

Registration number: 10912195

BLACKADDER CORPORATION II LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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BLACKADDER CORPORATION II LIMITED

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BLACKADDER CORPORATION II LIMITED

COMPANY INFORMATION

Directors	G C Butcher M Z Butcher Z M Butcher H I Henderson
Registered office	Leamington Hall Farm Fosse Way Chesterton Leamington Spa Warwickshire CV33 9JP
Auditors	Hazlewoods LLP Windsor House Bayshill Rd Cheltenham GL50 3AT

BLACKADDER CORPORATION II LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for the year ended 31 December 2022.

Principal activity

The principal activity of the group is that of a holding company. The principal activity of its subsidiary companies continues to be that of owning and operating residential care homes.

Fair review of the business

The results for the year and the financial position at the year end were considered satisfactory by the directors. Our group business model has been fine tuned to ensure the care homes maintain high standards of excellence and ensures high occupancy rates throughout the year and for the foreseeable future.

Key performance indicators

The results for the year, which are set out in the profit and loss account, show turnover of £6,523,696 (2021 - £5,188,882) and an operating profit of £822,250 (2021 - £29,242). At 31 December 2022, the group had net assets of £1,800,257 (2021 - £1,651,141). The directors consider the performance for the year and the financial position at the year end to be satisfactory.

Principal risks and uncertainties

The risks and uncertainties facing the company are those common with well established care homes. The main risks and uncertainties arise from not being able to maintain high occupancy rates throughout the year, therefore the directors consider it a necessity to maintain high standards within the home, well trained and motivated staff and continuous advertising and marketing campaign to ensure the care home is second to none.

27/9/2023

Approved by the Board on and signed on its behalf by:

G C Butcher

.....
G C Butcher
Director

BLACKADDER CORPORATION II LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report and the consolidated financial statements for the year ended 31 December 2022.

Directors of the company

The directors who held office during the year were as follows:

G C Butcher

M Z Butcher

Z M Butcher

H I Henderson

Future developments

The external environment is expected to remain competitive going forward, however the directors remain confident that the trade of the group will improve on its current level of performance in the future.

Financial instruments

Objectives and policies

The board constantly monitors the group's trading results and revise projections as appropriate to ensure that the group can meet its future obligations as they fall due.

Price risk, credit risk, liquidity risk and cash flow risk

The group is exposed to the usual credit and cash flow risks associated with selling on credit and manages this through credit control procedures. The group's bank loans and are subject to price and liquidity risk as disclosed in note 17 to the financial statements.

The group has sufficient resources available and the directors have prepared forecasts for the next 12 months that indicate that this will continue to be the case and that these cash flows will be sufficient for the group to meet its financing commitments as they fall due. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditor

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

27/9/2023

Approved by the Board on and signed on its behalf by:



.....
G C Butcher
Director

BLACKADDER CORPORATION II LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BLACKADDER CORPORATION II LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKADDER CORPORATION II LIMITED

Opinion

We have audited the financial statements of Blackadder Corporation II Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 group's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the 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.

BLACKADDER CORPORATION II LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKADDER CORPORATION II LIMITED

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 Statement of Directors' Responsibilities set out on page 4, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BLACKADDER CORPORATION II LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BLACKADDER CORPORATION II LIMITED

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates; and
- identifying and testing journal entries, in particular any journal entries with unusual characteristics.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

Simon Worsley

Simon Worsley (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Rd
Cheltenham
GL50 3AT

27/9/2023

Date:

BLACKADDER CORPORATION II LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £	2021 £
Turnover	3	6,523,696	5,188,882
Cost of sales		<u>(4,897,283)</u>	<u>(4,290,437)</u>
Gross profit		1,626,413	898,445
Administrative expenses		(957,104)	(1,180,538)
Other operating income	4	<u>152,941</u>	<u>311,335</u>
Operating profit	4	822,250	29,242
Interest payable and similar charges	6	<u>(216,552)</u>	<u>(79,442)</u>
Profit/(loss) before tax		605,698	(50,200)
Taxation	10	<u>(311,976)</u>	<u>(116,565)</u>
Profit/(loss) for the financial year		<u>293,722</u>	<u>(166,765)</u>
Profit/(loss) attributable to:			
Owners of the company		<u>293,722</u>	<u>(166,765)</u>

The above results were derived from continuing operations.

