Company Registration No. SC402097 (Scotland)

Renaissance Care (No 1) Limited

Annual Report and Financial Statements

For the Year Ended 30 November 2021

Renaissance Care (No 1) Limited

Company Information

Directors	Mr R D Kilgour Mrs A Neilson Ms L Barnett Mr D Walsh	 (Appointed 1 September 2021)
Company number	SC402097	
Registered office	Archibald Hope House Station Road Musselburgh Scotland EH21 7PQ	
Auditor	Thomson Cooper 3 Castle Court Carnegie Campus Dunfermline Fife KY11 8PB	
Bankers	Barclays Bank (Canary Wharf) 1 Churchill Place Canary Wharf London E14 5HP	
Solicitors	MacRoberts LLP Excel House 30 Semple Street Edinburgh EH3 8BL	

Renaissance Care (No 1) Limited

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Renaissance Care (No 1) Limited

Strategic Report

For the Year Ended 30 November 2021

The directors present the strategic report for the year ended 30 November 2021.

Business Review
The company has continued to perform well during the past year with occupancy levels at 90%.

Profit after taxation for the year was £1,893,835 (2020 - £1,517,224) and had reserves of £3,475,499 (2020 - £1,581,664) at the balance sheet date. The company has a strong cash balance of £3,013,753 (2020 - £2,087,190).

Employment
The company looks to recruit, develop and employ throughout the organisation appropriately qualified, capable and experienced staff irrespective of race, religion or sexual orientation. Full consideration is given to applications from disabled persons - looking to their particular aptitudes and abilities. Equally, any employee becoming disabled during their employment will be assessed for their suitability for continued employment and offered retraining or redeployment as required.

The company communicates with its staff in staff meetings, by letter and through its regular staff newsletter. Increasingly email and social media channels have been used to good effect.

All employees are encouraged in terms of their career development and the company generally supports those who undertake further qualifications. The company continues to train its senior care staff to undertake many of the tasks normally regarded as the responsibility of trained nurses. Subject to Care Inspectorate approval, deployment of these staff members helps controls costs and reduces reliance on nurses.

Supplier Payment Policy
The company's policy is to pay suppliers on or just after the 15th of the month following the month of invoice provided that the amount due has been verified to the supplier's statement. The company clearly understands that the maintenance of a reliable payment pattern is important to suppliers and that suppliers' support is fundamental to the success of the business.

Key Performance Indicators

	2021	2020
Care Inspection Scores (Average)	4.0	3.9
Average Occupancy	89.9	87.2
	£	£
Turnover	22,850,820	20,527,915
EBITDAR	5,697,370	4,676,918

Care Inspection Quality Ratings; the average Care Inspection score achieved across all homes. Homes are rated out of 6 (2 being Weak. 4 being Good and 6 being Excellent).

Average Occupancy; the percentage of registered beds occupied, on average, over the year.

Turnover; total sales achieved.

EBITDAR; earnings before Interest, Tax, Depreciation, Amortisation and Rent.

The Board are encouraged that the company has continued to trade profitably and expects it to do so during the next accounting period.

Principal Risks and Uncertainties

Renaissance Care (No 1) Limited, similar to any business, faces a number of operating risks and uncertainties that could impact the company's performance. Steps are taken to understand and evaluate these risks and to mitigate against them in order to achieve the Directors' long term goal of creating a sustainable business which delivers benefits to all stakeholders. The most fundamental risks faced by the company are:

Failure to:

- comply with regulation which, in extreme cases, could result in the removal of a care home's registration
- meet quality standards resulting in an operating embargo on new admissions to one or more homes
- reach a satisfactory fee settlement with commissioning local authorities
- achieve budgeted occupancy levels
- achieve budgeted average fee rates
- attract, train and motivate suitably qualified staff
- reduce use of agency labour
- meet bank covenants

Rising costs and the continuing impacts of covid 19 also pose a significant risk. Both short term and long term forecasts have been modelled to confirm our stability and we are closely monitoring operations and the financial impact on our business.

