

Company Registration No. 02230827 (England and Wales)

ST. CLOUD CARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



ST. CLOUD CARE LIMITED

COMPANY INFORMATION

Directors

A Rubinstein
L Golani

Company number

02230827

Registered office

The Boynes
Upper Hook Road
Upton on Severn
Worcestershire
WR8 0SB

Auditor

Harold Everett Wreford LLP
2nd Floor
38 Warren Street
London
W1T 6AE

Bankers

Barclays Bank PLC

ST. CLOUD CARE LIMITED

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ST. CLOUD CARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the strategic report for the year ended 31 December 2021.

Fair review of the business

The results for the year and financial position of the company are as shown in the annexed financial statements.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Despite the challenging market conditions, particularly in relation to the impact of Covid 19, the company has delivered satisfactory results in the year. In this environment, the company focused on maintaining the safety of the residents, while flexing staffing levels to required levels, with particular reference to reducing agency staffing levels.

Revenue

The fee income for the year ended 31 December 2021 has decreased by 11.92% in comparison with prior year.

The reduction in fee income was primarily caused by the impact of Covid 19 leading to reductions in occupancy levels which fell by circa 2% and an increase in the prevalence of social care residents. The impact was partially offset by government initiatives to increase fee levels.

Covid 19 impacted occupancy levels in the early months of 2021 as the United Kingdom was hit by the second wave of Covid 19. Covid 19 vaccines have had a very positive effect on residents' health and occupancy levels recovered through the remainder of 2021.

Fee per registered bed have advanced to £1,182 per week, including voids. There remains scope for improvement in occupancy with around 95 beds vacant across the company at the year-end.

Profitability

Profitability has fallen at both gross and operating levels during 2021, reflecting the challenging economic and Covid-19 related environment. Covid-19 adversely impacted occupancy levels. Staffing ratios were kept at a higher level than in 2020 in order to provide safe care with increased focus on infection control. Government initiatives in 2020 through to 2021 provided financial support for these increased costs.

With the intervention of the Covid-19 vaccines we expect profitability levels to recover towards the latter half of 2022.

Non-current assets

The company continues to follow its strategy of investing in its Buildings and Fixtures and Fittings, with continuing investment into chattels of a significantly higher quality to further enhance the overall service experience offered to our customers.

Principal risks and uncertainties

The company has a well-established process of identifying business risks, evaluating controls and establishing and executing action plans. In the directors' opinion the key risks are:

Human Resources: It is essential the company continues to recruit, retain and motivate high calibre personnel, particularly those appointed to senior positions.

Management of operations: The company has made strides in bringing consistency to the management of its clinical and other services and continues a close dialogue with external stakeholders we work with.

Strategic Review of Operations: Dementia care services are offered throughout the three counties in which the company trades. More development of the company's compliance and staff management systems is still required and planned for this year but ultimately the directors believe this will yield improved management of the company's care homes.

ST. CLOUD CARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Key performance indicators

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole. The key performance measures that the directors use to monitor the progress of the company's objectives are:

Occupancy levels - These have reduced overall through 2020 and into the start of 2021 but have improved strongly over the second half of 2021. Occupancy levels are expected to improve further in 2022 as we move out of the Covid 19 pandemic and confidence returns for private sector residents.

Fee levels - These have not increased at levels expected pre Covid 19. Our expectation is for fee levels to improve through 2022.

Gross Profit - Gross profit has slightly decreased from 36.07% to 35.68%.

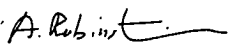
Other performance indicators

Staff and Agency Costs - The company continues to recruit the vast majority of its staff directly and focuses on containing the use of agency staff to make sure we safely manage to deliver a high quality standard of care. Given the industry-wide skill shortages across the care sector, staff costs inevitably rise. Agency costs comprise 6% of total staff wages given the 24/7 demands our services place on our staff.

Engaging with our stakeholders (Section 172(1) statement)

The Board is responsible under section 172 of the Companies Act 2006 for promoting the long term success of the Company for the benefit of its shareholders, and acknowledges that its decisions have a long term impact on other stakeholders, the environment and the Company's reputation for high standards of business conduct. The Board appreciates that wider engagement with stakeholders is an important component of long term sustainability and success and believes that by engaging with all important stakeholders, the business is made stronger and more resilient.

On behalf of the board



A Rubinstein
Director

Date: 16/03/2022

ST. CLOUD CARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of the provision of residential and nursing care for the elderly in the United Kingdom.

Results and dividends

The profit for the year, after taxation, amounted to £1,099,024 (31.12.2020 - £944,078).