The group has no other comprehensive income for the year.

The notes on pages 14 to 25 form an integral part of these financial statements.

BLACKADDER CORPORATION II LIMITED**(REGISTRATION NUMBER: 10912195)****CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	12	7,823,432	7,751,009
Current assets			
Stocks	14	4,450	4,450
Debtors	15	763,863	464,748
Cash at bank and in hand		<u>648,838</u>	<u>335,163</u>
		1,417,151	804,361
Creditors: Amounts falling due within one year	16	<u>(1,493,474)</u>	<u>(902,407)</u>
Net current liabilities		<u>(76,323)</u>	<u>(98,046)</u>
Total assets less current liabilities		7,747,109	7,652,963
Creditors: Amounts falling due after more than one year	16	(4,566,744)	(4,827,133)
Provisions for liabilities	10	<u>(1,380,108)</u>	<u>(1,174,689)</u>
Net assets		<u>1,800,257</u>	<u>1,651,141</u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account		<u>1,800,157</u>	<u>1,651,041</u>
Equity attributable to owners of the company		<u>1,800,257</u>	<u>1,651,141</u>
Total equity		<u>1,800,257</u>	<u>1,651,141</u>

27/9/2023

Approved and authorised by the Board on and signed on its behalf by:

*Geoff Butcher*G C Butcher
Director

The notes on pages 14 to 25 form an integral part of these financial statements.

BLACKADDER CORPORATION II LIMITED

(REGISTRATION NUMBER: 10912195)

BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investments	13	<u>3,016,000</u>	<u>3,016,000</u>
Current assets			
Debtors: Amounts falling due after more than one year	15	3,065,148	2,742,647
Cash at bank and in hand		<u>18,935</u>	<u>139,899</u>
		3,084,083	2,882,546
Creditors: Amounts falling due within one year	16	<u>(1,036,832)</u>	<u>(854,047)</u>
Net current assets		<u>2,047,251</u>	<u>2,028,499</u>
Total assets less current liabilities		5,063,251	5,044,499
Creditors: Amounts falling due after more than one year	16	<u>(4,566,744)</u>	<u>(4,827,133)</u>
Net assets		<u>496,507</u>	<u>217,366</u>
Capital and reserves			
Called up share capital	19	100	100
Profit and loss account		<u>496,407</u>	<u>217,266</u>
Total equity		<u>496,507</u>	<u>217,366</u>

The company made a profit after tax for the financial year of £423,747 (2021 - profit of £325,608).

27/9/2023

Approved and authorised by the Board on and signed on its behalf by:

Geoff Butcher

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G C Butcher
Director

The notes on pages 14 to 25 form an integral part of these financial statements.

BLACKADDER CORPORATION II LIMITED**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31
DECEMBER 2022
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY**

	Share capital £	Profit and loss account £	Total £
At 1 January 2022	100	1,651,041	1,651,141
Profit for the year	-	293,722	293,722
Dividends	-	(144,606)	(144,606)
At 31 December 2022	<u>100</u>	<u>1,800,157</u>	<u>1,800,257</u>

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2021	100	(304,854)	2,264,608	1,959,854
Loss for the year	-	-	(166,765)	(166,765)
Transfers	-	304,854	(304,854)	-
Dividends	-	-	(141,948)	(141,948)
At 31 December 2021	<u>100</u>	<u>-</u>	<u>1,651,041</u>	<u>1,651,141</u>

The notes on pages 14 to 25 form an integral part of these financial statements.

BLACKADDER CORPORATION II LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £	Profit and loss account £	Total £
At 1 January 2022	100	217,266	217,366
Profit for the year	-	423,747	423,747
Dividends	-	(144,606)	(144,606)
At 31 December 2022	<u>100</u>	<u>496,407</u>	<u>496,507</u>

	Share capital £	Profit and loss account £	Total £
At 1 January 2021	100	33,606	33,706
Profit for the year	-	325,608	325,608
Dividends	-	(141,948)	(141,948)
At 31 December 2021	<u>100</u>	<u>217,266</u>	<u>217,366</u>

The notes on pages 14 to 25 form an integral part of these financial statements.

