

HIGHER DRIVE NURSING HOME (HOLDINGS) LIMITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE PERIOD ENDED 30 JUNE 2023

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	5	6,915,772	6,991,982
Investments	6	100	100
		<u>6,915,872</u>	<u>6,992,082</u>
Current assets			
Debtors: amounts falling due within one year	7	7,825,872	7,290,428
Cash at bank and in hand	8	638	40,158
		<u>7,826,510</u>	<u>7,330,586</u>
Creditors: amounts falling due within one year	9	(14,355,155)	(3,917,043)
Net current (liabilities)/assets		<u>(6,528,645)</u>	<u>3,413,543</u>
Total assets less current liabilities		<u>387,227</u>	<u>10,405,625</u>
Creditors: amounts falling due after more than one year		-	(9,735,014)
Provisions for liabilities			
Deferred tax	11	(364,649)	(354,487)
		<u>(364,649)</u>	<u>(354,487)</u>
Net assets		<u><u>22,578</u></u>	<u><u>316,124</u></u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account		22,478	316,024
		<u><u>22,578</u></u>	<u><u>316,124</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

T McGranaghan
Director

HIGHER DRIVE NURSING HOME (HOLDINGS) LIMITED
REGISTERED NUMBER:05453021

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2023

Date: 30 October 2024

The notes on form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

1. GENERAL INFORMATION

Higher Drive Nursing Home (Holdings) Limited is a limited liability company incorporated in the UK. The registered office is 10 Temple Back, Bristol, BS1 6FL.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Fairlie Holdings Limited as at 30 June 2023 and these financial statements may be obtained from Companies House.

The company has taken exemption from preparing consolidated financial statements as it forms part of a larger group preparing consolidated financial statements in the UK.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The company has made a loss in the year of £293,546 (2022: profit of £152,251) and has shareholder's funds of £22,578 (2022: £316,124).

The main revenue stream for Higher Drive Nursing Home (Holdings) Ltd comes from rent associated with leasing 92 – 94 Higher Drive to its subsidiary, 92 Higher Drive Ltd. The revenue streams for 92 Higher Drive Ltd are provided by Integrated Care Boards (ICBs) and Social Services and have remained strong and are forecast to continue to do so for the foreseeable future. 92 Higher Drive Ltd continues to provide a high-quality provision for its patients to secure its revenue streams.

The Company is a part of the Fairlie Holdings Limited group ("the Group") and the Group has two distinct and separate funding groups, one of which has borrowings from Barclays ("the Barclays borrowing group") and the other which has borrowings from Triodos ("the Triodos borrowing group"). As disclosed in Notes 11 & 14, the company is part of the Triodos borrowing group and cross guarantees exist amongst the members of the Triodos borrowing group on facilities totalling £17,841,546.

At the balance sheet date the Triodos borrowing group funding facilities' financial covenants were not being met. No formal waiver of enforcement action as a result of this breach has been obtained by the directors, and the facilities are therefore in default and treated as repayable on demand at the Balance Sheet date. Triodos has also instructed an independent review of likely future trading performance of companies in the Triodos borrowing group. This review has not yet been concluded.

The directors are in discussions with Triodos regarding this breach and the ongoing review, and are seeking confirmation that existing facilities will continue to be made available. Whilst continuing in a positive way, and the outcome of ongoing discussions is expected to be positive, the conclusion remains uncertain.

Notwithstanding the above breach, based on financial performance to date and forecasts, the directors are satisfied that the Company and other companies in the Triodos borrowing group have sufficient resources to meet the covenant, debt finance service and working capital requirements of these debt facilities going forward.

At the balance sheet date the company had balances totalling £2,856,915 due to members of the Barclays borrowing group. At the balance sheet date, the Company's subsidiary had balances of £2,857,501 due from members of the Barclays borrowing group.

The Company, its subsidiaries and the wider Group are dependant upon the continued availability of these balances, and intercompany balances with the wider group, which the directors expect to be the case. This is predicated on those companies continuing to trade. Should that not be the case, the recoverability of balances receivable would become uncertain. If repayment of the balances payable was sought the company would need to seek alternative sources of funding. The availability of such funding would be uncertain.

Since the Balance Sheet date, the Barclays facility has expired and been replaced by a facility with Cynergy Bank. Based on financial performance to date and forecasts, the directors are satisfied that the Company and other companies in the Barclays borrowing group have sufficient resources to meet the covenant, debt finance service and working capital requirements of those debt facilities.

The directors therefore consider that the group is able to provide the support required for the company to continue to operate for a period of at least 12 months from the approval of the accounts and therefore it is appropriate to prepare the accounts on a going concern basis.

If the group were unable to obtain adequate funding, it would not be able to continue trading and adjustments would have to be made to reduce the assets to their realisable amount and to provide for any further liabilities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

2. ACCOUNTING POLICIES (continued)

2.4 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue represents rent receivable in the period.

