

REGISTERED NUMBER: 02358974 (England and Wales)

Ovalseal Limited

Group Strategic Report, Report of the Director and

Consolidated Financial Statements

For The Year Ended 31 March 2019

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For The Year Ended 31 March 2019**

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Ovalseal Limited
Company Information
For The Year Ended 31 March 2019

DIRECTOR: Mr M D Hartey

SECRETARY: Randomlight Limited

REGISTERED OFFICE: 6 - 8 Old Hall Road
Gatley
Cheadle
Cheshire
SK8 4BE

REGISTERED NUMBER: 02358974 (England and Wales)

AUDITORS: Lloyd Piggott Limited
Chartered Accountants and Statutory Auditor
St George's House
56 Peter Street
Manchester
M2 3NQ

**Group Strategic Report
For The Year Ended 31 March 2019**

The director presents his strategic report of the company and the group for the year ended 31 March 2019.

REVIEW OF BUSINESS

The group continued its principal activities throughout the current year as detailed in the Report of the Director.

As reported in the profit and loss account, revenue has shown an increase of 4.8% from £12,861,079 to £13,473,361 in the current period. Profit after tax has decreased from £1,283,210 to £1,149,571.

The increase in turnover is due to the acquisition of St Nicholas Nursing Home. Profit after tax has fallen due to the increase in Head Office costs as a result of the expansion of the business.

Financial position at the reporting date

The balance sheet shows that the group's net assets at the year-end have increased from £14,737,788 to £15,857,359. This is due to the profit in the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The director considers the key risks and uncertainties facing the group to be as follows:

Competitive pressure in a market for specialist challenging behaviour services is a continuing risk for the company as a number of alternative providers exist across the UK. The group continues to mitigate for this risk by developing services which are sufficiently differentiated from the competition by means of both the behavioural models applied and the niche client groups cared for by the group.

The service users are wholly funded by public sector sources. Consequently the group is therefore exposed to risks surrounding changes in government policies and the impact of enacted and planned reductions in spending on health and social care. This risk is mitigated by providing robust evidence of quality and service user outcomes, as well as ensuring that the group continues to contract with a wide range of funding providers. The group will continue to review and amend its cost base to counteract funding changes.

The director has considered the company's trading and cash flows for the foreseeable future and is confident that the company does have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.

FINANCIAL KEY PERFORMANCE INDICATORS

Management monitor cash balances throughout the year as key performance indicators.

	2019 £	2018 £
Cash at bank	543,175	1,303,841
EBITDAR	2,329,553	2,483,810

**Group Strategic Report
For The Year Ended 31 March 2019**

FUTURE DEVELOPMENT

The group's strategy is to continually improve the quality of the services provided and to increase its capacity. This will be delivered through:

- Investment into the development of clinical and management teams;
- development of new properties;
- refurbishment of existing properties; and
- strategic acquisitions.

ON BEHALF OF THE BOARD:

Mr M D Hartey - Director

24 October 2019

**Report of the Director
For The Year Ended 31 March 2019**

The director presents his report with the financial statements of the company and the group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review were those of the provision of specialist healthcare services and trading in antiques.

DIVIDENDS

No interim dividend was paid during the year. The director recommends a final dividend of £15,000 per share.

The total distribution of dividends for the year ended 31 March 2019 will be £ 30,000 .

FUTURE DEVELOPMENTS

Information regarding the future developments of the group can be found in the strategic report.

DIRECTOR

Mr M D Hartey held office during the whole of the period from 1 April 2018 to the date of this report.

FINANCIAL INSTRUMENTS

The group seeks to operate within its agreed overdraft facility with the bank. All sales are to UK customers and the majority of suppliers are UK based; the company has therefore not entered into any hedging arrangements in respect of risks relating to trade debtors or trade creditors.

The group currently utilises loans and overdrafts facilities from the bank, and therefore has a cash flow and liquidity risk. The bank is currently satisfied with the group's financial performance and the director does not think there is any risk of facilities being withdrawn.