Directors Indemnities

The company maintains liability insurance for its Directors and Officers. The company also provides an indemnity for its Directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

On behalf of the board

Mr D Walsh
30 May 2022

Renaissance Care (No 1) Limited

Directors' Report

For the Year Ended 30 November 2021

The directors present their annual report and financial statements for the year ended 30 November 2021.

Principal activities
The principal activity of the company continued to be that of the operation of care homes for the elderly.

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

Mr R D Kilgour	
Mr W D McLeish	(Resigned 2 September 2021)
Mrs A Neilson	
Ms L Barnett	
Mr D Walsh	(Appointed 1 September 2021)

Auditor
In accordance with the company's articles, a resolution proposing that Thomson Cooper be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities
The directors are responsible for preparing the annual 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

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

On behalf of the board

Mr D Walsh
Director

30 May 2022

Renaissance Care (No 1) Limited

Independent Auditor's Report

To the Members of Renaissance Care (No 1) Limited

Opinion

We have audited the financial statements of Renaissance Care (No 1) Limited (the 'company') for the year ended 30 November 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 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's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information 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. 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 our 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.

Independent Auditor's Report

To the Members of Renaissance Care (No 1) Limited

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

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.

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.

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.

Extent to which the audit was considered capable of detecting irregularities, including fraud
We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: existence and timing of recognition of income, posting of unusual journals along with complex transactions. We discussed these risks with management, designed audit procedures to test the timing and existence of revenue, tested a sample of journals to confirm they were appropriate and reviewed areas of judgement for indicators of management bias to address these risks.

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 officers and other management (as required by the auditing standards).

We reviewed the laws and regulations in areas that directly affect the financial statements including financial and taxation legislation and considered the 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 with relevant and significant laws and regulations, and as required by the auditing standards, our work in respect of these was limited to enquiry of the officers and management of the company.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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.

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.

Sharon Collins (Senior Statutory Auditor)
For and on behalf of Thomson Cooper, Statutory Auditors
Dunfermline

1 June 2022

Renaissance Care (No 1) Limited

Profit and Loss Account

For the Year Ended 30 November 2021

	Notes	2021 £	2020 £
Turnover		22,850,820	20,527,915
Cost of sales		(12,729,661)	(12,014,129)
Gross profit		10,121,159	8,513,786
Administrative expenses		(7,835,690)	(6,622,944)
Other operating income		-	36,258
Exceptional costs	**2**	-	(74,227)
Operating profit		2,285,469	1,852,873
Interest receivable and similar income		-	458
Interest payable and similar expenses		(1,374)	(1,339)
Profit before taxation		2,284,095	1,851,992
Tax on profit	**6**	(390,260)	(334,768)
Profit for the financial year		1,893,835	1,517,224

Renaissance Care (No 1) Limited

Balance Sheet

As at 30 November 2021

		2021		2020	
	Notes	**£**	**£**	**£**	**£**
Fixed assets					
Tangible assets	**7**		1,484,883		1,216,597
Current assets					
Stocks		8,785		8,785	
Debtors	**8**	3,632,456		4,298,805	
Cash at bank and in hand		3,013,753		2,087,190	
		6,654,994		6,394,780	
Creditors: amounts falling due within one year	**9**	(4,420,857)		(5,847,428)	
Net current assets			2,234,137		547,352
Total assets less current liabilities			3,719,020		1,763,949
Creditors: amounts falling due after more than one year	**10**		(43,835)		(27,639)
Provisions for liabilities	**12**		(199,685)		(154,645)
Net assets			3,475,500		1,581,665
Capital and reserves					
Called up share capital			1		1
Profit and loss reserves			3,475,499		1,581,664
Total equity			3,475,500		1,581,665

The financial statements were approved by the board of directors and authorised for issue on 30 May 2022 and are signed on its behalf by:

Mr D Walsh
Director

Company Registration No. SC402097

Renaissance Care (No 1) Limited

Statement of Changes in Equity

For the Year Ended 30 November 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 December 2019	1	64,440	64,441
Year ended 30 November 2020:			
Profit and total comprehensive income for the year	-	1,517,224	1,517,224
Balance at 30 November 2020	1	1,581,664	1,581,665
Year ended 30 November 2021:			
Profit and total comprehensive income for the year	-	1,893,835	1,893,835
Balance at 30 November 2021	1	3,475,499	3,475,500

