

Artisan Care Holdco Limited
Annual report and financial statements
31 March 2023

Artisan Care Holdco Limited

Annual report and financial statements
Registered number 10987069
31 March 2023

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Strategic Report

The Directors present their strategic report for the year ended 31 March 2023.

Principal activities

The principal activity of Artisan Care Holdco Limited during the year was that of a holding company.

The Group is engaged in the development and operation of care homes together with the provision of specialist services for the elderly.

Business review and results

Management operate and monitor the business on a pre-exceptional operating profitability and EBITDA basis, upon which the results for the year can be summarised as follows:

	2021/22 Pre- exceptionals £000	2022/23		
		Pre- exceptionals £000	Exceptional costs £000	Total £000
Operating profitability:				
Group turnover	6,487	8,534	-	8,534
Cost of sales	(2,740)	(4,030)	-	(4,030)
Gross profit	3,747	4,504	-	4,504
Administrative expenses	(4,742)	(6,325)	(375)	(6,700)
Exceptional accounting adjustment for future rent increases (non cash)	-	-	(446)	(446)
Loss on sale of fixed assets	(4)	(251)	-	(251)
Operating Loss	(999)	(2,072)	(820)	(2,892)
	2021/22 Pre- exceptionals £000	2022/23		
		Pre- exceptionals £000	Exceptional costs £000	Total £000
EBITDA profitability:				
Operating profit	(999)	(2,072)	(820)	(2,892)
Addback depreciation (note 3)	100	106	-	106
EBITDA	(899)	(1,966)	(820)	(2,786)

The Directors are satisfied with the performance for the year, which is in line with expectations and reflects the maturing nature of the Group's care homes. Turnover for the year was £8.5m (2022: £6.5m) with a gross margin of 53% (2022: 58%). The Group recorded an operating loss of £2.1m before exceptional costs (2022: £1.0m). Exceptional costs, an overall cost in the year of £0.8m (2022: £0.2m income), primarily relate to exceptional professional fees, pre-opening costs and the accounting treatment for guaranteed rental increases in future years of £446k (2022: £556k) (note 6). This latter accounting adjustment has no cash impact. The former are considered exceptional on the basis that they do not arise from the day to day operation of our care homes but are related primarily to significant planned or aborted transactions or developments during the year and as such may distort the commercial trading reality of the group as a whole. During the year these were made up of disposals of capitalised costs for aborted developments and pre-opening costs which are incurred prior to homes becoming operational.

Strategic Report *(continued)*

Business review and results *(continued)*

UK Accounting Standards require a treatment of long term lease financing which the Directors consider presents the performance of the Company in a way which understates the underlying level of performance by overstating lease costs in the year. It is this non-cash additional rent cost which is shown in exceptional costs. Interest payable in the year was £12k (2022: £13k).

The total number of operational facilities was four at the year end (2022: three).

The Directors of the Company are of the opinion that it has adequate facilities in place to meet its external liabilities as they fall due and to fund the planned ongoing investment and expansion in delivering high quality care accommodation for the foreseeable future.

Group's objectives

- To establish a group of care homes, all of which will be of the highest quality from both an environmental and care delivery perspective, where the resident is at the centre of all our activities;
- To recruit and provide training to staff of a similarly high calibre;
- Continue to evolve and use our quality assurance system to assist in delivering our aim of providing high quality care to the elderly;
- Continuous expenditure on the environment and fabric of the buildings. Continued recognition of the importance of this to the residents of our facilities;
- To achieve above industry average outcomes from reviews and inspections undertaken by sector regulators; and
- To achieve a financial performance in line with budget and in excess of sector norms.

How we will achieve this

- Providing better care which offers good value for the high quality services provided compared with our competitors;
- Building care homes in the correct locations, to standards well in excess of the required minimum;
- Providing a career path for all our staff;
- Providing the training and support to teach staff the art of caring and the responsibilities it entails;
- Complying with all regulatory requirements; and
- Providing a quality of care which achieves or exceeds the highest regulatory standards.

How we will assess our performance

- Close supervision and support of our care home managers by high calibre and experienced regional staff;
- Achievable operational budgets; and
- Weekly reporting to care home managers on key performance indicators.