During the year, the company paid a total dividend of £0 (31.12.2020 - £2,120,000).

Directors

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

A Rubinstein
L Golani

Qualifying third party indemnity provisions

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

Supplier payment policy

It is the company's normal practice to agree terms of transactions, including payment terms with suppliers. Provided suppliers perform in accordance with the agreed terms it is the company's policy that payment is made accordingly.

Market value of land and buildings

In the opinion of the directors the current market value of the company's interests in land and buildings is not materially different from the net book value as shown in the financial statements.

Financial instruments

The Company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are largely conducted in sterling. The Company does not enter into any formally designated hedging arrangements.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company's continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests. Details of the number of persons employed and gross remuneration are contained in note 6 to the financial statements.

The company provides relevant information to employees and involves them in matters of concern to themselves through an information dissemination network operated through the care homes' managers and administration managers. The company is committed to providing equal opportunities to employees. The employment of disabled persons is included in this commitment.

ST. CLOUD CARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Future developments

The Company operates as owning and managing the care homes and there are no planned changes in the business activities of the Company and directors believe that the Company will continue to trade at similar levels over the next 12 months. There are initiatives to improve occupancy. The Company demonstrated its commitment to investing in the training and development of its staff.

Auditor

The auditor, Harold Everett Wreford LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

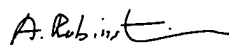
Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the board



A Rubinstein

Director

Date: 16/03/2022

ST. CLOUD CARE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ST. CLOUD CARE LIMITED

Opinion

We have audited the financial statements of St. Cloud Care Limited (the 'company') for the year ended 31 December 2021 which comprise the income statement, 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 International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the United Kingdom; 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.

ST. CLOUD CARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ST. CLOUD CARE 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

ST. CLOUD CARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ST. CLOUD CARE LIMITED

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override on controls, including testing of journal entries and other adjustments for appropriateness and reviewing accounting estimates for bias.
- We performed analytical procedures to identify any unusual or unexpected relationships.
- Reading the minutes of meetings of those charged with governance.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

ST. CLOUD CARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF ST. CLOUD CARE LIMITED

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.

J Sloneem (Senior Statutory Auditor)
For and on behalf of Harold Everett Wreford LLP

21 March 2022

Chartered Accountants
Statutory Auditor

2nd Floor
38 Warren Street
London
W1T 6AE

ST. CLOUD CARE LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Revenue	4	11,981,978	13,604,145
Cost of sales		(7,706,845)	(8,696,833)
Gross profit		4,275,133	4,907,312
Other operating income		543,598	343,229
Administrative expenses		(2,602,504)	(2,743,978)
Operating profit	6	2,216,227	2,506,563
Investment revenues	10	3,330	9,747
Finance costs	11	(415,469)	(520,510)
Other gains and losses	12	-	(526,519)
Profit before taxation		1,804,088	1,469,281
Income tax expense	13	(705,064)	(525,203)
Profit for the year	25	1,099,024	944,078

The income statement has been prepared on the basis that all operations are continuing operations.

ST. CLOUD CARE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Profit for the year	<u>1,099,024</u>	<u>944,078</u>
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Property revaluation reserve	<u>-</u>	<u>(102,404)</u>
Total comprehensive income for the year	<u>1,099,024</u>	<u>841,674</u>

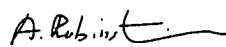
ST. CLOUD CARE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
Non-current assets			
Property, plant and equipment	15	16,634,619	16,752,603
Current assets			
Inventories	16	34,508	40,305
Trade and other receivables	17	695,893	655,134
Cash and cash equivalents		4,827,168	4,144,733
		5,557,569	4,840,172
Current liabilities			
Trade and other payables	20	2,169,078	2,134,213
Current tax liabilities		178,134	247,920
Borrowings	19	825,000	825,000
Lease liabilities	22	19,974	19,384
		3,192,186	3,226,517
Net current assets		2,365,383	1,613,655
Non-current liabilities			
Borrowings	19	14,323,310	15,107,712
Lease liabilities	22	53,682	73,800
Deferred tax liabilities	21	1,303,839	964,599
		15,680,831	16,146,111
Net assets		3,319,171	2,220,147
Equity			
Called up share capital	23	50,000	50,000
Revaluation reserve	24	1,155,975	1,155,975
Retained earnings	25	2,113,196	1,014,172
Total equity		3,319,171	2,220,147

The financial statements were approved by the board of directors and authorised for issue on 16/03/2022 and are signed on its behalf by:



A Rubinstein
Director

Company Registration No. 02230827

ST. CLOUD CARE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Share capital £	Revaluation reserve £	Retained earnings £	Total £
Balance at 1 January 2020		50,000	1,258,379	2,190,094	3,498,473
Year ended 31 December 2020:					
Profit for the year		-	-	944,078	944,078
Other comprehensive income:					
Revaluation of property, plant and equipment		-	(102,404)	-	(102,404)
Total comprehensive income for the year		-	(102,404)	944,078	841,674
Dividends	14	-	-	(2,120,000)	(2,120,000)
Balances at 31 December 2020		50,000	1,155,975	1,014,172	2,220,147
Year ended 31 December 2021:					
Profit and total comprehensive income for the year		-	-	1,099,024	1,099,024
Balances at 31 December 2021		50,000	1,155,975	2,113,196	3,319,171

ST. CLOUD CARE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Cash generated from operations	30	2,580,094		3,179,484	
Interest paid		(369,584)		(433,043)	
Tax paid		(435,610)		(310,019)	
Net cash inflow from operating activities		1,774,900		2,436,422	
Investing activities					
Purchase of property, plant and equipment		(245,981)		(194,309)	
Interest received		3,330		9,747	
Net cash used in investing activities		(242,651)		(184,562)	
Financing activities					
Shareholder's loan		967		(1,364,135)	
Unamortised finance cost		(3,413)		(208,964)	
Proceeds from/(repayment) of bank loan		(825,000)		2,212,500	
Proceeds from finance lease creditor IFRS 16				103,153	
Repayment of finance leases obligations IFRS 16		(22,368)		(11,258)	
Dividends paid		-		(2,120,000)	
Net cash used in financing activities		(849,814)		(1,388,704)	
Net increase in cash and cash equivalents		682,435		863,156	
Cash and cash equivalents at beginning of year		4,144,733		3,281,577	
Cash and cash equivalents at end of year		4,827,168		4,144,733	

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

St. Cloud Care Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Boynes, Upper Hook Road, Upton on Severn, Worcestershire, WR8 0SB. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

As a result of the UK leaving the EU, the International Accounting Standards and European Public Limited-Liability Company (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/685) require all companies with accounting periods beginning on or after 1 January 2021 to apply UK-adopted IAS.

In the previous year the company applied International Financial Reporting Standards as adopted in the European Union (EU-adopted IFRS). Prior year comparatives have not been restated for this change. On 1 January 2021 UK-adopted IAS and EU-adopted IFRS were identical.

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

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

1.2 Going concern

The directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

As at 31 December 2021, the Company is in a net current asset position of £2,365,383 (2020: £1,613,655).

The previous loan facilities advanced to St. Cloud Care Limited were expired on 14 November 2019 and renewed on 13 March 2020. Loan refinance negotiations concluded on 13 March 2020 with the signing of a new 5-year loan agreement.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The Company's revenues are derived from one primary source: contracted services income which is billed monthly in accordance with specific agreement with the residents.

Revenue represents income receivable from health and care provision services rendered and goods supplied.

Revenue is recognised in the accounting period in which the company obtains the right to consideration in exchange for its performance.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Freehold land and buildings	Over 50 years on a straight-line basis
Fixtures and fittings	10% on a straight-line basis
Motor vehicles	25% reducing balance basis
Right of use assets	20% on cost

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 recognised in the income statement. The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Impairment of tangible and intangible assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

The company tests for impairment of its assets on an annual basis and when there are indicators of impairment which because of the Covid 19 crisis there are at the year end. Consequently at the year end an impairment assessment was carried out and impairment of asset carrying value was required for one care home based on prevailing market conditions.

The recoverable amount of the CGUs was determined by an independent valuer, Colliers International on 23 March 2021.

The valuation was prepared in accordance with the RICS Valuation- Global Standards, incorporating the International Valuation Standards (the 'Red Book Global', 31 January 2020) issued by the Royal Institution of Chartered Surveyors ('RICS'). It has been prepared in compliance with IFRS; International Financial Reporting Standards 13-Fair Value Measurement.

The basis of valuation adopted is the Fair Value of the properties for their existing use as fully equipped and operational care homes. This involved the use of assumptions and each property was valued on the Profits Method as is market practice in the UK.

The profits method of valuation applies an all-risk YP (Years' Purchase) multiplier to the fair maintainable trade operating profit to provide a capital value. The valuer arrived at the fair maintainable trade operating profit after reviewing the individual trading performance of the properties utilising among other data:

- Management accounts on a home by home basis for the year ended 31 December 2020; analysed monthly
- Management accounts for the years ended 31 December 2018 and 2019.
- Current occupancy and average fee as at the end of December 2020.