EMPLOYMENT OF DISABLED PERSONS

The group's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the group. Employees who become disabled are retained in their existing posts where possible or retained for suitable alternative posts.

EMPLOYEE INVOLVEMENT

Regular meetings are held between senior management and employee representatives to discuss matters of concern. Employees are kept well-informed about the progress and position of the group by means of regular meetings.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Group Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

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

**Report of the Director
For The Year Ended 31 March 2019**

STATEMENT OF DIRECTOR'S RESPONSIBILITIES - continued

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Lloyd Piggott Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Mr M D Hartey - Director

24 October 2019

Report of the Independent Auditors to the Members of Ovalseal Limited

Opinion

We have audited the financial statements of Ovalseal Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, 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 of the parent company affairs as at 31 March 2019 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 Auditors' 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors 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.

Opinions 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 Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Ovalseal Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Director.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on pages four and five, the director is 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 director determines 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 director is 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 director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

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 a Report of the Auditors 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.

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 Report of the Auditors.

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 a Report of the Auditors 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.

Susan Redmond ACA (Senior Statutory Auditor)
for and on behalf of Lloyd Piggott Limited
Chartered Accountants and Statutory Auditor
St George's House
56 Peter Street
Manchester
M2 3NQ

13 November 2019

Ovalseal Limited (Registered number: 02358974)

**Consolidated Statement of Comprehensive Income
For The Year Ended 31 March 2019**

	Notes	2019 £	2018 £
TURNOVER	3	13,473,361	12,861,079
Cost of sales		4,306	-
GROSS PROFIT		13,469,055	12,861,079
Administrative expenses		11,638,433	11,096,795
		1,830,622	1,764,284
Other operating income		42,759	213,175
OPERATING PROFIT	5	1,873,381	1,977,459
Interest receivable and similar income		31	381
		1,873,412	1,977,840
Interest payable and similar expenses	6	411,844	329,579
PROFIT BEFORE TAXATION		1,461,568	1,648,261
Tax on profit	7	311,997	365,051
PROFIT FOR THE FINANCIAL YEAR		1,149,571	1,283,210
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,149,571	1,283,210
Profit attributable to: Owners of the parent		1,149,571	1,283,210
Total comprehensive income attributable to: Owners of the parent		1,149,571	1,283,210

The notes form part of these financial statements

Ovalseal Limited (Registered number: 02358974)

**Consolidated Statement of Financial Position
31 March 2019**

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	10		593,212		814,237
Tangible assets	11		22,495,241		19,303,341
Investments	12		-		-
			<u>23,088,453</u>		<u>20,117,578</u>
CURRENT ASSETS					
Stocks	13	11,377,937		9,968,026	
Debtors	14	1,620,274		1,493,527	
Cash at bank and in hand		<u>543,175</u>		<u>1,303,841</u>	
		13,541,386		12,765,394	
CREDITORS					
Amounts falling due within one year	15	<u>4,054,847</u>		<u>4,159,301</u>	
NET CURRENT ASSETS			<u>9,486,539</u>		<u>8,606,093</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			32,574,992		28,723,671
CREDITORS					
Amounts falling due after more than one year	16		(16,566,775)		(13,838,285)
PROVISIONS FOR LIABILITIES	21		<u>(150,858)</u>		<u>(147,598)</u>
NET ASSETS			<u>15,857,359</u>		<u>14,737,788</u>
CAPITAL AND RESERVES					
Called up share capital	22		2		2
Revaluation reserve	23		172,000		172,000
Retained earnings	23		<u>15,685,357</u>		<u>14,565,786</u>
SHAREHOLDERS' FUNDS			<u>15,857,359</u>		<u>14,737,788</u>

The financial statements were approved by the director on 24 October 2019 and were signed by:

Mr M D Hartey - Director

The notes form part of these financial statements

Ovalseal Limited (Registered number: 02358974)