Strategic Report *(continued)*

Business review and results *(continued)*

Assessment of uncertainties and risks

- Continued assessment of the long term care sector and the potential changes on the horizon;
- Monitor government policy and the impact on the care sector of proposed changes in either social economic terms or direct government focus. Respond to potential changes in the general political climate of the privately provided care sector;
- Monitor the housing market and pensions, enabling an assessment of service user's ability to pay for care services; and
- Managing the financial risk resulting from fluctuations in interest rates through appropriate hedging arrangements.

Key performance indicators

The Group monitors the performance of the business using the following measures:

- Earnings before interest, tax, depreciation, amortisation and exceptional costs – EBITDA (pre-exceptionals)
- 2023 loss of £2.0m (2022: £0.9m loss)
- Operating cash flow
- 2023 cash outflow £0.5m (2022: £0.6m inflow)

Other indicators are occupancy levels, average weekly fee rates and the proportion of turnover contributed by self-funding clients who are attracted to homes of a high standard – the Group is one of the few which has 100% single rooms with ensuite wet room facilities. This accounts for above average fee levels.

The Group has achieved over 57% average occupancy (2022: over 60%) in its mature care homes, the group continues its recovery post Covid and occupancy levels post year end are recovering in line with the prior year and for the more recently opened home we expect it to reach the historical level (circa 90%) of average occupancy once it has reached maturity. During the year 82% of Group turnover was contributed by self-funding clients (2022: 86%). The Group also attracts a high calibre of staff due to its training and support programmes. The Group is considered to be an employer of choice in the sector.


Principal risks and uncertainties

The principal strategic and operational risks of the group are reviewed regularly by the directors. The Group seeks to reduce financial risk to a commercially acceptable level through the application of stringent financial management controls and reporting. Notes 13, 14, 15 and 18 include further details of financial instruments. The Company and Group's financial instruments comprised cash, debtors, creditors, and share capital.

Future developments and post balance sheet events

The group continues to focus on the expansion of the business through the development of new care homes and has a number of potential sites under active construction.

Signed on behalf of the Board



MF Proctor
Director

Little Houghton House
Bedford Road
Little Houghton
Northampton
NN7 1AB

13 February 2024

Directors' Report

The Directors present their directors' report for the year ended 31 March 2023.

With effect from 18 October 2022, the name of the Company was changed from Avery Care Holdco Limited to Artisan Care Holdco Limited.

Paid or proposed dividends

Dividends paid during the year in respect of the year ended 31 March 2023 were £nil (2022: £nil).

Directors

The Directors who held office during the year and in the period to the date of this report were as follows:

MF Proctor
I Matthews
JMB Strowbridge

Employees

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Involvement of employees

The Group has a well-established policy of providing employees with information about the Group through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the current or preceding financial year.

Directors' Report *(continued)*

Section 172 Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to: –

- The likely consequence of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

In discharging these duties, the Director's undertake and encourage regular engagement with stakeholders including our residents, colleagues, property owners and investors.

With regard to our residents and staff, an example of some of the initiatives the directors have put in place are as follows:

- Encourage Home Managers and Regional Managers to have open dialogue with staff, residents and residents' families;
- Provision of resident feedback cards in our homes, reviewed and followed up by Regional Managers on home review visits;
- Provision of a confidential concerns hotline for staff, residents and their families;
- Annual staff and resident surveys; and
- Annual performance reviews for all staff.

For our property owners and investors, the directors circulate financial data on a monthly basis and hold regular meetings to discuss the performance of the business.

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Group meets its day-to-day working capital requirements through operating cash flows. Having reviewed the groups financial forecasts and expected future cash flows, the directors are confident that the group has adequate resources to continue in operational existence for the foreseeable future. Consequently, the directors are confident that the group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors' Report *(continued)*

Disclosure of information to auditor

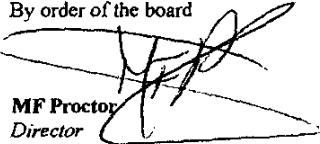
The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Following a rebranding exercise on 15 May 2023, the trading name of the Company's independent auditor changed from MHA MacIntyre Hudson to MHA.

