

Registration number: 11044712

# PRESTIGE CARE GROUP HOLDINGS LTD

Annual Report and Consolidated Financial Statements

for the Year Ended 31 July 2021



# **Prestige Care Group Holdings Ltd**

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# **Prestige Care Group Holdings Ltd**

## **Company Information**

<b>Director</b>	Mr S Singh
<b>Registered office</b>	Prestige Group Head Office Roseville Court Blair Avenue Ingleby Barwick Stockton-On-Tees TS17 5BL
<b>Bankers</b>	Yorkshire Bank 94-96 Briggate Leeds LS1 6NP
<b>Auditor</b>	Azets Audit Services Chartered Accountants & Statutory Auditor 1 Massey Road Thomaby Stockton-On-Tees TS17 6DY

## **Prestige Care Group Holdings Ltd**

### **Strategic Report for the Year Ended 31 July 2021**

The director presents his strategic report for the year ended 31 July 2021.

#### **Principal activity**

The principal activity of the group is operating residential care homes.

#### **Fair review of the business**

The principal activity of the group during the year was the provision of residential and nursing care to the elderly. The group owns the following 100% subsidiaries, Prestige Care Limited, Prestige Care (Roseville) Limited, Prestige Care (Sand Banks) Limited, Prestige Care (Yew Tree) Limited.

#### **Results and performance**

The director is satisfied with the performance of the company during the year. The group monitors income and costs on an ongoing basis whilst striving to deliver a high quality of care to its residents. The group continues to perform despite a challenging environment.

#### **Key performance indicators**

The director monitors the progress of the group by reference to key performance indicators. The key performance indicators are average weekly fees, profit margin and wages as a percentage of income.

Despite the impact of the COVID-19 pandemic, the group has managed to increase resident fee income by 5.5% this year. The group has also received significant government grant funding during the year as a result of the COVID-19 pandemic.

Due to the nationwide shortage in nurses and healthcare staff and the absence of staff as a result of the COVID-19 pandemic, the group has had to rely on agency staff during the year. The group has maintained a tight control over direct costs as far as possible under the current circumstances, which has assisted the group in achieving a gross profit margin for the year of 26.1% (2020: 29.5%).

Staff costs as a proportion of fees were 75.8% (2020: 70.2%). This has been directly impacted by the COVID-19 pandemic, with increased agency usage to cover staff absence and isolation.

The group hopes to build on these results in the coming year by further increasing occupancy back to normal levels and managing costs whilst still maintaining a high quality of care.

## **Prestige Care Group Holdings Ltd**

### **Strategic Report for the Year Ended 31 July 2021 (continued)**

#### **Principal risks and uncertainties**

The senior management team meet regularly to consider the risks that face the group and how established processes and controls are used to manage these risks.

Key risks and uncertainties are outlined below:

#### **COVID-19 pandemic**

The group has been impacted by the COVID-19 pandemic to different degrees throughout the year and continues to be affected. The director and management took steps at the start of the pandemic to reduce risk and also worked closely with local authorities and PHE to ensure that guidelines were followed and the impact was minimized. The homes had to adapt normal working practices to ensure protecting staff and residents became an even greater priority. The group received support, through grants and the provision of personal protective equipment.

As a result of the work by management and the directors the group is able to continue as a going concern.

#### **Market risk**

The market is currently under pressure regarding costs and quality standards. The group regularly monitors quality standards and produces detailed monthly financial information. This enables them to react quickly to any issues.

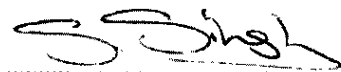
#### **Legislative and regulatory risk**

The company is monitored by the Care Quality Commission (CQC) and local authorities. The company has a governance system in place to monitor the standards in each of its homes and has good open relations with the CQC and local authorities.

#### **Labour and recruitment**

There is already a nationwide shortage of labour in the care industry. The company remains pro-active in their ability to recruit and retain high quality staff. Minimum wage increases and auto enrolment contributions continue to impact the company moving forward.