2.5 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Freehold land	- not depreciated

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 DEBTORS

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 CREDITORS

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

2. ACCOUNTING POLICIES (continued)

2.10 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.11 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.12 PROVISIONS FOR LIABILITIES

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.13 CURRENT AND DEFERRED TAXATION

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

No consideration has been paid in respect of group relief utilised throughout the group in the current or prior year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

3.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make significant judgements and estimates, where required.

Freehold property is a specialist care home held at cost and the director's assess at each period end if there are any indicators of impairment.

4. **EMPLOYEES**

The average monthly number of employees, including directors, during the period was 2 (2022: 2).

5. **TANGIBLE FIXED ASSETS**

	Freehold property £
COST	
At 1 July 2022	7,457,224
At 30 June 2023	<u>7,457,224</u>
DEPRECIATION	
At 1 July 2022	465,242
Charge for the period on owned assets	76,210
At 30 June 2023	<u>541,452</u>
NET BOOK VALUE	
At 30 June 2023	<u><u>6,915,772</u></u>
At 30 June 2022	<u><u>6,991,982</u></u>

Included in land and buildings is freehold land at a cost of £1,180,559 (2022: £1,180,559), which is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

6. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST	
At 1 July 2022	100
At 30 June 2023	100

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

7. DEBTORS

	2023 £	2022 £
Amounts owed by group undertakings	7,795,199	7,099,078
Prepayments and accrued income	30,673	191,350
	<u>7,825,872</u>	<u>7,290,428</u>

Amounts owed by group undertakings are unsecured, repayable on demand and bear no interest.

8. CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Cash at bank and in hand	638	40,158
	<u>638</u>	<u>40,158</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Bank loans	11,414,543	770,000
Amounts owed to group undertakings	2,856,915	3,106,915
Accruals and deferred income	83,697	40,128
	<u>14,355,155</u>	<u>3,917,043</u>

For information regarding bank loans, see note 10.

Amounts owed to group undertakings are unsecured, repayable on demand and bear no interest.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

10. LOANS

Analysis of the maturity of loans is given below:

	2023 £	2022 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	11,414,543	770,000
	<u>11,414,543</u>	<u>770,000</u>
AMOUNTS FALLING DUE 1-2 YEARS		
Bank loans	-	770,000
	<u>-</u>	<u>770,000</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	-	2,310,000
	<u>-</u>	<u>2,310,000</u>
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Bank loans	-	6,655,014
	<u>-</u>	<u>6,655,014</u>
	<u>11,414,543</u>	<u>10,505,014</u>

Bank loans are secured by a fixed charge over the assets of the company, Woodstown House Property Limited, Abercorn Property Limited and by a cross guarantee with 92 Higher Drive Limited, Woodstown Healthcare Limited and Abercorn House Healthcare Limited. The loan bears a minimum interest of 2.75% or 2.25% over the Bank of England base rate (subject to a minimum total rate). The loans are repayable by instalments over 20 years. However, at the year end the facility was in default so the full amount is disclosed as due within one year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

11. DEFERRED TAXATION

	2023 £	2022 £
At beginning of year	(354,487)	(342,190)
Charged to profit or loss	(10,162)	(12,297)
AT END OF YEAR	(364,649)	(354,487)

The provision for deferred taxation is made up as follows:

	2023 £	2022 £
Accelerated capital allowances	(364,649)	(354,487)
	(364,649)	(354,487)

12. SHARE CAPITAL

	2023 £	2022 £
ALLOTTED, CALLED UP AND FULLY PAID		
100 (2022: 100) Ordinary shares of £1.00 each	100	100

13. CONTINGENT LIABILITIES

The company is subject to a fixed charge over its assets in favour of Triodos Bank plc with Abercorn Property Limited, Woodstown House Property Limited and by a cross guarantee with 92 Higher Drive Limited, Woodstown Healthcare Limited and Abercorn House Healthcare Limited fellow group companies, on loans totalling £17,841,546 (2022: £17,072,876).

14. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of a group whose consolidated financial statements are publicly available and has therefore taken advantage of exemption under Section 33 to not disclose transactions with other group companies.

15. CONTROLLING PARTY

The immediate and ultimate parent undertaking is Fairlie Holdings Limited, a company incorporated in the United Kingdom. The consolidated accounts are available from Companies House and the registered office of Fairlie Holdings Limited is 10 Temple Back, Bristol, BS1 6FL.

The ultimate controlling party is J G Whelan by virtue of his majority shareholdings in Fairlie Holdings Limited.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

16. AUDITORS' INFORMATION

The auditors' report on the financial statements for the period ended 30 June 2023 was unqualified.

In their report, the auditors emphasised the following matter without qualifying their report:

We draw attention to Note 2.3 in the financial statements, which indicates that the company was in breach of financial covenants attaching to its bank facilities, along with those of fellow subsidiaries to which the company is subject to a cross guarantee at 30 June 2023. Whilst the directors are confident of a successful outcome to ongoing negotiations with the bank, no formal waiver of enforcement action as a result of this breach has been obtained by the directors.

As stated in Note 2.3, these events or conditions, along with other matters as set forth in Note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed on 30 October 2024 by Andrew Sandiford BCom FCA (Senior Statutory Auditor) on behalf of Bishop Fleming Bath Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.