MHA were appointed as auditor to the company and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

By order of the board


MF Proctor
Director

Little Houghton House
Bedford Road
Little Houghton
Northampton
NN7 1AB

13 February 2024

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The Directors are responsible for preparing the Strategic Report, the 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent Auditor's report to the members of Artisan Care Holdco Limited (Formerly Avery Care Holdco Limited)

Opinion

We have audited the financial statements of Artisan Care Holdco Limited (the 'Company') and its subsidiaries ('the Group') for the year ended 31 March 2023, which comprise the Consolidated Profit and Loss Account and Other Comprehensive Income, and the Consolidated Balance Sheet and related notes, 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 Company's affairs as at 31 March 2023 and of the Group's loss 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Independent auditor's report to the members of Artisan Care Holdco Limited (Formerly Avery Care Holdco Limited) (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared are consistent with the financial statements; and
- the Strategic Report and the 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 the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

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

- adequate accounting records have not been kept by the Group and the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group and 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7, 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 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.

Independent auditor's report to the members of Artisan Care Holdco Limited (Formerly Avery Care Holdco Limited) (continued)

Auditors' 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 Auditors' 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:

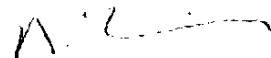
- enquiry of management and those charged with governance around actual and potential litigation and claims;
- enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' 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 Auditors' 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.



Adam Young ACA (Senior Statutory Auditor)
for and on behalf of MHA
Statutory Auditors
Northampton
Date: 20 February 2024

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

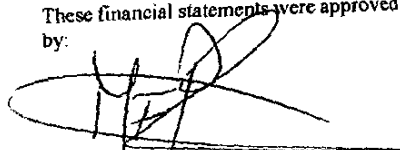
Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2023

	<i>Note</i>	2023 £000	2022 £000
Turnover	2	8,534	6,487
Cost of sales		(4,030)	(2,740)
		<hr/>	<hr/>
Gross profit		4,504	3,747
Administrative expenses - exceptional	6	(820)	205
- other		(6,325)	(4,742)
(Loss)/profit on sale of fixed assets		(251)	(4)
		<hr/>	<hr/>
Operating loss		(2,892)	(794)
Interest payable and similar charges	7	(12)	(13)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2-7	(2,904)	(806)
Tax on profit on ordinary activities	8	(21)	-
		<hr/>	<hr/>
Loss for the financial year		(2,925)	(806)
		<hr/>	<hr/>
Other comprehensive income			
Other comprehensive income for the year, net of income tax		-	-
		<hr/>	<hr/>
Total comprehensive expense for the year		(2,925)	(806)
		<hr/>	<hr/>

Consolidated Balance Sheet
as at 31 March 2023

	Notes	2023 £000	2022 £000	£000
Fixed assets				
Intangible assets	9	-	-	1,133
Tangible assets	10	1,330	-	1,133
		<u>1,330</u>		<u>1,133</u>
Current assets				
Stocks	12	1,232	494	
Debtors	13	1,772	1,382	
Cash at bank and in hand		820	980	
		<u>3,824</u>	<u>2,856</u>	
Creditors: amounts falling due within one year	14	<u>(5,352)</u>	<u>(2,873)</u>	
Net current liabilities			<u>(1,528)</u>	<u>(17)</u>
Total assets less current liabilities			<u>(198)</u>	<u>1,116</u>
Creditors: amounts falling due after more than one year	15	<u>(3,987)</u>	<u>(2,376)</u>	
Net liabilities		<u>(4,185)</u>	<u>(1,260)</u>	
Capital and reserves				
Called up share capital	17	(4,185)	(1,260)	
Profit and loss account		<u>(4,185)</u>	<u>(1,260)</u>	
Total shareholder funds		<u>(4,185)</u>	<u>(1,260)</u>	

These financial statements were approved by the board of directors on 13 February 2024 and were signed on its behalf by:



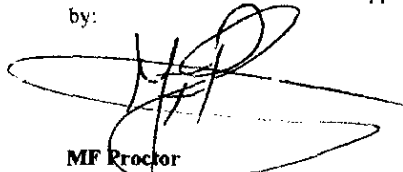
MF Proctor
Director

Company registration number: 10987069

Company Balance Sheet
as at 31 March 2023

	<i>Notes</i>	2023 £000	2022 £000
Fixed assets			
Investments	11	80	80
Current assets			
Debtors	13	592	651
Creditors: amounts falling due within one year	14	(892)	(741)
Net current liabilities		(300)	(90)
Net liabilities		(220)	(10)
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account		(220)	(10)
Shareholders' funds		(220)	(10)