Approved and authorised by the director on 28/1/22



Mr S Singh  
Director

# **Prestige Care Group Holdings Ltd**

## **Director's Report for the Year Ended 31 July 2021**

The director presents his report and the consolidated financial statements for the year ended 31 July 2021.

### **Director of the group**

The director who held office during the year was as follows:

Mr S Singh

### **Financial risk management**

#### ***Objectives and policies***

The group has established a structured approach to risk management. The group's activities expose it to a variety of financial risks, the group continues to adopt and develop risk management policies that seek to mitigate these risks in a cost effective manner.

#### ***Credit risk, liquidity and cash flow risk***

##### **Credit risk**

The group's main financial assets are bank balances, cash and trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The group's largest customers are primarily local councils with social services responsibilities and NHS clinical commissioning groups.

##### **Cash flow and liquidity risk**

The group has continued to maintain liquidity and sufficient working capital for its ongoing operations and future developments.

### **Future developments**

The group has taken the opportunity to invest in some of its homes by carrying out refurbishment of some of the units. This refurbishment program will help to make our homes a more attractive place to prospective residents.

### **Going concern**

The financial statements have been prepared on a going concern basis.

The group meets its day to day working capital requirements through cash generated from operations and shareholder borrowings.

The group's forecasts and projections for the next twelve months show that the company should be able to continue in operational existence for that period, taking into account reasonable possible changes in trading performance.

Based on the factors set out above the director believes that it remains appropriate to prepare the financial statements on a going concern basis.

### **Disclosure of information to the auditor**

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

## **Prestige Care Group Holdings Ltd**

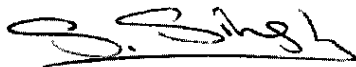
### **Director's Report for the Year Ended 31 July 2021 (continued)**

#### **Reappointment of auditors**

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the group during the year.

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Azets Audit Services as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved and authorised by the director on 20/1/22



.....  
Mr S Singh  
Director

## **Prestige Care Group Holdings Ltd**

### **Statement of Director's Responsibilities**

The director acknowledges his responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and parent company and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

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



## **Prestige Care Group Holdings Ltd**

### **Independent Auditor's Report to the Members of Prestige Care Group Holdings Ltd**

#### **Opinion**

We have audited the financial statements of Prestige Care Group Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2021, which comprise the Consolidated Income Statement, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group 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.

In the comparative period the group qualified as a small group and was entitled to exemption from audit under section 479 of the Companies Act 2006. The prior year financial statements were not audited.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's 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 group and parent 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 director with respect to going concern are described in the relevant sections of this report.

#### **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 director are responsible for the other information contained within the annual report. 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.

## **Prestige Care Group Holdings Ltd**

### **Independent Auditor's Report to the Members of Prestige Care Group Holdings Ltd (continued)**

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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of the director**

As explained more fully in the Statement of Director's Responsibilities [set out on page 6], the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Other matters**

The prior year financial statements were unaudited.

## **Prestige Care Group Holdings Ltd**

### **Independent Auditor's Report to the Members of Prestige Care Group Holdings Ltd (continued)**

#### **Auditor 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.

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:

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business;
- enquiries of management and those charged with governance about any known or suspected instances of non-compliance with laws and regulations and fraud and any actual or potential litigation or claims;
- challenging assumptions and judgements made by management in their significant accounting estimates;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- reviewing financial statement disclosures and testing to support documentation.

Because of the field in which the client operates, we identified the following areas as those most likely to have a material impact on the financial statements: Health and Social Care Act 2008, Health and Safety; employment law (including the Working Time Directive); and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

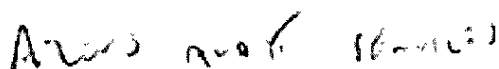
A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Prestige Care Group Holdings Ltd**

### **Independent Auditor's Report to the Members of Prestige Care Group Holdings 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.



