

Kingsley Healthcare (DS) Limited
Annual Report and Financial Statements
Year Ended 30 September 2020
Registration number: 09803771

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Kingsley Healthcare (DS) Limited

Balance Sheet

30 September 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	3	8,948,544	5,043,999
Investments	4	4,941,859	4,941,859
		<u>13,890,403</u>	<u>9,985,858</u>
Current assets			
Debtors	5	1,357,753	36,120
Cash at bank and in hand		317,230	-
		<u>1,674,983</u>	<u>36,120</u>
Creditors: Amounts falling due within one year	6	<u>(6,296,000)</u>	<u>(336,275)</u>
Net current liabilities		<u>(4,621,017)</u>	<u>(300,155)</u>
Total assets less current liabilities		9,269,386	9,685,703
Creditors: Amounts falling due after more than one year	6	(3,516,786)	(7,232,902)
Provisions for liabilities		<u>(887,086)</u>	<u>(450,811)</u>
Net assets		<u>4,865,514</u>	<u>2,001,990</u>
Capital and reserves			
Called up share capital		46,541	1
Share premium reserve		4,604,292	-
Capital redemption reserve		104,000	-
Revaluation reserve		-	1,176,985
Other reserves		-	3,473,847
Profit and loss account		<u>110,681</u>	<u>(2,648,843)</u>
Total equity		<u>4,865,514</u>	<u>2,001,990</u>

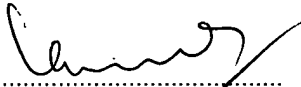
Kingsley Healthcare (DS) Limited

Balance Sheet

30 September 2020

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 27/09/21 and signed on its behalf by:



.....
Mr V Thayanandarajah
Director

Company Registration Number: 09803771

Statement of Changes in Equity

Year Ended 30 September 2020

	Share capital £	Share premium £	Capital contribution reserve £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total £
At 1 October 2019	1	-	-	1,176,985	3,473,847	(2,648,843)	2,001,990
Profit for the year	-	-	-	-	-	5,959,524	5,959,524
Total comprehensive income	-	-	-	-	-	5,959,524	5,959,524
Bonus share issue	46,540	4,604,292	-	(1,176,985)	(3,473,847)	-	-
FRS 102 contribution from related company loans	-	-	104,000	-	-	-	104,000
Dividends	-	-	-	-	-	(3,200,000)	(3,200,000)
At 30 September 2020	46,541	4,604,292	104,000	-	-	110,681	4,865,514

	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total £
At 1 October 2018	1	1,172,498	3,473,847	(2,499,396)	2,146,950
Loss for the year	-	-	-	(239,384)	(239,384)
Other comprehensive income	-	94,424	-	-	94,424
Total comprehensive income	-	94,424	-	(239,384)	(144,960)
Transfer of realised profits	-	(89,937)	-	89,937	-
At 30 September 2019	1	1,176,985	3,473,847	(2,648,843)	2,001,990

Kingsley Healthcare (DS) Limited

Notes to the Financial Statements

Year Ended 30 September 2020

1 General information

The company is a private company limited by share capital, incorporated in England and Wales, United Kingdom.

The address of its registered office is:

Kingsley House
Clapham Road South
Lowestoft
Suffolk
NR32 1QS
United Kingdom

The business address is the same as the registered office address.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', including Section 1A, and the Companies Act 2006. There are no material departures from FRS102.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Further information about the trading situation of the company can be found in the group accounts.

Group accounts not prepared

The financial statements contain information about Kingsley Healthcare (DS) Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, KCH (UK) Holdings Limited, a company incorporated in England and Wales..

Kingsley Healthcare (DS) Limited

Notes to the Financial Statements

Year Ended 30 September 2020

Key sources of estimation uncertainty

Discounting of interest free loans with group companies and entities under common control:

The business trades as part of a group. In addition to recharges of central costs and other trading settlements, management charges are raised to reflect the cost of funding arranged at a group level. Significant balances with group and other connected parties arise. These balances are due after more than one year. As these balances do not routinely attract an agreed intra group interest, they have been discounted to present value where material, based on the relevant external funding rate as required by FRS 102. In subsequent years this imputed interest is charged to the profit and loss account and offset by the effect of a new discount on revised balances with no material net effect. The imputed interest rate applied is by nature a judgemental estimate of the anticipated rate that would be available to the business had the company funding been sought externally directly. Consequently the balances with group companies and connected parties payable / receivable in the balance sheet are stated net of the impact of this discount estimate of the applied imputed interest rate. On inception, the discount income is taken to capital contribution reserve and a discount expense charged to reserves as a dividend payable except where material between parent and subsidiary where this increases the cost of investment by the parent company in the subsidiary in accordance with Staff Education Note 16 on Financing Transactions for FRS 102.