BLACKADDER CORPORATION II LIMITED**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Cash flows from operating activities			
Profit/(loss) for the year		293,722	(166,765)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	66,532	69,663
Finance costs	6	216,552	79,442
Income tax expense	10	311,976	116,565
		<u>888,782</u>	<u>98,905</u>
Working capital adjustments			
(Increase)/decrease in trade debtors	15	(299,115)	253,640
Increase/(decrease) in trade creditors	16	381,833	(431,640)
Cash generated from operations		<u>971,500</u>	<u>(79,095)</u>
Income taxes paid	10	(686)	(58,157)
Net cash flow from operating activities		<u>970,814</u>	<u>(137,252)</u>
Cash flows from investing activities			
Acquisitions of tangible assets		(138,955)	(767,106)
Cash flows from financing activities			
Interest paid		(205,816)	(70,283)
Finance costs paid		-	(25,000)
Proceeds from bank borrowing draw downs		-	5,000,000
Repayment of bank borrowing		(167,762)	(4,257,068)
Dividends paid		(144,606)	(141,948)
Net cash flows from financing activities		<u>(518,184)</u>	<u>505,701</u>
Net increase/(decrease) in cash and cash equivalents		<u>313,675</u>	<u>(398,657)</u>
Cash and cash equivalents at 1 January		<u>335,163</u>	<u>733,820</u>
Cash and cash equivalents at 31 December		<u>648,838</u>	<u>335,163</u>

The notes on pages 14 to 25 form an integral part of these financial statements.

BLACKADDER CORPORATION II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 General information

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

The address of its registered office is:

Leamington Hall Farm
Fosse Way
Chesterton
Leamington Spa
Warwickshire
CV33 9JP

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

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

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2022.

No profit and loss account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a loss after tax for the financial year of £423,747 (2021 - profit of £325,608).

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

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

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

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

BLACKADDER CORPORATION II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Whilst the bank debt is due for repayment in full within 12 months of the date of approval of the financial statements, the directors are confident of being able to agree a new long term facility on similar terms, on or before the repayment date.

Judgements and estimation uncertainty

These financial statements do not contain any significant judgements or estimation uncertainty.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the group. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities.

Government grants

Government grants are recognised based on the accruals model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Tax

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

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

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

Tangible assets

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

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

Depreciation

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold land and buildings	Nil
Fixtures and fittings	15% reducing balance
Computer equipment	25% reducing balance

No depreciation is provided on freehold properties as it is the group's policy to maintain these assets so that they keep their previously assessed standard of performance. As the useful economic lives of these assets are of such length, and the residual values are such that they are not materially different from the carrying amount, any depreciation would not be material.

BLACKADDER CORPORATION II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Business combinations

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

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

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

Trade debtors

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

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the debtors.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

Trade creditors

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

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

BLACKADDER CORPORATION II LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Borrowings

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

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

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

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

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

Dividends

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

Defined contribution pension obligation

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

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

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

BLACKADDER CORPORATION II LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****Financial instruments (continued)****Impairment**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

3 Turnover

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

	2022	2021
	£	£
Provision of care services	<u>6,523,696</u>	<u>5,188,882</u>

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Other income

	2022	2021
	£	£
Government grants receivable	138,240	311,335
Other income	<u>14,701</u>	<u>-</u>
	<u>152,941</u>	<u>311,335</u>

Government grants receivable in the current and comparative period relate to amounts received in respect of infection control, rapid testing and workforce retention grants.

BLACKADDER CORPORATION II LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****5 Operating profit**

Arrived at after charging

	2022	2021
	£	£
Depreciation expense	66,532	69,663
Operating lease expense - plant and machinery	28,513	35,270

6 Interest payable and similar expenses

	2022	2021
	£	£
Interest on bank overdrafts and borrowings	205,816	70,283
Other finance costs adjacent to interest	10,736	9,159
	<u>216,552</u>	<u>79,442</u>

7 Staff costs**Group**

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

	2022	2021
	£	£
Wages and salaries	3,466,277	2,623,696
Social security costs	319,465	211,475
Pension costs, defined contribution scheme	59,145	46,883
	<u>3,844,887</u>	<u>2,882,054</u>

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

	2022	2021
	No.	No.
Average number of employees	<u>151</u>	<u>136</u>

Company

The company incurred no staff costs and had no employees other than the directors.

8 Directors' remuneration

Directors' remuneration has been borne by a connected party.