.....  
Christopher Potter BA(Hons) ACA (Senior Statutory Auditor)  
For and on behalf of Azets Audit Services  
Chartered Accountants  
Statutory Auditor  
1 Massey Road  
Thornaby  
Stockton-On-Tees  
TS17 6DY

Date: 28/07/2022.....

## **Prestige Care Group Holdings Ltd**

### **Consolidated Income Statement for the Year Ended 31 July 2021**

	<b>Note</b>	<b>2021 £</b>	<b>Unaudited 2020 £</b>
Turnover	3	9,171,279	10,609,577
Cost of sales		<u>(6,773,160)</u>	<u>(7,482,577)</u>
Gross profit		2,398,119	3,127,000
Administrative expenses		(3,439,817)	(2,976,028)
Other operating income	4	<u>1,616,785</u>	<u>417,239</u>
Operating profit	5	575,087	568,211
Interest payable and similar expenses	6	<u>(407)</u>	<u>-</u>
Profit before tax		574,680	568,211
Taxation	8	<u>(109,982)</u>	<u>(137,346)</u>
Profit for the financial year		<u>464,698</u>	<u>430,865</u>

The group has no recognised gains or losses for the year other than the results above.

The notes on pages 17 to 33 form an integral part of these financial statements.

# Prestige Care Group Holdings Ltd

(Registration number: 11044712)

## Consolidated Statement of Financial Position as at 31 July 2021

	Note	2021 £	Unaudited 2020 £
<b>Fixed assets</b>			
Tangible assets	9	986,396	1,024,834
<b>Current assets</b>			
Stocks	11	3,000	3,000
Debtors	12	5,743,900	5,459,986
Cash at bank and in hand		<u>729,794</u>	<u>982,382</u>
		6,476,694	6,445,368
<b>Creditors: Amounts falling due within one year</b>	14	<u>(1,634,197)</u>	<u>(1,730,459)</u>
<b>Net current assets</b>		<u>4,842,497</u>	<u>4,714,909</u>
<b>Total assets less current liabilities</b>		5,828,893	5,739,743
<b>Creditors: Amounts falling due after more than one year</b>	14	(2,426,796)	(2,493,426)
<b>Provisions for liabilities</b>		<u>(67,782)</u>	<u>(76,700)</u>
<b>Net assets</b>		<u>3,334,315</u>	<u>3,169,617</u>
<b>Capital and reserves</b>			
Called up share capital	16	110	110
Profit and loss account		<u>3,334,205</u>	<u>3,169,507</u>
<b>Total equity</b>		<u>3,334,315</u>	<u>3,169,617</u>

Approved and authorised by the director on 28/7/22



Mr S Singh  
Director

The notes on pages 17 to 33 form an integral part of these financial statements.

# Prestige Care Group Holdings Ltd

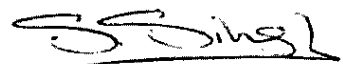
(Registration number: 11044712)

## Statement of Financial Position as at 31 July 2021

	Note	2021 £	Unaudited 2020 £
<b>Fixed assets</b>			
Tangible assets	9	626	2,520
Investments	10	310	310
		<u>936</u>	<u>2,830</u>
<b>Current assets</b>			
Debtors	12	994,783	293,349
Cash at bank and in hand		101,958	336,944
		<u>1,096,741</u>	<u>630,293</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>(573,894)</u>	<u>(109,036)</u>
<b>Net current assets</b>		<u>522,847</u>	<u>521,257</u>
<b>Total assets less current liabilities</b>		<u>523,783</u>	<u>524,087</u>
<b>Provisions for liabilities</b>		<u>(50)</u>	<u>(337)</u>
<b>Net assets</b>		<u>523,733</u>	<u>523,750</u>
<b>Capital and reserves</b>			
Called up share capital		110	110
Profit and loss account		<u>523,623</u>	<u>523,640</u>
<b>Total equity</b>		<u>523,733</u>	<u>523,750</u>

The company made a profit after tax for the financial year of £299,983 (2020 - profit of £400,125).