**Company Statement of Financial Position
31 March 2019**

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Intangible assets	10		-		-
Tangible assets	11		5,000		5,000
Investments	12		<u>25,004</u>		<u>25,004</u>
			30,004		30,004
CURRENT ASSETS					
Debtors	14	413,220		265,452	
CREDITORS					
Amounts falling due within one year	15	<u>257,768</u>		<u>110,000</u>	
NET CURRENT ASSETS			<u>155,452</u>		<u>155,452</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>185,456</u>		<u>185,456</u>
CAPITAL AND RESERVES					
Called up share capital	22		2		2
Retained earnings	23		<u>185,454</u>		<u>185,454</u>
SHAREHOLDERS' FUNDS			<u>185,456</u>		<u>185,456</u>
Company's profit for the financial year			<u>30,000</u>		<u>30,000</u>

The financial statements were approved by the director on 24 October 2019 and were signed by:

Mr M D Hartey - Director

The notes form part of these financial statements

**Consolidated Statement of Changes in Equity
For The Year Ended 31 March 2019**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 April 2017	2	13,312,576	172,000	13,484,578
Changes in equity				
Dividends	-	(30,000)	-	(30,000)
Total comprehensive income	-	1,283,210	-	1,283,210
Balance at 31 March 2018	2	14,565,786	172,000	14,737,788
Changes in equity				
Dividends	-	(30,000)	-	(30,000)
Total comprehensive income	-	1,149,571	-	1,149,571
Balance at 31 March 2019	2	15,685,357	172,000	15,857,359

Ovalseal Limited (Registered number: 02358974)

**Company Statement of Changes in Equity
For The Year Ended 31 March 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2017	2	185,454	185,456
Changes in equity			
Dividends	-	(30,000)	(30,000)
Total comprehensive income	-	30,000	30,000
Balance at 31 March 2018	<u>2</u>	<u>185,454</u>	<u>185,456</u>
Changes in equity			
Dividends	-	(30,000)	(30,000)
Total comprehensive income	-	30,000	30,000
Balance at 31 March 2019	<u>2</u>	<u>185,454</u>	<u>185,456</u>

The notes form part of these financial statements

Consolidated Statement of Cash Flows
For The Year Ended 31 March 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	1,075,306	2,745,463
Interest paid		(411,844)	(329,579)
Tax paid		(348,768)	(169,313)
Net cash from operating activities		<u>314,694</u>	<u>2,246,571</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	286,974
Purchase of tangible fixed assets		(4,259,452)	(3,657,078)
Sale of tangible fixed assets		832,752	1,570,676
Interest received		31	381
Net cash from investing activities		<u>(3,426,669)</u>	<u>(1,799,047)</u>
Cash flows from financing activities			
New loans in year		3,600,000	400,000
Loan repayments in year		(676,015)	(570,031)
Amount introduced by directors		45,000	30,000
Amount withdrawn by directors		(38,058)	(192,049)
Equity dividends paid		(30,000)	(30,000)
Net cash from financing activities		<u>2,900,927</u>	<u>(362,080)</u>
(Decrease)/increase in cash and cash equivalents		<u>(211,048)</u>	<u>85,444</u>
Cash and cash equivalents at beginning of year	2	754,223	668,779
Cash and cash equivalents at end of year	2	<u><u>543,175</u></u>	<u><u>754,223</u></u>

The notes form part of these financial statements

Notes to the Consolidated Statement of Cash Flows
For The Year Ended 31 March 2019

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2019 £	2018 £
Profit before taxation	1,461,568	1,648,261
Depreciation charges	456,114	509,667
(Profit)/loss on disposal of fixed assets	(289)	225,041
Increase/(decrease) in provision	6,057	(5,025)
Finance costs	411,844	329,579
Finance income	(31)	(381)
	<u>2,335,263</u>	<u>2,707,142</u>
Increase in stocks	(1,409,911)	(538,359)
Increase in trade and other debtors	(126,747)	(263,740)
Increase in trade and other creditors	<u>276,701</u>	<u>840,420</u>
Cash generated from operations	<u><u>1,075,306</u></u>	<u><u>2,745,463</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2019