Renaissance Care (No 1) Limited

Statement of Cash Flows

For the Year Ended 30 November 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Cash flows from operating activities					
Cash generated from operations	**18**		1,904,342		955,800
Interest paid			(1,374)		(1,339)
Income taxes paid			(385,194)		(342,870)
Net cash inflow from operating activities			1,517,774		611,591
Investing activities					
Purchase of tangible fixed assets		(621,072)		(420,885)	
Proceeds on disposal of tangible fixed assets		13,665		-	
Interest received		-		458	
Net cash used in investing activities			(607,407)		(420,427)
Financing activities					
Payment of finance leases obligations		16,196		(8,024)	
Net cash generated from/(used in) financing activities			16,196		(8,024)
Net increase in cash and cash equivalents			926,563		183,140
Cash and cash equivalents at beginning of year			2,087,190		1,904,050
Cash and cash equivalents at end of year			3,013,753		2,087,190

Renaissance Care (No 1) Limited

Notes to the Financial Statements

For the Year Ended 30 November 2021

1 Accounting policies

Company information

Renaissance Care (No 1) Limited is a private company limited by shares incorporated in Scotland. The registered office is Archibald Hope House, Station Road, Musselburgh, EH21 7PQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary a mounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Dow Investments PLC. These consolidated financial statements are available from its registered office, Archibald Hope House, Station Road, Musselburgh, Scotland, EH21 7PQ.

1.2 Going concern

At the time of approving the financial statements, the directors consider that the company has adequate resources to continue in operational existence for a period of not less than 12 months. The directors are aware of the impact on the group of continuing cost increases and the continued impact of the coronavirus pandemic. The directors have continued to operate the care homes and are ensuring that all relevant operational guidelines are being followed. The directors have reviewed their budgets and cashflow requirements based on a reduced level of occupancy and increased costs and are satisfied that the group has sufficient cash reserves and net income to cover any shortfall in income and increase in costs over the next 12 months with the continued support from the group's funders. The directors consider that this is sufficient to ensure short term liquidity and longer-term financial viability of the group. As such the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1 Accounting policies **(Continued)**

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue represents fee income relating to the provision of care services. Fee income comprises care home fees which are recognised when the delivery of service is completed. Fees invoiced in advance are included as deferred income until the service is completed.

1.4 Tangible fixed assets

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

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

Property Improvements	20% straight line
Fixtures & Fittings	20% reducing balance
Computer Equipment	25% straight line
Motor vehicles	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

1 Accounting policies **(Continued)**

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1 Accounting policies **(Continued)**

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax
Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies **(Continued)**

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

2 Exceptional costs/(income)

	2021	2020
	£	£
Exceptional costs	-	74,227

Exceptional costs represent legal costs.

3 Auditor's remuneration

	2021	2020
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	8,226	10,836

4 Employees

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

	2021	2020
	Number	Number
Total	705	714

5 Directors' remuneration

	2021	2020
	£	£
Remuneration paid to directors	405,182	364,490

5 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021	2020
	£	£
Remuneration for qualifying services	110,355	98,773
Company pension contributions to defined contribution schemes	9,181	7,976

6 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	345,220	324,811
Deferred tax		
Origination and reversal of timing differences	45,040	9,957
Total tax charge	390,260	334,768

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	2,284,095	1,851,992
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	433,978	351,878
Tax effect of expenses that are not deductible in determining taxable profit	779	13,370
Group relief	(42,750)	(39,044)
Permanent capital allowances in excess of depreciation	(45,423)	(9,206)
Depreciation on assets not qualifying for tax allowances	45,040	9,957
Loss on sale of fixed assets	(1,364)	7,813
Taxation charge for the year	390,260	334,768

7 Tangible fixed assets

	Property Improvements	Fixtures & Fittings	Computer Equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 December 2020	292,893	1,459,106	121,993	153,271	2,027,263
Additions	106,493	471,550	5,714	37,315	621,072
Disposals	-	-	-	(28,286)	(28,286)
At 30 November 2021	399,386	1,930,656	127,707	162,300	2,620,049
Depreciation and impairment					
At 1 December 2020	72,357	599,732	30,199	108,378	810,666
Depreciation charged in the year	73,220	224,272	32,377	16,435	346,304
Eliminated in respect of disposals	-	-	-	(21,804)	(21,804)
At 30 November 2021	145,577	824,004	62,576	103,009	1,135,166
Carrying amount					
At 30 November 2021	253,809	1,106,652	65,131	59,291	1,484,883
At 30 November 2020	220,536	859,374	91,794	44,893	1,216,597

Tangible fixed assets with a carrying amount of £1,484,883 (2020 - £1,216,597) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or sell them to another entity.