Approved and authorised by the director on 28/7/22



Mr S Singh  
Director

The notes on pages 17 to 33 form an integral part of these financial statements.

## Prestige Care Group Holdings Ltd

### Consolidated Statement of Changes in Equity for the Year Ended 31 July 2021

#### Equity attributable to the parent company

	Share capital	Profit and loss account	Total	Total equity
	£	£	£	£
At 1 August 2019 (unaudited)	110	2,738,642	2,738,752	2,738,752
Profit for the year	-	430,865	430,865	430,865
Total comprehensive income	-	430,865	430,865	430,865
At 31 July 2020 (unaudited)	110	3,169,507	3,169,617	3,169,617

	Share capital	Profit and loss account	Total	Total equity
	£	£	£	£
At 1 August 2020	110	3,169,507	3,169,617	3,169,617
Profit for the year	-	464,698	464,698	464,698
Total comprehensive income	-	464,698	464,698	464,698
Dividends	-	(300,000)	(300,000)	(300,000)
At 31 July 2021	110	3,334,205	3,334,315	3,334,315

The notes on pages 17 to 33 form an integral part of these financial statements.



## Prestige Care Group Holdings Ltd

### Statement of Changes in Equity for the Year Ended 31 July 2021

	Share capital	Profit and loss account	Total
	£	£	£
At 1 August 2019 (unaudited)	110	123,515	123,625
Profit for the year	-	400,125	400,125
Total comprehensive income	-	400,125	400,125
At 31 July 2020 (unaudited)	110	523,640	523,750

	Share capital	Profit and loss account	Total
	£	£	£
At 1 August 2020	110	523,640	523,750
Profit for the year	-	299,983	299,983
Total comprehensive income	-	299,983	299,983
Dividends	-	(300,000)	(300,000)
At 31 July 2021	110	523,623	523,733

The notes on pages 17 to 33 form an integral part of these financial statements.

## Prestige Care Group Holdings Ltd

### Consolidated Statement of Cash Flows for the Year Ended 31 July 2021

	Note	2021 £	Unaudited 2020 £
<b>Cash flows from operating activities</b>			
Profit for the year		464,698	430,865
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	115,965	105,925
Finance costs	6	407	-
Income tax expense	8	109,982	137,346
		<u>691,052</u>	<u>674,136</u>
Working capital adjustments			
Increase in trade debtors	12	(283,914)	(1,932,351)
Decrease in trade creditors	14	(259,845)	(794,417)
Increase in deferred income, including government grants		<u>17,141</u>	<u>2,605,911</u>
Cash generated from operations		164,434	553,279
Income taxes paid	8	<u>(100,215)</u>	<u>(5,605)</u>
Net cash flow from operating activities		<u>64,219</u>	<u>547,674</u>
<b>Cash flows from investing activities</b>			
Acquisitions of tangible assets		(66,505)	(60,460)
Proceeds from sale of tangible assets		<u>105</u>	<u>-</u>
Net cash flows from investing activities		<u>(66,400)</u>	<u>(60,460)</u>
<b>Cash flows from financing activities</b>			
Interest paid	6	(407)	-
Proceeds from bank borrowing draw downs		50,000	-
Dividends paid		<u>(300,000)</u>	<u>-</u>
Net cash flows from financing activities		<u>(250,407)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(252,588)	487,214
Cash and cash equivalents at 1 August		<u>982,382</u>	<u>495,168</u>
Cash and cash equivalents at 31 July		<u><u>729,794</u></u>	<u><u>982,382</u></u>

The notes on pages 17 to 33 form an integral part of these financial statements.

# **Prestige Care Group Holdings Ltd**

## **Notes to the Financial Statements for the Year Ended 31 July 2021**

### **1 General information**

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

The address of its registered office is Prestige Group Head Office, Roseville Court, Blair Avenue, Ingleby Barwick, Stockton-On-Tees, TS17 5BL.

### **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 were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland and the Companies Act 2006'.

#### **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.

These financial statements are prepared in sterling which is the functional currency of the entity.