	31.3.19 £	1.4.18 £
Cash and cash equivalents	543,175	1,303,841
Bank overdrafts	-	(549,618)
	<u><u>543,175</u></u>	<u><u>754,223</u></u>

Year ended 31 March 2018

	31.3.18 £	1.4.17 £
Cash and cash equivalents	1,303,841	1,423,366
Bank overdrafts	(549,618)	(754,587)
	<u><u>754,223</u></u>	<u><u>668,779</u></u>

**Notes to the Consolidated Financial Statements
For The Year Ended 31 March 2019**

1. STATUTORY INFORMATION

Ovalseal Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2019.

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition. No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

During the year the group has paid rent of £15,000 to the director for use of assets.

Turnover

Income recognition, which is stated net of value added tax, is dependant upon the type of income concerned:

- The provision of care is recognised as it is earned on a periodic basis.
- Income from antiques is recognised at the point of sale.
- Consultancy income is recognised upon completion of services.

Goodwill

Positive goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 10 years. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 25% on reducing balance and 25% on cost
Fixtures and fittings	- 33% on reducing balance, 25% on reducing balance, 20% on reducing balance and 15% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on reducing balance and 25% on cost

No depreciation has been provided on the freehold buildings on the grounds that it would be immaterial as the estimated remaining useful economic life of the buildings exceed 50 years and the buildings have high residual values.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and estimation uncertainties

The preparation of the financial statements in conformity with generally accepted accounting principles requires the director to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates. In this regard, the director believes that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

Goodwill and residual values

The Director has reviewed the asset lives and associated residual values of goodwill, and in particular, the useful economic life and residual value and has concluded that asset lives and residual values are appropriate.

Depreciation and residual values

The Director has reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values and has concluded that asset lives and residual values are appropriate.

Investments

Investments are recorded at cost and reviewed for impairment on an annual basis.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Group are as follows:

(a) Trade receivables and trade payables

Trade receivables do not carry interest and are stated at their initial fair value reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables on normal terms are not interest bearing and are stated at their nominal value.

(b) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, net of bank overdrafts. Bank overdrafts are included within financial liabilities in current liabilities in the balance sheet.

(c) Bank and other borrowings

Interest-bearing bank and other borrowings are recorded at the fair value of the proceeds received. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

3. **TURNOVER**

The turnover and profit before taxation are attributable to the principal activities of the group.

An analysis of turnover by class of business is given below:

	2019	2018
	£	£
Specialist healthcare	13,466,861	12,861,079
Antiques and other services	6,500	-
	<u>13,473,361</u>	<u>12,861,079</u>

An analysis of turnover by geographical market is given below:

	2019	2018
	£	£
United Kingdom	13,473,361	12,861,079
	<u>13,473,361</u>	<u>12,861,079</u>

4. **EMPLOYEES AND DIRECTORS**

	2019	2018
	£	£
Wages and salaries	8,187,000	7,294,403
Social security costs	465,920	441,573
Other pension costs	78,785	45,614
	<u>8,731,705</u>	<u>7,781,590</u>

The average number of employees during the year was as follows:

	2019	2018
Management	15	13
Nursing and care staff	287	212
Clinical and support staff	64	53
Administrative staff	20	18
	<u>386</u>	<u>296</u>

Key Personnel:

The key personnel are considered to be the director only. Please see the note below for remuneration paid to the director in the year.

	2019	2018
	£	£
Director's remuneration	27,000	26,194
Director's pension contributions to money purchase schemes	<u>4,800</u>	<u>4,800</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2019	2018
Money purchase schemes	<u>1</u>	<u>1</u>

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

5. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	2019	2018
	£	£
Hire of plant and machinery	32,311	25,142
Depreciation - owned assets	235,089	272,996
(Profit)/loss on disposal of fixed assets	(289)	225,041
Goodwill amortisation	221,025	236,671
Auditors' remuneration	30,691	37,385
Foreign exchange differences	<u>10</u>	<u>431</u>

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019	2018
	£	£
Bank interest	388,594	329,579
Other interest paid	<u>23,250</u>	<u>-</u>
	<u>411,844</u>	<u>329,579</u>

7. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019	2018
	£	£
Current tax:		
UK corporation tax	314,794	354,427
Deferred tax	<u>(2,797)</u>	<u>10,624</u>
Tax on profit	<u>311,997</u>	<u>365,051</u>

UK corporation tax was charged at 19% in 2018.