These financial statements were approved by the board of directors on 13 February 2024 and were signed on its behalf by:



MF Proctor
Director

Company registration number: 10987069

Consolidated Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2021	-	(454)	(454)
Total comprehensive expense for the year			
Loss	-	(806)	(806)
Total comprehensive expense for the year	-	(806)	(806)
Transactions with owners, recorded directly in equity			
Dividends paid	-	-	-
Balance at 31 March 2022	-	(1,260)	(1,260)
Balance at 1 April 2022	-	(1,260)	(1,260)
Total comprehensive expense for the year			
Loss	-	(2,925)	(2,925)
Total comprehensive expense for the year	-	(2,925)	(2,925)
Transactions with owners, recorded directly in equity			
Dividends paid	-	-	-
Balance at 31 March 2023	-	(4,185)	(4,185)

Company Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total Equity £000
Balance at 1 April 2021	-	8	8
Total comprehensive expense for the year			
Loss	-	(18)	(18)
	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the period	-	(18)	(18)
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Dividends paid	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2022	-	(10)	(10)
	<hr/>	<hr/>	<hr/>
Balance at 1 April 2022	-	(10)	(10)
Total comprehensive expense for the year			
Loss	-	(210)	(210)
	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	(210)	(210)
	<hr/>	<hr/>	<hr/>
Transactions with owners, recorded directly in equity			
Dividends paid	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2023	-	(220)	(220)
	<hr/>	<hr/>	<hr/>

Consolidated Cash Flow Statement
for year ended 31 March 2023

	<i>Note</i>	2023 £000	2022 £000
Cash flows from operating activities			
Loss for the year		(2,925)	(805)
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment	3	106	100
Non cash rent expenses	6	446	556
Profit / (loss) on sale of fixed assets		(251)	4
Interest payable and similar charges	7	12	13
Taxation	8	21	-
		(2,591)	(132)
(Decrease) / increase in trade and other receivables		(330)	4,898
(Increase) / decrease in inventories		(738)	(488)
(Decrease) / increase in trade and other payables		3,153	(3,725)
Net cash outflows from operating activities		(506)	553
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	(303)	(658)
Net cash outflows from investing activities		(303)	(658)
Cash flows from financing activities			
Interest paid	7	(12)	(13)
Proceeds from other loans	15	661	-
Net cash flows from financing activities		649	(13)
Net decrease in cash and cash equivalents		(160)	(118)
Cash and cash equivalents at 1 April 2022		980	1,098
Cash and cash equivalents at 31 March 2023		820	980

Notes

(forming part of the financial statements)

1 Accounting policies

Artisan Care Holdco Limited (Formerly Avery Care Holdco Limited) (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments*

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Group meets its day-to-day working capital requirements through operating cash flows and shareholder and related company loans. Having reviewed the groups financial forecasts and expected future cash flows, the directors are confident that the group has adequate resources to continue in operational existence for the foreseeable future. Consequently, the directors are confident that the group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

Notes (continued)

1 Accounting policies (continued)

1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2023. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

Under s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

1.5 Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

1.6 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)

1 Accounting policies (continued)

1.6 Basic financial instruments (continued)

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.13 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold property - 50 years
- Leasehold improvements - 5 to 10 years
- Fixtures and fittings - 6 to 7 years
- IT equipment - 5 years
- Motor vehicles - 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.8 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

Notes (continued)

1 Accounting policies (continued)

1.8 Business combinations (continued)

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

1.9 Intangible assets, goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Goodwill is amortised on a straight line basis over its useful life. The finite useful life of goodwill is estimated to be the life of the lease to which the assets relate.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value. Work in progress comprises amounts incurred to date on the development of care homes which are contracted for sale in the future or for which the company is the developer.

1.11 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGUs") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Notes (continued)

1 Accounting policies (continued)

1.11 Impairment excluding stocks and deferred tax assets (continued)

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Turnover

Turnover

Turnover represents fee income relating to the provision of care services, net of value added tax, if applicable and the sale of properties acquired or developed by the Group where a forward sales agreement is in place. Fee income comprises care home resident fees which are recognised when the delivery of the service is completed. Fees invoiced in advance are included as deferred income until the service is completed.