9 Auditors' remuneration

	2022	2021
	£	£
Audit of these financial statements	<u>15,000</u>	<u>20,000</u>

BLACKADDER CORPORATION II LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****10 Taxation**

Tax charged/(credited) in the consolidated profit and loss account

	2022 £	2021 £
Current taxation		
UK corporation tax	118,271	-
UK corporation tax adjustment to prior periods	<u>(11,714)</u>	<u>-</u>
	106,557	-
Deferred taxation		
Arising from origination and reversal of timing differences	<u>205,419</u>	<u>116,565</u>
Tax expense in the income statement	<u><u>311,976</u></u>	<u><u>116,565</u></u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - higher than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £	2021 £
Profit/(loss) before tax	<u>605,698</u>	<u>(50,200)</u>
Corporation tax at standard rate	115,083	(9,538)
Effect of expense not deductible in determining taxable profit (tax loss)	7,038	942
Deferred tax expense relating to changes in tax rates or laws	204,533	126,481
Deferred tax credit from unrecognised temporary difference from a prior period	(11,714)	-
Tax decrease from effect of capital allowances and depreciation	<u>(2,964)</u>	<u>(1,320)</u>
Total tax charge	<u><u>311,976</u></u>	<u><u>116,565</u></u>

Deferred tax**Group**

Deferred tax assets and liabilities

	Liability £
2022	
Accelerated capital allowances	128,269
Retirement benefit obligations	(1,505)
Revaluation of fixed assets	<u>1,253,344</u>
	<u><u>1,380,108</u></u>
2021	
Accelerated capital allowances	125,878
Revaluation of fixed assets	<u>1,048,811</u>
	<u><u>1,174,689</u></u>

BLACKADDER CORPORATION II LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****11 Intangible assets****Group**

	Goodwill £
Cost	
At 1 January 2022 and at 31 December 2022	<u>520,000</u>
Amortisation	
At 1 January 2022 and at 31 December 2022	<u>520,000</u>
Carrying amount	
At 31 December 2021 and at 31 December 2022	<u>-</u>

12 Tangible assets**Group**

	Freehold land and buildings £	Furniture, fittings and equipment £	Total £
Cost			
At 1 January 2022	7,246,189	787,176	8,033,365
Additions	<u>71,092</u>	<u>67,863</u>	<u>138,955</u>
At 31 December 2022	<u>7,317,281</u>	<u>855,039</u>	<u>8,172,320</u>
Depreciation			
At 1 January 2022	-	282,356	282,356
Charge for the year	<u>-</u>	<u>66,532</u>	<u>66,532</u>
At 31 December 2022	<u>-</u>	<u>348,888</u>	<u>348,888</u>
Carrying amount			
At 31 December 2022	<u>7,317,281</u>	<u>506,151</u>	<u>7,823,432</u>
At 31 December 2021	<u>7,246,189</u>	<u>504,820</u>	<u>7,751,009</u>

BLACKADDER CORPORATION II LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****13 Investments****Company**

	2022	2021
	£	£
Investments in subsidiaries	<u>3,016,000</u>	<u>3,016,000</u>

Subsidiaries**Cost and carrying amount**

At 1 January 2022 and at 31 December 2022	<u>3,016,000</u>
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Details of undertakings

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

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Blackadder Corporation 3 Limited	England and Wales	Ordinary	100%	100%
Parkhouse Care Limited	England and Wales	Ordinary	100%	100%
Northleach Court Care Limited	England and Wales	Ordinary	100%	100%
Holmer Care Home Limited	England and Wales	Ordinary	100%	100%

Northleach Court Care Limited and Holmer Care Home Limited are held indirectly.

The principal activity of all subsidiaries other than Blackadder Corporation 3 Limited is the provision of residential care services.

The principal activity of Blackadder Corporation 3 Limited is that of a holding company.

Blackadder Corporation II Limited has given a guarantee under section 479A of the Companies Act 2006 to guarantee all outstanding liabilities of the subsidiary companies as at 31 December 2022. The subsidiary companies are therefore exempt from the requirement of the Act relating to the audit of individual accounts. The subsidiary companies that the guarantee applies to are all companies listed above.