8 Debtors

	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	1,312,234	1,371,581
Amounts owed by group undertakings	1,668,229	1,446,961
Other debtors	651,993	1,480,263
	3,632,456	4,298,805

9 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	973,980	975,624
Amounts owed to group undertakings	11,416	2,133,018
Corporation tax	144,837	184,811
Other taxation and social security	812,464	332,582
Other creditors	2,478,160	2,221,393
	4,420,857	5,847,428

Landlords of leased properties hold standard securities over their respective properties and floating charges over the undertaking, property and assets of the individual legal entities whose business operated from their homes. No rental guarantees have been granted by Renaissance Care (UK) Limited, Renaissance Care (Scotland) Limited or Dow Investments PLC. Renaissance Care (Scotland) Limited has granted a guarantee to Impact Property 3 Limited.

10 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Other creditors	43,835	27,639

11 Finance lease obligations

	2021	2020
Future minimum lease payments due under finance leases:	£	£
Within one year	8,024	8,024
In two to five years	43,835	27,639
	51,859	35,663

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

12 Provisions for liabilities

		2021	2020
		£	£
Deferred tax liabilities	13	199,685	154,645

13 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

Balances:	Liabilities 2021 £	Liabilities 2020 £
Accelerated capital allowances	199,685	154,645

Movements in the year:	2021 £
Liability at 1 December 2020	154,645
Charge to profit or loss	45,040
Liability at 30 November 2021	199,685

14 Retirement benefit schemes

Defined contribution schemes	2021 £	2020 £
Charge to profit or loss in respect of defined contribution schemes	271,208	250,742

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

15 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, with none expiring before 2046, as follows:

	2021 £	2020 £
	87,576,523	92,131,711

16 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 1A not to disclose inter-group transactions and balances on the grounds that 100% of the voting rights of the company are controlled within the group and that consolidated accounts are prepared by the ultimate holding company Dow Investments PLC and are publicly available at the address detailed below with the exception of the transactions Dow Investments PLC which has a 95% majority interest.

17 Parent company

The immediate parent company is Renaissance Care (UK) Limited, a company incorporated in Scotland which held 100% of the ordinary share capital of the company throughout the current and previous financial period.

The directors consider the ultimate controlling party to be Dow Investments PLC, a company incorporated in Scotland, as a result of its controlling interest in Renaissance Care (Scotland) Limited. Dow Investments PLC is controlled by Mr R D Kilgour, director.

The accounts of Dow Investments PLC are available to the public via Companies House. The registered office of this company is Archibald Hope House, Station Road, Musselburgh, Scotland, EH21 7PQ. The company heads its largest group and smallest group in which the results of this company are included.

18 Cash generated from operations

	2021	2020
	£	£
Profit for the year after tax	1,893,835	1,517,224
Adjustments for:		
Taxation charged	390,260	334,768
Finance costs	1,374	1,339
Investment income	-	(458)
(Gain)/loss on disposal of tangible fixed assets	(7,183)	41,119
Depreciation and impairment of tangible fixed assets	346,304	290,150
Movements in working capital:		
Decrease in stocks	-	13,925
Decrease/(increase) in debtors	666,349	(1,990,389)
(Decrease)/increase in creditors	(1,386,597)	748,122
Cash generated from operations	1,904,342	955,800

19 Analysis of changes in net funds

	1 December 2020	Cash flows	30 November 2021
	£	£	£
Cash at bank and in hand	2,087,190	926,563	3,013,753
Obligations under finance leases	(35,663)	(16,196)	(51,859)
	2,051,527	910,367	2,961,894