#### **Summary of disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

The company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

#### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 July 2021.

## **Prestige Care Group Holdings Ltd**

### **Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)**

#### **2 Accounting policies (continued)**

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

On 1 March 2018 the entire share capital of Prestige Care Limited was acquired through the issue of one share in the company for one hundred shares in the subsidiary's share capital. The total nominal value of shares acquired and issued was the same. Management have concluded that this transaction qualifies for merger relief under section 612 of the Companies Act 2006. Under merger relief the results of the subsidiary are presented in the group as though the group always existed and the acquired net assets are introduced from the earliest period using their existing carrying values. The shares have been recognised at their nominal value of £1 each. No share premium or goodwill has been recognised on this transaction.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full. Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

As a consolidated Income Statement is published, a separate Income Statement for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

## **Prestige Care Group Holdings Ltd**

### **Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

**Assessing indicators of impairment** - In assessing whether there have been indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

**Assessing nature of lease** - The Company has entered into commercial leases and as a lessee it obtains use of property, plant and equipment. The classification as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

**Taxation** - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

##### **Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

**Useful economic lives of tangible assets** - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation.

**Impairment of debtors** - The company makes an estimate of the recoverable value of the trade and other debtors. When assessing impairment of trade and other debtor, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

##### **Revenue recognition**

Revenue from providing nursing and care services is measured by reference to period of occupation.

## **Prestige Care Group Holdings Ltd**

### **Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grant will be received.

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

Government grants included within other operating income includes the UK Government assistance provided through Coronavirus Job Retention Scheme and the Adult Social Care Infection Control Fund during the Covid-19 pandemic.

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

##### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

##### **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:

## **Prestige Care Group Holdings Ltd**

### **Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)**

#### **2 Accounting policies (continued)**

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fixtures & fittings	3 to 5 years straight line
Office equipment	3 years straight line
Leasehold improvements	Straight line over the remaining term of the lease

#### **Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

#### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

#### **Stocks**

Stock, consisting of consumables and cleaning supplies, is recorded at cost.

#### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## **Prestige Care Group Holdings Ltd**

### **Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Dividends**

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.



## **Prestige Care Group Holdings Ltd**

### **Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)**

#### **3 Turnover**

The analysis of the group's Turnover for the year from continuing operations is as follows:

	<b>2021</b>	<b>Unaudited 2020</b>
	<b>£</b>	<b>£</b>
Provision of nursing and care services	<u>9,171,279</u>	<u>10,609,577</u>

#### **4 Other operating income**

The analysis of the group's other operating income for the year is as follows:

	<b>2021</b>	<b>Unaudited 2020</b>
	<b>£</b>	<b>£</b>
Government grants	1,266,031	213,526
Other operating income	113,709	103,831
Management charges receivable	<u>237,045</u>	<u>99,882</u>
	<u>1,616,785</u>	<u>417,239</u>

Government grants consist of Adult Social Care Infection Control Fund grants and other UK Government and local authority COVID-19 support measures.

#### **5 Operating profit**

Arrived at after charging/(crediting)

	<b>2021</b>	<b>Unaudited 2020</b>
	<b>£</b>	<b>£</b>
Depreciation expense	<u>115,965</u>	<u>105,925</u>

#### **6 Interest payable and similar expenses**

	<b>2021</b>	<b>Unaudited 2020</b>
	<b>£</b>	<b>£</b>
Interest on bank overdrafts and borrowings	<u>407</u>	<u>-</u>

## Prestige Care Group Holdings Ltd

### Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

#### 7 Staff costs

The aggregate payroll costs (including director's remuneration) were as follows:

	2021	Unaudited 2020
	£	£
Wages and salaries	6,470,944	6,963,996
Social security costs	391,737	391,322
Pension costs, defined contribution scheme	90,366	89,650
	<u>6,953,047</u>	<u>7,444,968</u>

The average number of persons employed by the group (including the director) during the year, analysed by category was as follows:

	2021	Unaudited 2020
	No.	No.
Nursing and care	419	430
Administration and support	12	14
	<u>431</u>	<u>444</u>

#### 8 Taxation

Tax charged/(credited) in the consolidated income statement

	2021	Unaudited 2020
	£	£
<b>Current taxation</b>		
UK corporation tax	118,900	100,214
UK corporation tax adjustment to prior periods	-	(744)
	<u>118,900</u>	<u>99,470</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(8,918)	37,876
Tax expense in the income statement	<u>109,982</u>	<u>137,346</u>

# Prestige Care Group Holdings Ltd

## Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

### 8 Taxation (continued)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2020 - lower than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	Unaudited 2020 £
Profit before tax	574,680	568,211
Corporation tax at standard rate	109,189	107,960
Effect of revenues exempt from taxation	(459)	-
Effect of expense not deductible in determining taxable profit (tax loss)	(16,896)	1,887
UK deferred tax expense relating to changes in tax rates or laws	16,268	7,050
Decrease in UK and foreign current tax from adjustment for prior periods	-	(744)
Other tax effects for reconciliation between accounting profit and tax expense (income)	1,880	21,193
Total tax charge	109,982	137,346

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was deemed substantively enacted on 17 March 2020. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase from 19% to 25%. This new law was deemed substantively enacted on 24 May 2021 and the deferred tax balances at the year end have been calculated based on this rate.

### Deferred tax

#### Group

Deferred tax assets and liabilities

2021	Asset £	Liability £
Accelerated capital allowances	-	71,795
Other short term timing differences	4,013	-
	4,013	71,795
2020	Asset £	Liability £
Accelerated capital allowances	-	78,610
Other short term timing differences	1,910	-
	1,910	78,610

## **Prestige Care Group Holdings Ltd**

### **Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)**

#### **8 Taxation (continued)**

##### **Company**

##### **Deferred tax assets and liabilities**

	<b>Asset</b>	<b>Liability</b>
	<b>£</b>	<b>£</b>
<b>2021</b>		
Accelerated capital allowances	-	157
Other short term timing differences	107	-
	<u>107</u>	<u>157</u>
	<u>107</u>	<u>157</u>
<b>2020</b>		
Accelerated capital allowances	-	479
Other short term timing differences	142	-
	<u>142</u>	<u>479</u>
	<u>142</u>	<u>479</u>

# **Prestige Care Group Holdings Ltd**

## **Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)**

### **9 Tangible assets**

#### **Group**

	<b>Leasehold improvements £</b>	<b>Fixtures and fittings £</b>	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 August 2020	871,956	428,821	47,230	1,348,007
Additions	20,637	57,153	893	78,683
Disposals	-	-	(2,835)	(2,835)
At 31 July 2021	<u>892,593</u>	<u>485,974</u>	<u>45,288</u>	<u>1,423,855</u>
<b>Depreciation</b>				
At 1 August 2020	70,075	228,859	24,239	323,173
Charge for the year	36,265	66,147	13,552	115,964
Eliminated on disposal	-	-	(1,678)	(1,678)
At 31 July 2021	<u>106,340</u>	<u>295,006</u>	<u>36,113</u>	<u>437,459</u>
<b>Carrying amount</b>				
At 31 July 2021	<u>786,253</u>	<u>190,968</u>	<u>9,175</u>	<u>986,396</u>
At 31 July 2020	<u>801,881</u>	<u>199,962</u>	<u>22,991</u>	<u>1,024,834</u>

Included within the net book value of leasehold improvements above is £786,254 (2020 - £801,880) in respect of long leasehold land and buildings.