Property valuations:

The business invests in care homes and, in common with standard industry practice, has adopted a policy under FRS 102 of carrying these assets at Existing Use Value, which is considered by the directors to approximate to Fair Value as set out below. This is due to the expectation that a care home is the main value generating purpose of each site. Valuations are performed by professional valuation experts on a routine basis as required based on a multiple of earnings. The earnings used vary depending on the performance of the business with the multiples applied varying depending on factors such as the location, condition and market position of the asset. Given the variability of these factors the fair value of these assets is a judgemental estimate which will fluctuate over time. In an arm's length sale between willing parties the best price would still be Existing Use Value rather than Open Market Value. These assets are used through the group for trading purposes; they are not held by the company for their investment potential and no rent is charged. Consequently, they are not classed as investment properties under FRS 102. Deferred tax is provided based on the potential taxable gain based on tax rates at the balance sheet date.

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation 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 taxable income.

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Kingsley Healthcare (DS) Limited

Notes to the Financial Statements

Year Ended 30 September 2020

Tangible assets

Freehold land and buildings are stated in the balance sheet at valuation. An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings	2% straight line
Freehold land	No depreciation

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Dividends on equity securities are recognised in income when receivable.

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Bank loans;
- Loans with group companies and entities under common control; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when a company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans and loans with group companies and entities under common control, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans and loans with group companies and connected companies are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

Kingsley Healthcare (DS) Limited

Notes to the Financial Statements

Year Ended 30 September 2020

3 Tangible assets

	Land and buildings £	Total £
Cost or valuation		
At 1 October 2019	5,043,999	5,043,999
Additions	4,087,168	4,087,168
At 30 September 2020	9,131,167	9,131,167
Depreciation		
At 1 October 2019	-	-
Charge for the year	182,623	182,623
At 30 September 2020	182,623	182,623
Carrying amount		
At 30 September 2020	8,948,544	8,948,544
At 30 September 2019	5,043,999	5,043,999

Included within the net book value of land and buildings above is £8,948,544 (2019 - £5,043,999) in respect of freehold land and buildings.

Revaluation

The fair value of the company's freehold property was revalued on 11 July 2018 by an independent valuer. The basis of this valuation was at existing use value, which is considered by the Directors to approximate to fair value. The name and qualification of the independent valuer are Colliers International, Chartered Surveyors who are external to the company. Had this class of asset been measured on a historical cost basis, the carrying amount would have been £4,777,526 (2019 - £771,884).

Kingsley Healthcare (DS) Limited

Notes to the Financial Statements

Year Ended 30 September 2020

4 Investments

	2020 £	2019 £
Investments in subsidiaries	<u>4,941,859</u>	<u>4,941,859</u>
Subsidiaries		£
Cost or valuation		
At 1 October 2019		8,570,184
Impairment		
At 1 October 2019		<u>3,628,325</u>
Carrying amount		
At 30 September 2020		<u>4,941,859</u>
At 30 September 2019		<u>4,941,859</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2020	2019
Subsidiary undertakings				
Redwalls Care Services Limited	Kingsley House, Clapham Road South, Lowestoft, Suffolk, NR21 1QS England and Wales	Ordinary	100%	100%
Drew Care Limited	Kingsley House, Clapham Road South, Lowestoft, Suffolk, NR21 1QS England and Wales	Ordinary	100%	100%

Subsidiary undertakings

Redwalls Care Services Limited

The principal activity of Redwalls Care Services Limited is residential care services.

Drew Care Limited

The principal activity of Drew Care Limited is residential care services.

