51 | 23 |
| Prepayments and accrued income | 120 | 121 |
| | 7,533 | 8,260 |

Amounts owed by group undertakings are unsecured, not interest bearing and are repayable on demand.

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

16. Creditors: amounts falling due within one year

| | 2022 £000 | 2021 £000 |
|------------------------------------|---------------|--------------|
| Bank loans | 7,218 | 812 |
| Trade creditors | 377 | 232 |
| Amounts owed to group undertakings | 6,281 | 6,436 |
| Other taxation and social security | 66 | 18 |
| Other creditors | 29 | 24 |
| Accruals and deferred income | 87 | 97 |
| | <u>14,058</u> | <u>7,619</u> |

Amounts owed to group undertakings are unsecured, not interest bearing and are repayable on demand.

17. Creditors: amounts falling due after more than one year

| | 2022 £000 | 2021 £000 |
|------------|--------------|--------------|
| Bank loans | - | 7,200 |
| | <u>-</u> | <u>7,200</u> |

18. Loans

Analysis of the maturity of loans is given below:

| | 2022 £000 | 2021 £000 |
|--|--------------|--------------|
| Amounts falling due within one year | | |
| Bank loans | 7,218 | 812 |
| Amounts falling due 2-5 years | | |
| Bank loans | - | 7,200 |
| | <u>7,218</u> | <u>8,012</u> |

On 18 March 2020, the company completed on a loan agreement with Investec Bank plc. The loan provides for an £8,000,000 Term Facility and a £4,000,000 Revolving Credit Facility. The Term Facility has a three year term and the Revolving Credit Facility had an initial 12 month term, which was not used and has since expired.

The rate of interest on each loan is the aggregate of a calculated margin (initially 5.5%) and SONIA (initially LIBOR). As security, Investec Bank plc have taken a charge over the company's interest in the freehold property which is held at valuation of £68,000,000 (2021 - £67,000,000). As at the year end, £7,200,000 (2021 - £8,000,000) is outstanding on this loan and the loan is shown above gross of £18,000 (2021 - £12,000) of interest.

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

19. Deferred taxation

| | 2022 £000 | 2021 £000 |
|--|-----------------|-----------------|
| At beginning of year | (11,012) | (10,214) |
| Charged to the income statement | (3,650) | (1,093) |
| Credited to other comprehensive income | (102) | 295 |
| Adjustment to prior year | (355) | - |
| At end of year | (15,119) | (11,012) |

The provision for deferred taxation is made up as follows:

| | 2022 £000 | 2021 £000 |
|--|-----------------|-----------------|
| Timing differences on revaluation of freehold land and buildings | (15,119) | (11,012) |
| | (15,119) | (11,012) |

20. Share capital

| | 2022 £ | 2021 £ |
|------------------------------------|-----------|-----------|
| Allotted, called up and fully paid | | |
| 1 Ordinary share of £1 | 1 | 1 |

21. Reserves

Revaluation reserve

Gains/losses arising on the revaluation of the nursing home held as freehold land and buildings.

Retained earnings

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

22. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £48,415 (2021 - £47,992). Contributions totalling £10,817 (2021 - £8,853) were payable to the fund at the reporting date and are included in creditors.

Battersea Place Retirement Village Ltd

Notes to the financial statements For the Year Ended 31 March 2022

23. Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in the company are controlled by the group.

24. Post balance sheet events

On 17 March 2023, the company extended the £6.3m Investec loan facility to 31 March 2026. Principle payments will commence on 31 March 2023 on a 6 monthly basis, whilst interest will remain payable on a quarterly basis. Furthermore, the annualised interest cover and EBITDA to net debt financial covenants were removed.

25. Controlling party

The company's intermediate parent company is LifeCare Residences Limited. At 31 March 2022, the company's ultimate controlling shareholders are the family trusts of Cliff and Sue Cook.