# **Prestige Care Group Holdings Ltd**

## **Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)**

### **9 Tangible assets (continued)**

#### **Company**

	<b>Office equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 August 2020	4,286	4,286
Additions	297	297
Disposals	<u>(2,655)</u>	<u>(2,655)</u>
At 31 July 2021	<u>1,928</u>	<u>1,928</u>
<b>Depreciation</b>		
At 1 August 2020	1,766	1,766
Charge for the year	1,137	1,137
Eliminated on disposal	<u>(1,601)</u>	<u>(1,601)</u>
At 31 July 2021	<u>1,302</u>	<u>1,302</u>
<b>Carrying amount</b>		
At 31 July 2021	<u>626</u>	<u>626</u>
At 31 July 2020	<u>2,520</u>	<u>2,520</u>

### **10 Investments**

#### **Company**

	<b>2021 £</b>	<b>Unaudited 2020 £</b>
Investments in subsidiaries	<u>310</u>	<u>310</u>
<b>Subsidiaries</b>		<b>£</b>
<b>Cost or valuation</b>		
At 1 August 2020		<u>310</u>
At 31 July 2021		<u>310</u>
<b>Provision</b>		
At 1 August 2020		<u>-</u>
At 31 July 2021		<u>-</u>
<b>Carrying amount</b>		
At 31 July 2021		<u>310</u>
At 31 July 2020		<u>310</u>

## Prestige Care Group Holdings Ltd

### Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

#### 10 Investments (continued)

##### 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	
			2021	2020
Subsidiary undertakings				
Prestige Care Limited	Prestige Group Head Office, Roseville Court, Blair Avenue, Ingleby Barwick, Stockton on Tees, TS17 5BL.	Ordinary shares	100%	100%
Prestige Care (Roseville) Ltd	Prestige Group Head Office, Roseville Court, Blair Avenue, Ingleby Barwick, Stockton on Tees, TS17 5BL.	Ordinary	100%	100%
Prestige Care (Sand Banks) Limited	Prestige Group Head Office, Roseville Court, Blair Avenue, Ingleby Barwick, Stockton on Tees, TS17 5BL.	Ordinary	100%	100%
Prestige Care (Yew Tree) Limited	Prestige Group Head Office, Roseville Court, Blair Avenue, Ingleby Barwick, Stockton on Tees. TS17 5BL.	Ordinary	100%	100%

##### Subsidiary undertakings

###### *Prestige Care Limited*

The principal activity of Prestige Care Limited is operating a residential care home.

###### *Prestige Care (Roseville) Ltd*

The principal activity of Prestige Care (Roseville) Ltd is operating a residential care home.

###### *Prestige Care (Sand Banks) Limited*

The principal activity of Prestige Care (Sand Banks) Limited is operating a residential care home.

###### *Prestige Care (Yew Tree) Limited*

The principal activity of Prestige Care (Yew Tree) Limited is operating a residential care home.

## Prestige Care Group Holdings Ltd

### Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

#### 10 Investments (continued)

For the year ended 31 July 2021 the following subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

Prestige Care Limited (company registration number 03025072)

Prestige Care (Roseville) Ltd (company registration number 11044331)

Prestige Care (Sand Banks) Limited (company registration number 11044838)

Prestige Care (Yew Tree) Limited (company registration number 11529463)

#### 11 Stocks

	2021	Group Unaudited 2020	2021	Company Unaudited 2020
	£	£	£	£
Other inventories	3,000	3,000	-	-

#### 12 Debtors

		2021	Group Unaudited 2020	2021	Company Unaudited 2020
	Note	£	£	£	£
<b>Current</b>					
Trade debtors		432,286	391,418	49,094	33,302
Amounts owed by related parties	20	-	-	128,193	148,002
Other debtors		4,938,252	4,518,330	817,066	111,110
Prepayments		336,199	357,361	430	935
Accrued income		37,163	192,877	-	-
		<u>5,743,900</u>	<u>5,459,986</u>	<u>994,783</u>	<u>293,349</u>

#### 13 Cash and cash equivalents

	2021	Group Unaudited 2020	2021	Company Unaudited 2020
	£	£	£	£
Cash on hand	623	1,375	-	-
Cash at bank	729,171	981,007	101,958	336,944
	<u>729,794</u>	<u>982,382</u>	<u>101,958</u>	<u>336,944</u>