14 Stocks

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Stocks	<u>4,450</u>	<u>4,450</u>	<u>-</u>	<u>-</u>

BLACKADDER CORPORATION II LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****15 Debtors**

	Note	Group		Company	
		2022	2021	2022	2021
		£	£	£	£
Trade debtors		646,058	379,155	-	-
Amounts owed by related parties	23	-	-	553,125	428,624
Other debtors		73,665	30,924	-	-
Prepayments		44,140	54,669	-	-
Amounts owed by group undertakings		-	-	2,512,023	2,314,023
		<u>763,863</u>	<u>464,748</u>	<u>3,065,148</u>	<u>2,742,647</u>

16 Creditors

	Note	Group		Company	
		2022	2021	2022	2021
		£	£	£	£
Due within one year					
Loans and borrowings	17	260,389	157,026	260,389	157,026
Trade creditors		122,409	96,957	-	1,470
Amounts due to related parties	23	452,898	235,828	-	-
Social security and other taxes		99,471	63,692	-	-
Outstanding defined contribution pension costs		5,747	3,657	-	-
Other creditors		162,829	78,160	-	-
Accrued expenses		271,360	254,587	4,800	1,031
Corporation tax liability	10	118,371	12,500	-	-
Amounts due to group undertakings		-	-	771,643	694,520
		<u>1,493,474</u>	<u>902,407</u>	<u>1,036,832</u>	<u>854,047</u>
Due after one year					
Loans and borrowings	17	<u>4,566,744</u>	<u>4,827,133</u>	<u>4,566,744</u>	<u>4,827,133</u>

BLACKADDER CORPORATION II LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****17 Loans and borrowings**

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Current loans and borrowings				
Bank borrowings	<u>260,389</u>	<u>157,026</u>	<u>260,389</u>	<u>157,026</u>

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	<u>4,566,744</u>	<u>4,827,133</u>	<u>4,566,744</u>	<u>4,827,133</u>

Bank borrowings due within one year and after one year include two tranche loans of £357,258 (2021 - £525,000) and £4,475,000 (2021 - £4,475,000) respectively. The first tranche loan is being repaid in monthly instalments and is due to be repaid in full by April 2024. The second tranche loan of £4,475,000 is due for repayment in full in April 2024. Interest is charged on the loans at 6.25% per annum and the loans are secured by way of fixed and floating charges over all assets of the group and over all assets of the group headed by Blackadder Corporation Limited.

Borrowings of £4,827,133 (2021 - £4,984,159) are stated after deducting debt costs of £5,105 (2021 - £15,841) which are being amortised over the term of the loans in line with FRS 102.

18 Pension and other schemes**Defined contribution pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £59,145 (2021 - £46,883).

Contributions totalling £5,747 (2021 - £3,657) were payable to the scheme at the end of the year and are included in creditors.

19 Share capital**Allotted, called up and fully paid shares**

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

20 Dividends

	2022	2021
	£	£
Dividends paid	<u>144,606</u>	<u>141,948</u>

BLACKADDER CORPORATION II LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022****21 Analysis of changes in net debt****Group**

	At 1 January 2022 £	Cash flows £	Other non-cash changes £	At 31 December 2022 £
Cash and cash equivalents				
Cash	335,163	313,675	-	648,838
Borrowings				
Bank borrowings	4,984,159	(167,762)	10,736	4,827,133
	<u>5,319,322</u>	<u>145,913</u>	<u>10,736</u>	<u>5,475,971</u>

Included within other non-cash changes are debt costs amortised of £10,736.

22 Financial guarantee contracts**Group**

The companies within the group are bound by an intra-group cross guarantee in respect of the borrowings held by Blackadder Corporation Limited. The amount guaranteed at the balance sheet date is £2,802,538 (2021 - £2,900,000).

23 Related party transactions**Group****Summary of transactions with other related parties**

Included within amounts due to related parties is £116,833 (2021 - £153,207) due to Blackadder Corporation Limited (including balances owed to or from that company's subsidiaries), a company under common control. The loans are interest free and have no fixed repayment terms. During the year, management charges payable of £50,000 (2021 - £90,124) were charged by Blackadder Corporation Limited.

Included within amounts due to related parties is £336,065 (2021 - £82,422) due to Blackadder Corporation Contracting Limited, a company under common control. The loan is interest free and has no fixed repayment terms.

24 Parent and ultimate parent undertaking

The ultimate controlling party is G C Butcher.