The YPs adopted take into account the homes' location, size of home, proportion of bedrooms with en suite facilities, condition, age, whether converted or purpose built and also the trading history and potential adjusting where necessary for the impact of the Covid 19 epidemic.

In 2020 the carrying amount of the property, plant and equipment was reduced to its recoverable amount through the recognition of an impairment loss of £526,519, which was recognised within other gains and losses in the income statement.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.6 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on the estimated selling price less any estimated completion or selling costs.

1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The resulting calculations under IFRS 13 affected the principles that the company uses to assess the fair value, but the assessment of fair value under IFRS 13 has not materially changed the fair values recognised or disclosed. IFRS 13 mainly impacts the disclosures of the company. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards.

IFRS 13 requires the provision of information about how the company establishes the fair values of financial instruments. Valuation techniques are divided into three levels based on the quality of inputs:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included in level 1 that are observable, directly or indirectly;
- Level 3 inputs are unobservable.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

There are no instruments classified as level 1 and Level 2. There were no financial instruments that are measured at amortised cost, but for which fair value was disclosed, classified as level 3 either in the current year or in the prior year.

1.8 Cash and cash equivalents

Cash and cash equivalents 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.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Loans and receivables

Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or 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 of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments

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

1.12 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.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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.

1.13 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 inventories or non-current assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.14 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property. The adoption of this new Standard has resulted in the company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The company has elected to measure the right-of-use assets at an amount equal to the lease liability. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.15 Grants

Government grants are recognised at their fair value as other operating income in the statement of comprehensive income to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The company has been awarded infection control grants during the year to date, and expects to receive further grants to cover the period to March 2022. The grants are to be used for specific infection control measures through to March 2022. The Directors feel the guidance as provided by the Government and the Local Authorities lacks clarity. While the Directors feel the company is adhering to the guidelines there is still uncertainty if the spend identified by the company is in line with Government guidelines. Due to this uncertainty the company is retaining a provision of circa 16% of the total grant received to 31 December 2021 to cover potential clawbacks.

Accounting for Government Grants and Disclosure of Government Assistance

IAS 20.12 applies: 'Government grants shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.'

However, the local authorities require all care homes to submit claims and evidence of additional costs incurred in order to prevent the spread of virus due to Covid-19. Care has been taken to align the assistance received with the requirements of the local authorities providing the economic assistance (i.e. cash received for infection measures should not be used against any other costs unless specifically permitted to do so).

Government grants are recognised when there is reasonable assurance that the grant conditions have been achieved or met and the grants will be received.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

The income is recognised within profit or loss as the conditions are complied with. The fair value of the infection control grant is recognised as income upon receipt of the grant and on a time apportioned basis.

Our staff are following government guidance on self-isolating if they, or a family member they are living with, is symptomatic or confirmed with COVID-19. We are also following strict infection control measures in all our care homes.

2 Adoption of new and revised standards and changes in accounting policies

The following new and revised Standards and Interpretations have been issued and are effective for the current financial period of the company.

The application of the other revised Interpretations, Amendments and Annual Improvements has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

IFRS 16 (Amendments)

COVID 19 Related Rent concessions beyond 30 June 2021 (Amendments to IFRS 16).

IFRS 9 (Amendments)

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

2 Adoption of new and revised standards and changes in accounting policies (Continued)

Standards which are in issue but not yet effective

Any standards and interpretations that have been issued but are not yet effective have not been applied by the company in these financial statements. Application of these Standards are not expected to have a material effect on the financial statements in future periods.

The following standards and interpretations (and amendments thereto) have been issued by the International Accounting Standards Board (IASB) and its International Financial Reporting Interpretations Committee (IFRIC) which are not yet effective and have not been adopted, many of which are either not relevant to the company or have no material effect on the financial statements of the company.

IAS 8	Definition of Accounting Estimates (Amendments to IAS 8): 1 January 2023
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2): 1 January 2023
IAS 1	Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to IAS 1): 1 January 2023
IAS 16	Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16): 1 January 2022
IFRS 17	Insurance Contracts: 1 January 2023
IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction: 1 January 2023
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract: 1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework: 1 January 2022
Annual Improvements to IFRS Standards 2018-2020 cycle	Amendments to IFRS 1 First-time Adoption of IFRSs, IFRS 9 Financial Instruments, IFRS 16 Leases: 1 January 2022

The effective dates stated above are those given in the original IASB/IFRIC standards and interpretations. As the company prepares its financial statements in accordance with IFRS as adopted by the UK, the application of new standards and interpretations will be subject to their having been endorsed for use in the UK via the UK Endorsement Board. In the majority of cases this will result in an effective date consistent with that given in the original standard of interpretation but the need for endorsement restricts the company's discretion to early adopt standards.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

(i) Provisions

The Company has recognised provisions for impairment of trade receivables, employee bonuses, income tax and deferred tax in its financial statements which requires management to make judgements. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

(ii) Impact of Covid-19

The Covid-19 outbreak has had a significant impact on the company's business from the second quarter of 2020. From the second quarter of 2021 a gradual recovery in occupancy from the lowest level in February 2021 has been observed.