Kingsley Healthcare (DS) Limited

Notes to the Financial Statements

Year Ended 30 September 2020

5 Debtors

	2020 £	2019 £
Amounts due from group undertakings	1,339,692	-
Other debtors	1	-
Prepayments	18,060	36,120
	<u>1,357,753</u>	<u>36,120</u>
Less amounts due after one year	<u>(1,339,692)</u>	<u>-</u>
	<u>18,061</u>	<u>36,120</u>

Details of non-current trade and other debtors

£1,339,692 (2019 - £Nil) of amounts owed from group undertakings is classified as non current.

6 Creditors

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings	7	6,296,000	248,000
Other creditors		-	3,949
Corporation tax		-	84,326
		<u>6,296,000</u>	<u>336,275</u>
Due after one year			
Loans and borrowings	7	-	6,172,000
Amounts owed to group		3,416,905	1,060,902
Amounts owed to connected companies		99,881	-
		<u>3,516,786</u>	<u>7,232,902</u>

7 Loans and borrowings

	2020 £	2019 £
Non-current loans and borrowings		
Bank borrowings	<u>-</u>	<u>6,172,000</u>
	2020 £	2019 £
Current loans and borrowings		
Bank borrowings	<u>6,296,000</u>	<u>248,000</u>

Kingsley Healthcare (DS) Limited

Notes to the Financial Statements

Year Ended 30 September 2020

Bank borrowings

The bank loans is denominated in pounds sterling, £, with a nominal interest rate of 2.20% above LIBOR%, and the final instalment is due on 24 November 2020. The carrying amount at year end is £6,296,000 (2019 - £6,420,000).

The bank loan is secured by a charge over the freehold properties owned by the company. A debenture over the whole assets of the company is also in place.

8 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary shares of £1 each	46,541	46,541	1	1

In the year, the company issued 46,540 £1 bonus shares at a premium of £99 funded from the revaluation reserve and other reserve. This increased share capital and share premium to £46,541 and £4,604,292 respectively.

9 Dividends

Interim dividends paid

	2020 £	2019 £
Interim dividend of £3,200,000 (2019 - £Nil) per each ordinary share	3,200,000	-

10 Financial commitments, guarantees and contingencies

The company is party to a cross guarantee with related parties in favour of Coutts & Co. The bank borrowings are secured by a charge over the freehold properties owned by the related parties.

The bank borrowing of the companies at the balance sheet date amounted to:

Parent company and fellow subsidiaries £20,626,826 (2019 - £15,785,661)

Other related parties £3,158,450 (2019 - £3,229,858)

Kingsley Healthcare (DS) Limited

Notes to the Financial Statements

Year Ended 30 September 2020

11 Related party transactions

The company has taken advantage of the exemption provided by FRS102 to not disclose transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Loans to related parties

	Other related parties £
2020	
Advanced	2,244,519
Repaid	<u>(2,244,519)</u>
At end of period	<u>-</u>

Terms of loans to related parties

The loans have a 366 day notice period for repayment. There is no interest charged on these balances and the amounts are presented in other creditors falling due after more than one year and other debtors receivable after more than one year.

Loans from related parties

	Other related parties £
2020	
Advanced	<u>99,881</u>

Terms of loans from related parties

The loans have a 366 day notice period for repayment. There is no interest charged on these balances and the amounts are presented in other creditors falling due after more than one year and other debtors receivable after more than one year.

12 Relationship between entity and parents

Relationship between entity and parents

The parent of the smallest group in which these financial statements are consolidated is KCH (UK) Holdings Limited, incorporated in England and Wales.

The address of KCH (UK) Holdings Limited is:

Kingsley House
Clapham Road South
Loewstoft
Suffolk
NR32 1QS

Kingsley Healthcare (DS) Limited

Notes to the Financial Statements

Year Ended 30 September 2020

13 Non adjusting events after the financial period

At year end, bank borrowing totalling £6,296,000 that was due to expire within twelve months, and therefore categorised as current liabilities. During March 2021, this was refinanced and is now due to expire in June 2023.

Since the year end share capital and share premium were reduced by £46,540 and £4,604,292 respectively as part of the groups ongoing restructuring.

14 Audit report

The Independent Auditors' Report was unqualified. The name of the Senior Statutory Auditor who signed the audit report was James Barrett, who signed for and on behalf of PKF Francis Clark on 27/9/2021.