1.13 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Exceptional items

Material items of income and expenditure which arise from one off events (such as a restructuring), or relate to non-cash items (such as the accrual for future rental increases), are classified as exceptional items on the basis that the Directors believe this presents a clearer picture of the underlying performance of the Group.

Notes (continued)

1 Accounting policies (continued)

1.14 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.15 Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet the criteria are disclosed in the notes to the financial statements.

2 Turnover and other revenue

Turnover is derived entirely in the UK from the principal activities of the Group whose activities comprise the operation and construction of care homes.

	2023 £000	2022 £000
Other revenue		
Grants received	59	407

Notes (continued)

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2023 £000	2022 £000
Depreciation of tangible fixed assets	106	100
Amortisation	-	-
Hire of other assets – property operating leases (including exceptional)	3,879	3,756
Hire of other assets – equipment	34	25
	<hr/>	<hr/>

Auditor's remuneration:

	2023 £000	2022 £000
Audit of these financial statements	25	25
	<hr/>	<hr/>

4 Staff numbers and costs

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

	Number of employees	
	2023	2022
Management and administration staff	14	13
Nursing, care and domestic staff	132	97
	<hr/>	<hr/>
	146	110
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2023 £000	2022 £000
Wages and salaries	3,288	2,381
Social security costs	222	161
Contributions to defined contribution pension plans	43	33
	<hr/>	<hr/>
	3,553	2,575
	<hr/>	<hr/>

Notes (continued)

5 Directors' remuneration

No remuneration was paid to the directors in respect of their services to the Company during the current or preceding financial year.

6 Exceptional administrative expenses

	2023 £000	2022 £000
Future property rental increases charged in year (note 19)	446	556
Exceptional professional fees and other transaction related costs	374	59
Group relief adjustment	-	(820)
	<u>820</u>	<u>(205)</u>

Exceptional professional fees and other transaction related costs arise in respect of abortive transaction costs, pre-opening costs incurred by care homes, exceptional legal fees and acquisition costs. These are considered exceptional on the basis that they do not arise from the day to day operation of our care homes but are related primarily to significant planned or aborted transactions or developments during the year and as such may distort the commercial trading reality of the group as a whole. During the year these were made up of disposals of capitalised costs for aborted developments and pre-opening costs which are incurred prior to homes becoming operational.

7 Interest payable and similar charges

	2023 £000	2022 £000
On finance lease	<u>12</u>	<u>13</u>

Notes (continued)

8 Taxation

Total tax expense recognised in the profit and loss account

	2023 £000	£000	2022 £000	£000
<i>Current tax</i>				
Current tax on income for the year		-		-
Adjustments in respect of prior periods		-		-
		<hr/>		<hr/>
Total current tax charge		-		-
<i>Deferred tax</i>				
Origination and reversal of timing differences	21		-	
Adjustment in respect of prior periods	-		-	
	<hr/>		<hr/>	
Total deferred tax charge		21		-
		<hr/>		<hr/>
Total tax charge		21		-
		<hr/>		<hr/>

Reconciliation of effective tax rate

	2023 £000	2022 £000
Loss for the year	(2,925)	(806)
Total tax charge	21	-
	<hr/>	<hr/>
(Loss)/profit excluding taxation	(2,904)	(806)
Tax charge using the UK corporation tax rate of 19% (2022: 19%)	(552)	(153)
Non-deductible expenses	24	-
Adjustment in respect of prior periods	-	(216)
Fixed asset differences	(8)	(2)
Movements in unrecognised deferred tax	(98)	(137)
Group relief	240	-
Deferred tax not provided	410	508
	<hr/>	<hr/>
Total tax charge	21	-
	<hr/>	<hr/>

The Group has unrecognised deferred tax assets of £1.0 million arising on UK corporation tax losses. These assets have not been recognised due to uncertainty over the timing of their future recovery.