Occupancy rates fell as of April 2020 due to the Pandemic and, while we have seen a significant improvement from February 2021's lowest occupancy levels, it is yet to return to its 2019 levels. Since December 2021 the company has experienced a higher number of positive cases of both residents and staff due to the Omicron wave of the Pandemic. This has led to increased usage of agency staff but occupancy has remained stable and profitability has continued to improve throughout the year.

While we are encouraged by the success of the vaccination programme in the UK, it is still difficult to predict the impact in subsequent quarters, as potential residents delay moves into care homes because of understandable concerns relating to the industry. The fall in occupancy rates from a pre-Covid level has been partly offset by the receipt of top up funds from Local Authorities and NHS bodies together with our cost saving efforts.

The main drivers affecting results of operations are:

- the number of beds and the occupancy rates in each of the care homes;
- the level of fee increases achievable for Local Authority and the NHS rates as well as self-funded residents
- the level of operating expenses, particularly staff costs, the impact of lower occupancy and the rise in the National Living Wage as of 1st of April every year.
- the level of grants received from the government following the outbreak.

As mentioned above, despite the success of the vaccination programme, following the "second wave" earlier in 2021 and the "third booster" at the end of the year, it is still difficult to predict the full impact in subsequent quarters. The situation, in the UK and around the world, remains fluid. Governments' responses are evolving constantly both in terms of the health impact of the virus and the economic impact. Government advice and measures to aid in the Pandemic response are being updated regularly. The macroeconomic impact is equally unclear at this time. The Board and company management constantly monitors developments and Government advice and are actively implementing all recommendations while implementing measures in excess of those currently recommended where deemed possible and appropriate.

Since the beginning of the epidemic the company has striven to implement measures in order to reduce the impact of COVID-19 in its Care Homes.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

4 Revenue

The Company has only one source of revenue, being the provision of care service. An analysis of the company's revenue is as follows:

	2021 £	2020 £
Revenue analysed by class of business		
Nursing and residential fees	11,981,978	13,604,145
	<u> </u>	<u> </u>
	2021 £	2020 £
Other significant revenue		
Grants received	522,836	322,934
	<u> </u>	<u> </u>

The infection control grant, rapid test flow and workforce capacity grant is recognised in the statement of comprehensive income as other operating income.

5 Segmental analysis

The company operated in the period in one segment, the provision of care services, and from one location, the United Kingdom. The disclosures required by IFRS 8 Operating Segments relating to profits, losses, assets and liabilities of the segment are therefore shown by the financial statements as a whole. The Board receives financial reports and other related business information prepared on this basis.

6 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(522,836)	(322,934)
Depreciation of property, plant and equipment	363,964	338,293
(Profit)/loss on disposal of property, plant and equipment	-	4,892
Cost of inventories recognised as an expense	465,127	446,965
Other cost of sales	7,241,718	8,249,868
	<u> </u>	<u> </u>

7 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	9,000	9,000
	<u> </u>	<u> </u>
For other services		
Other services	13,200	21,643
	<u> </u>	<u> </u>

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Employees

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

	2021 Number	2020 Number
Care staff, domestic staff and nurses	338	357
Management	8	11
Administrative staff	21	24
	<u>367</u>	<u>392</u>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	6,682,485	7,054,472
Social security costs	548,512	566,836
Pension costs	126,193	129,531
	<u>7,357,190</u>	<u>7,750,839</u>

There are no key management personnel other than the directors.

9 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	<u>99,500</u>	<u>98,742</u>

10 Investment income

	2021 £	2020 £
Interest income		
Financial instruments measured at amortised cost:		
Bank deposits	<u>3,330</u>	<u>9,747</u>

Income above relates to assets held at amortised cost, unless stated otherwise.

Total interest income for financial assets that are not held at fair value through profit or loss is £3,330 (2020 - £9,747).

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Finance costs

	2021 £	2020 £
Interest on bank overdrafts and loans	368,617	417,178
Interest on obligations under finance leases	2,840	1,289
Other interest payable	967	15,865
Total interest expense	372,424	434,332
Finance cost amortised	43,045	86,178
	<u>415,469</u>	<u>520,510</u>

12 Other gains and losses

	2021 £	2020 £
Impairment loss	-	(526,519)
	<u>-</u>	<u>(526,519)</u>

In 2020 the carrying amount of the property was reduced to its recoverable amount through the recognition of an impairment loss of £526,519. This loss was recognised within gains and losses in the statement of comprehensive income.