# Prestige Care Group Holdings Ltd

## Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

### 14 Creditors

	Note	2021 £	Group Unaudited 2020 £	2021 £	Company Unaudited 2020 £
<b>Due within one year</b>					
Bank loans		3,332	-	-	-
Trade creditors		352,337	374,801	61,124	2,010
Amounts owed to group undertakings		-	-	443,517	75,000
Social security and other taxes		88,118	102,821	18,097	28,251
Outstanding defined contribution pension costs		31,405	12,688	1,037	-
Other creditors		382,034	672,663	24	1,996
Accruals		385,605	326,180	48,042	1,779
Corporation tax liability	8	147,506	128,821	304	-
Deferred income		242,111	112,485	-	-
Directors loan accounts		1,749	-	1,749	-
		<u>1,634,197</u>	<u>1,730,459</u>	<u>573,894</u>	<u>109,036</u>
<b>Due after one year</b>					
Bank loans		45,855	-	-	-
Deferred income		<u>2,380,941</u>	<u>2,493,426</u>	-	-
		<u>2,426,796</u>	<u>2,493,426</u>	-	-

Deferred income includes amounts of £2,380,941 (2020: £2,493,426) relating to a long term lease incentive, this amount is released to the income statement over the term of the lease.

Bank loans consist of a Bounce back loan repayable within 5 years. Interest on this loan is payable at 2.5%. The group's banking facilities are secured by a cross guarantee and fixed and floating charges over the assets of all group companies.

### 15 Pension and other schemes

#### Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £90,366 (2020 - £89,650).

Contributions totalling £31,405 (2020 - £12,688) were payable to the scheme at the end of the year and are included in creditors.

## Prestige Care Group Holdings Ltd

### Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

#### 16 Share capital

##### Allotted, called up and fully paid shares

	No.	2021 £	No.	Unaudited 2020 £
Ordinary shares of £0.01 each	8,140	81	8,140	81
A Ordinary shares of £0.01 each	2,860	29	2,860	29
	<u>11,000</u>	<u>110</u>	<u>11,000</u>	<u>110</u>

#### 17 Obligations under leases and hire purchase contracts

##### Group

##### Operating leases

The total of future minimum lease payments is as follows:

	2021 £	Unaudited 2020 £
Not later than one year	1,710,927	1,430,432
Later than one year and not later than five years	7,192,807	6,089,459
Later than five years	<u>37,882,012</u>	<u>34,213,008</u>
	<u>46,785,746</u>	<u>41,732,899</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,674,905 (2020 - £1,550,822).

#### 18 Dividends

##### Interim dividends paid

	2021 £	Unaudited 2020 £
Interim dividend of £104.90 (2020 - £Nil) per each A Ordinary shares share	<u>300,000</u>	<u>-</u>

## Prestige Care Group Holdings Ltd

### Notes to the Financial Statements for the Year Ended 31 July 2021 (continued)

#### 19 Commitments

##### Group

##### Other financial commitments

As part of the lease agreement for the group's care homes the group is committed to certain level of annual expenditure on repairs and maintenance. The amounts below are payable over the next 22 years.

The total amount of other financial commitments not provided in the financial statements was £6,121,750 (2020 - £6,396,500).

#### 20 Related party transactions

##### Group

During the year the group charged management fees to the following companies under common control:

	2021	Unaudited 2020
	£	£
Hartlepool United Football Club Limited	30,000	-
P&R Construction Limited	75,000	-
Prestige Care (Auguste Communities) Limited	132,045	99,882
	<u>237,045</u>	<u>99,882</u>

At the year end debtors includes the following amounts due from companies under common control:

	2021	Unaudited 2020
	£	£
Hartlepool United Football Club Limited	3,298	-
P&R Construction Limited	28,316	7,460
West Acres Park Limited	111	-
Prestige Care (Auguste Communities) Limited	1,989,241	115,067
Prestige Care (HM) Limited	1,250,000	-
Prestige (Fir Tree) Limited	393,175	393,175
Starline Holdings Ltd	1,065,000	3,765,000

All amounts are interest free and repayable on demand.