Notes (continued)

9 Intangible assets and goodwill

<i>Group</i>	Goodwill
	£000
Cost	
Balance at 1 April 2022 and 31 March 2023	40
Amortisation and impairment	
Balance at 1 April 2022	40
Charge for the year	-
Balance at 31 March 2023	40
Net book value	
At 31 March 2023	-
At 1 April 2022	-

10 Tangible fixed assets

<i>Group</i>	Leasehold improvement £000	Land and buildings £000	IT equipment £000	Fixtures and fittings £000	Total £000
Cost					
Balance at 1 April 2022	170	871	80	282	1,403
Additions	40	146	7	110	303
Balance at 31 March 2023	210	1,017	87	392	1,706
Depreciation and impairment					
Balance at 1 April 2022	91	39	49	91	270
Charge for the year	36	10	10	50	106
Balance at 31 March 2023	127	49	59	141	376
Net book value					
At 31 March 2023	83	968	28	251	1,330
At 31 March 2022	79	832	31	191	1,133

Notes (continued)

11 Fixed asset investments

Company	Shares in group undertakings £000
Cost	
At 1 April 2022 and 31 March 2023	82
Amortisation	
At 1 April 2022	2
Charge for the year	-
At 31 March 2023	2
Net book value	
At 31 March 2023	80
At 31 March 2022	80

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are listed in the table below. All companies listed are registered in the United Kingdom. The subsidiary undertakings listed are exempt from the Companies Act 2006 requirements relating to the audit of their individual accounts by virtue of Section 479A of the Act as Artisan Care Holdco Limited has guaranteed the subsidiary company under Section 479C of the Act:

Artisan Care Devco Limited	Artisan Care Northants Limited
Artisan Care Clevedon Limited	Artisan Care Northants Holdco Limited
Artisan Care Kettering Limited	Artisan Care Norwich Limited
Artisan Care Northampton Limited	

All the companies listed below are registered at Little Houghton House, Bedford Road, Little Houghton, Northamptonshire, NN7 1AB.

Subsidiary undertakings	Principal activity	Company Percentage and class of shares held	Group Percentage and class of shares held
Artisan Care Devco Limited	Development company	100% Ordinary	100% Ordinary
Artisan Care Clevedon Limited	Care home operation	100% Ordinary	100% Ordinary
Artisan Care Northants Holdco Limited	Holding company	100% Ordinary	100% Ordinary
Artisan Care Northants Limited	Care home operation	*100% Ordinary	*100% Ordinary
Artisan Care Stafford Limited	Dormant	100% Ordinary	100% Ordinary
Artisan Care Kettering Limited	Care home operation	100% Ordinary	100% Ordinary
Artisan Care Godmanchester Limited	Dormant	100% Ordinary	100% Ordinary
Artisan Care Northampton Limited	Care home operation	100% Ordinary	100% Ordinary
Artisan Care Norwich Limited	Dormant	100% Ordinary	100% Ordinary
Artisan Care Downham Limited	Dormant	100% Ordinary	100% Ordinary
Artisan Care Sheringham Limited	Dormant	100% Ordinary	100% Ordinary

* Held indirectly

Notes (continued)

12 Stocks

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Raw materials and consumables	80	10	-	-
Work in progress	1,152	484	-	-
	<u>1,232</u>	<u>494</u>	<u>-</u>	<u>-</u>

Capitalised care home development costs are classified as work in progress where the Group has a formal agreement for the sale of the home to a third party or the group is contracted as the developer. Where there is no such agreement, development costs capitalised are classified as tangible fixed assets, assets in construction.

13 Debtors

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade debtors	292	66	-	-
Amounts owed by parent undertaking (see note 20)	139	-	-	-
Amounts owed by related undertakings (see note 20)	132	48	592	650
Other debtors and prepayments	1,209	1,268	-	-
Group relief receivable	-	-	-	1
	<u>1,772</u>	<u>1,382</u>	<u>592</u>	<u>651</u>

There are no debtors receivable after more than one year (2022: £nil) included in the debtors analysis set out above. Amounts owed by group undertakings have no fixed repayment date.

14 Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Trade creditors	1,632	549	30	18
Amounts owed to group undertakings	-	-	647	723
Amounts owed to parent undertaking (see note 20)	624	-	-	-
Amounts owed to related undertakings (see note 20)	400	24	136	-
Deferred tax	21	-	-	-
Taxation and social security	378	200	-	-
Other creditors and deferred income	2,297	2,100	79	-
	<u>5,352</u>	<u>2,873</u>	<u>892</u>	<u>741</u>

Amounts owed to group undertakings have no fixed repayment date.