13 Income tax expense

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	347,348	387,125
Adjustments in respect of prior periods	18,476	-
Total UK current tax	<u>365,824</u>	<u>387,125</u>
Deferred tax		
Origination and reversal of temporary differences	28,006	138,078
Changes in tax rates	311,234	-
	<u>339,240</u>	<u>138,078</u>
Total tax charge	<u>705,064</u>	<u>525,203</u>

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13 Income tax expense

(Continued)

On 24 May 2021 a new corporation tax rate of 25% (from 1 April 2023) was substantively enacted which has given rise to an increase in the deferred tax charge for the period of £311,234.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021 £	2020 £
Profit before taxation	1,804,088	1,469,281
Expected tax charge based on a corporation tax rate of 19.00% (2020: 19.00%)	342,777	279,163
Effect of expenses not deductible in determining taxable profit	-	929
Under/(over) provided in prior years	18,476	(4,308)
Depreciation	65,233	64,272
Capital allowances	(60,662)	(52,970)
Deferred tax	339,240	138,078
Impairment loss	-	100,039
Taxation charge for the year	705,064	525,203

14 Dividends

	2021 per share £	2020 per share £	2021 Total £	2020 Total £
Amounts recognised as distributions:				
Ordinary shares				
Interim dividend paid	-	42.40	-	2,120,000

15 Property, plant and equipment

	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Right of use assets £	Total £
Cost					
At 1 January 2020	18,167,875	1,636,844	58,323	-	19,863,042
Additions	2,015	89,141	-	103,153	194,309
Disposals	-	(11,505)	-	-	(11,505)
Impairment loss	(773,380)	-	-	-	(773,380)
At 31 December 2020	17,396,510	1,714,480	58,323	103,153	19,272,466
Additions	-	245,981	-	-	245,981
At 31 December 2021	17,396,510	1,960,460	58,323	103,153	19,518,446

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

15 Property, plant and equipment

	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Right of use assets £	(Continued) Total £
Accumulated depreciation and impairment					
At 1 January 2020	1,287,466	1,001,657	43,517	-	2,332,640
Charge for the year	257,376	68,617	3,704	8,596	338,293
Eliminated on disposal	-	(6,613)	-	-	(6,613)
Impairment loss	(144,457)	-	-	-	(144,457)
At 31 December 2020	1,400,385	1,063,661	47,221	8,596	2,519,863
Charge for the year	257,376	83,181	2,776	20,631	363,964
At 31 December 2021	1,657,761	1,146,842	49,997	29,227	2,883,827
Carrying amount					
At 31 December 2021	15,738,749	813,618	8,326	73,926	16,634,619
At 31 December 2020	15,996,125	650,819	11,102	94,557	16,752,603

In 2020 the carrying amount of the property was reduced to its recoverable amount through the recognition of an impairment loss of £526,519. This loss was recognised within gains and losses in the statement of comprehensive income.

16 Inventories

	2021 £	2020 £
Consumables	34,508	40,305

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

17 Trade and other receivables

	2021 £	2020 £
Trade receivables	496,064	501,492
Provision for bad and doubtful debts	(22,770)	(22,770)
	<u>473,294</u>	<u>478,722</u>
Other receivables	88,304	79,410
Prepayments	134,295	97,002
	<u>695,893</u>	<u>655,134</u>

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

There are no amounts included above due in more than one year.

18 Trade receivables - credit risk Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

Movement in the allowances for doubtful debts

	2021 £	2020 £
Balance at 1 January 2021	22,770	13,914
Additional allowance recognised	-	8,856
Balance at 31 December 2021	<u>22,770</u>	<u>22,770</u>

19 Borrowings

	2021 £	2020 £
Secured borrowings at amortised cost		
Bank loans	15,262,500	16,087,500
Unamortised finance cost	(134,506)	(174,136)
Loans from parent undertaking	20,316	19,348
	<u>15,148,310</u>	<u>15,932,712</u>

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

19 Borrowings

(Continued)

	2021 £	2020 £
Current liabilities	825,000	825,000
Non-current liabilities	14,323,310	15,107,712
	<u>15,148,310</u>	<u>15,932,712</u>

The directors consider that there is no material difference between the book values and fair values of interest-bearing liabilities.

The shareholder loan is repayable on 20 December 2027 and the Company may repay any part of the loan or any part of the interest to the shareholder at any time without penalty. Interest has been charged at the rate of 5% per annum on the loan and interest charged for the year amounted to £967.

The Barclays Bank loan is secured by a mortgage debenture incorporating a fixed and floating charge over all current and future assets of the company. Freehold land and buildings have been pledged as security for bank loans under a mortgage charge.

Interest rate is chargeable at 2.3% over the London Interbank Offered Rate (LIBOR) on the bank loans. Interest is charged on the loan in arrears. Any interest charged but unpaid as at 31 December 2021 has been included within current liabilities. The unamortised finance cost is charged to the income statement over the terms of the bank loans.

In order to ensure maximum financial flexibility in the event of future deterioration in its operations as a result of the spread of the coronavirus in England, the company approached Barclays Bank plc for a series of easing of its loan covenants which was accepted; the main ones being the easing of the financial terms, for the period from 30.6.2020 to 31.12.2021 and the last day of any relevant period thereafter (the "easing period"). The following covenants were amended as follows:

St. Cloud Care Limited has undertaken several financial covenants with the lender in connection with this loan which are tested on a quarterly basis. These covenants comprise:

A. Cash flow cover no to be less than 1.30:1 in the period to 30 June 2020; 1.00:1 in the periods 30 September 2020 to 30 September 2021; 1.25:1 in the period to 31 December 2021 and 1.30:1 for the period ending 31 March 2022 and for any relevant periods thereafter.

B. Liquidity shall not be less than £1,000,000 in the period to 30 June 2020; £2,000,000 in the subsequent periods to 31 December 2021 and £1,000,000 for the period ending 31 March 2022 and for any relevant period thereafter.

C. Leverage not to exceed 5.75:1 in the periods 30 June 2020 and 30 September 2020, 6.75:1 in the period 31 December 2020, 7.50:1 in the period to 31 March 2021, 7.25:1 in the period to 30 June 2021, 6.50:1 in the period to 30 September 2021, 5.75:1 in the period to 31 December 2021, 5.50:1 in the period to 31 March 2022 and 5.50:1 for any relevant periods thereafter.

D. Loan to value must not exceed 65% at any time.

The facilities advanced to St. Cloud Care Limited comprise a loan of £16,500,000 for 5 years commencing on 13 March 2020 repayable by quarterly instalments. The loan was advanced by Barclays Bank Plc.

Company has transitioned from LIBOR interest rate to SONIA interest rate from 4th January 2022, the new interest rate is chargeable at 2.3% margin over SONIA rate and had an additional credit adjustment spread of 0.1193%. Consequently, the impact on the company's finance cost is not expected to be material.

At the balance sheet date there were no breaches.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

20 Trade and other payables

	2021 £	2020 £
Trade payables	865,341	855,832
Accruals	398,097	390,988
Social security and other taxation	146,472	151,439
Other payables	759,168	735,954
	<u>2,169,078</u>	<u>2,134,213</u>

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	ACAs £
Deferred tax liability at 1 January 2020	826,521
Deferred tax movements in prior year	
Charge to profit or loss	138,078
Deferred tax liability at 1 January 2021	<u>964,599</u>
Deferred tax movements in current year	
Charge to profit or loss	339,240
Deferred tax liability at 31 December 2021	<u><u>1,303,839</u></u>

Deferred tax assets and liabilities are offset in the financial statements only where the company has a legally enforceable right to do so.

	2021 £	2020 £
Deferred tax liabilities	<u>1,303,839</u>	<u>964,599</u>

On 24 May 2021 a new corporation tax rate of 25% (from 1 April 2023) was substantively enacted which has given rise to an increase in the deferred tax charge for the period of £311,234.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

22 Lease liabilities

	2021 £	2020 £
Maturity analysis		
Within one year	22,272	22,272
In two to five years	57,536	79,808
Total undiscounted liabilities	79,808	102,080
Future finance charges and other adjustments	(6,152)	(8,896)
Lease liabilities in the financial statements	<u>73,656</u>	<u>93,184</u>

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £	2020 £
Current liabilities	19,974	19,384
Non-current liabilities	53,682	73,800
	<u>73,656</u>	<u>93,184</u>

	2021 £	2020 £
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	<u>2,840</u>	<u>1,289</u>

All the amounts above are in respect of Right of use asset additions in the prior year, and arose from the implementation of IFRS 16 by the company for the first time.

On 01/08/2020, the Company entered into a lease of photocopiers for 5 years. There is no option to renew the lease. This resulted in a right-of-use asset of £103,153 in that year. The lease liabilities relate to this lease.