Notes (continued)

15 Creditors: amounts falling due after more than one year

	Group 2023 £000	2022 £000	Company 2023 £000	2022 £000
Accruals – future property rental increases	3,309	2,343	-	-
Finance leases	17	33	-	-
Other Loans (see note 20)	661	-	-	-
	<u>3,987</u>	<u>2,376</u>	<u>-</u>	<u>-</u>

Accruals for future property rental increases have arisen from spreading guaranteed future rent increases over the lease term.

16 Deferred taxation

The Group has net unrecognised deferred tax assets of £1.0m (2022: £0.6m) arising on UK corporation tax losses and fixed asset timing differences. These assets have not been recognised due to uncertainty over the timing of their future recovery.

	Assets		Liabilities		Net	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Fixed asset timing differences	-	-	(121)	(101)	(121)	(101)
Trading timing differences	-	32	-	-	-	32
Losses and other deductions	1,067	640	-	-	1,067	640
	<u>1,067</u>	<u>672</u>	<u>(121)</u>	<u>(101)</u>	<u>946</u>	<u>571</u>

17 Capital and reserves

Share capital

	Group and Company Ordinary shares of £1 each Number	
On issue at 1 April 2022 and 31 March 2023 – fully paid	<u>1</u>	
	<u>Group and Company 2023 £</u>	<u>Group and Company 2022 £</u>
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	1	1
Shares classified in shareholders' funds	<u>1</u>	<u>1</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

18 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group	
	2023	2022
	£000	£000
Financial assets measured at amortised cost		
Trade receivables	292	66
Other debtors and prepayments	1,209	1,268
Amounts owed by related undertakings	132	-
Amounts owed by parent undertaking	139	48
	1,772	1,382
Financial liabilities measured at amortised cost		
Trade creditors	1,632	549
Amounts owed to related undertakings	400	24
Amounts owed to parent undertaking	624	-
Other creditors and accruals	2,297	2,100
	4,953	2,673

19 Operating leases

Non-cancellable operating property lease rentals are payable as follows:

	Group		Company	
	2023	2022	2023	2022
	£000	£000	£000	£000
Less than one year	3,163	3,131	-	-
Between one and five years	16,293	12,841	-	-
More than five years	97,755	104,370	-	-
	117,211	120,342	-	-

During the year, operating property lease expenses have been recognised as follows:

	2023	2022
	£000	£000
Administration expenses - exceptional	446	556
Administration expenses - other	3,433	3,199
	3,879	3,756

Notes (continued)

20 Related parties

Transactions with other subsidiaries of Xanadu Investments Limited.

During the year the group was charged management fees of £197k (2022: £101k) by former subsidiaries of Xanadu Investments Limited that do not form part of this consolidation. These charges are included in administrative expenses.

Amounts owed to and from the parent are as follows:

	2023 £000	2022 £000
Balances owed to parent:		
Artisan Care Group Limited	624	-
	<u>624</u>	<u>-</u>
	2023 £000	2022 £000
Balances due from parent:		
Artisan Care Group Limited	139	-
	<u>139</u>	<u>-</u>

Amounts owed to other subsidiaries of Xanadu Investments Limited are as follows

	2023 £000	2022 £000
Iceni Construction Norwich Limited	661	-
Seagrave Care Developments Limited	400	-
	<u>1,061</u>	<u>-</u>

Amounts owed by other subsidiaries of Xanadu Investments Limited

	2023 £000	2022 £000
Xanadu Stafford Limited	132	-
	<u>132</u>	<u>-</u>

Amounts owed to former subsidiaries of Xanadu Investments Limited are as follows:

	2023 £000	2022 £000
Avery Management Services Limited	3	3
Willowbrook Healthcare Limited	-	21
	<u>3</u>	<u>24</u>

Notes (continued)

21 Accounting estimates and judgements

In the preparation of the financial statements, it is necessary for the management of the Company to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Impairment of work in progress and assets under construction – care home development

The Group considers whether work in progress is impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of expected costs to complete development and comparison with agreed forecast revenues upon sale.

Impairment of goodwill

The Group considers whether goodwill is impaired. Where an indication of impairment is identified the estimates of recoverable value of the cash generating units (CGU's) are assessed. This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

22 Ultimate parent company and parent company of larger group

As at the year ended 31 March 2023, the largest individual shareholder is Artisan Care Group Limited. The largest group in which the results of the Company are consolidated is that headed by Xanadu Investments Limited. The smallest group in which the results of the Company are consolidated is that headed by Artisan Care Holdco Limited.