The right of use assets are disclosed in note 15 and finance lease interest expense on lease liabilities in note 11 of these financial statements.

The total cash outflow for leases for the year amounted to £22,368 (2020: £11,258).

23 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

24 Revaluation reserve

	2021 £	2020 £
At beginning of year	1,155,975	1,258,379
Impairment loss adjustment	-	(102,404)
At end of year	<u>1,155,975</u>	<u>1,155,975</u>

25 Retained earnings

	2021 £	2020 £
At the beginning of the year	1,014,172	2,190,094
Profit for the year	1,099,024	944,078
Dividends	-	(2,120,000)
At the end of the year	<u>2,113,196</u>	<u>1,014,172</u>

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

26 Financial instruments

In common with other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The significant accounting policies regarding financial instruments are disclosed in note 1.

Substantive changes to the company's exposure to interest-bearing indebtedness are disclosed below. Proceeds from the issue of the company's shares will be utilised to provide working capital and to reduce borrowings within the company. There have been no other substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks, or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

	2021	2020
	£	£
Trade receivables	473,294	478,722
Other receivables	88,304	79,410
Cash and cash equivalents	4,827,168	4,144,733
Trade and other payables	865,341	855,832
Interest-bearing loans and borrowings	(15,221,966)	(16,025,896)
	=====	=====

General objectives, policies and processes

The Board has overall responsibility for the determination of the company's risk management objectives and policies and, while retaining ultimate responsibility for them, has delegated authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The Board receives regular reports through which it reviews the effectiveness of the processes in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk arises principally from the company's trade and other receivables and cash and cash equivalents. It is a risk that the counterparty fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the financial statements.

Capital

The company considers its capital to comprise its ordinary share capital and the retained earnings as its capital reserves. Details of the company capital are disclosed in the statements of changes in equity.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

26 Financial instruments

(Continued)

Liquidity risk

Liquidity risk arises principally from the company's management of working capital and the amount of funding committed to its software and hardware platforms. It is a risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the company arise in respect of operational and administrative expenditure, trade and other payables and the servicing on interest-bearing debt.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

Interest rate risk

The company is exposed to interest rate risk in respect of surplus funds held on deposit. The Board does not currently undertake hedging arrangements.

The fair value of obligations under trade and other payables is equal to the book values.

Currency risk

The company is not exposed to any significant currency risk.

27 Capital risk management

The company is not subject to any externally imposed capital requirements.

The company seeks to manage its capital to ensure that it is able to continue as a going concern. The capital structure of the company consists of loans and equity comprising issued share capital and retained earnings.

28 Related party transactions

Directors' emoluments are required to be disclosed as related-party transactions. The directors of St. Cloud Care Limited received emoluments amounting to £99,500 during the year ended 31 December 2021 (2020 - £99,386).

Included within interest-bearing loans and borrowings note 17 is an amount due to shareholders as follows:

	31/12/2021	31/12/2020
	£	£
Care investments UK S.a.r.l	<u>20,316</u>	<u>19,348</u>

The Company accrued for management fees amounting to £11,667 to Ravad Ltd (2020: £11,667) and £58,333 to Golden House Limited (2020: £58,333) the joint ultimate controlling parties of the immediate parent company.

At 31 December 2021, St. Cloud Care Limited owed Golden House Limited £116,667 (2020 - £58,333) which is included in creditors.

At 31 December 2021, St. Cloud Care Limited owed Ravad Limited £48,333 (2020 - £36,667) which is included in creditors.

ST. CLOUD CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

29 Controlling party

The immediate parent company is Care Investments UK S.a.r.l, a company registered in Luxembourg. The registered office is 64 Rue Principal, L-5367 Shuttrange, Luxembourg.

As at 31 December 2021, the joint ultimate controlling parties were Golden House Limited and Ravad Limited who own Golden House Ravad - Care Homes England, Limited Partnership, the shareholder of Care Investments UK Sarl. Both ultimate controlling parties are incorporated in Israel.

30 Cash generated from operations

	2021 £	2020 £
Profit for the year after tax	1,099,024	944,078
Adjustments for:		
Taxation charged	705,064	525,203
Finance costs	415,469	520,510
Investment income	(3,330)	(9,747)
(Gain)/loss on disposal of property, plant and equipment	-	4,892
Depreciation and impairment of property, plant and equipment	363,964	338,293
Other gains and losses	-	526,519
Other non-cash movement	-	-
Movements in working capital:		
Decrease/(increase) in inventories	5,797	(18,627)
Increase in trade and other receivables	(40,759)	(179,999)
Increase in trade and other payables	34,865	528,362
Cash generated from operations	2,580,094	3,179,484