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>1,461,568</u>	<u>1,648,261</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	277,698	313,170
Effects of:		
Expenses not deductible for tax purposes	49,940	51,635
Income not taxable for tax purposes	-	(39,112)
Utilisation of tax losses	534	-
Under/(over) provision in previous year	(5,660)	-
Change in rate	(10,460)	(4,064)
(Profit)/Loss on disposal of assets	<u>(55)</u>	<u>43,422</u>
Total tax charge	<u>311,997</u>	<u>365,051</u>

The main rate of corporation tax has been 19% from 1 April 2017, prior to this, the rate had been 20%.

8. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

9. DIVIDENDS

	2019 £	2018 £
Ordinary shares of £1 each		
Final	<u>30,000</u>	<u>30,000</u>

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

10. INTANGIBLE FIXED ASSETS**Group**

	Goodwill £
COST	
At 1 April 2018 and 31 March 2019	<u>1,487,917</u>
AMORTISATION	
At 1 April 2018	673,680
Amortisation for year	<u>221,025</u>
At 31 March 2019	<u>894,705</u>
NET BOOK VALUE	
At 31 March 2019	<u>593,212</u>
At 31 March 2018	<u>814,237</u>

11. TANGIBLE FIXED ASSETS**Group**

	Freehold property £	Improvements to property £	Plant and machinery £
COST OR VALUATION			
At 1 April 2018	18,195,535	183,533	84,512
Additions	4,052,477	-	9,102
Disposals	(832,463)	-	-
At 31 March 2019	<u>21,415,549</u>	<u>183,533</u>	<u>93,614</u>
DEPRECIATION			
At 1 April 2018	60,308	-	50,737
Charge for year	-	-	9,972
At 31 March 2019	<u>60,308</u>	<u>-</u>	<u>60,709</u>
NET BOOK VALUE			
At 31 March 2019	<u>21,355,241</u>	<u>183,533</u>	<u>32,905</u>
At 31 March 2018	<u>18,135,227</u>	<u>183,533</u>	<u>33,775</u>

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

11. TANGIBLE FIXED ASSETS - continued**Group**

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST OR VALUATION				
At 1 April 2018	2,478,886	88,634	-	21,031,100
Additions	177,814	19,450	609	4,259,452
Disposals	-	-	-	(832,463)
At 31 March 2019	2,656,700	108,084	609	24,458,089
DEPRECIATION				
At 1 April 2018	1,554,270	62,444	-	1,727,759
Charge for year	217,217	7,806	94	235,089
At 31 March 2019	1,771,487	70,250	94	1,962,848
NET BOOK VALUE				
At 31 March 2019	885,213	37,834	515	22,495,241
At 31 March 2018	924,616	26,190	-	19,303,341

Cost or valuation at 31 March 2019 is represented by:

	Freehold property £	Improvements to property £	Plant and machinery £
Valuation in 1989	215,000	-	-
Cost	21,200,549	183,533	93,614
	21,415,549	183,533	93,614

	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 1989	-	-	-	215,000
Cost	2,656,700	108,084	609	24,243,089
	2,656,700	108,084	609	24,458,089

If freehold properties had not been revalued they would have been included at the following historical cost:

	2019 £	2018 £
Cost	21,200,549	17,980,535

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

11. TANGIBLE FIXED ASSETS - continued

Company

Freehold
property
£

COST

At 1 April 2018
and 31 March 20195,000

NET BOOK VALUE

At 31 March 2019

5,000

At 31 March 2018

5,000

12. FIXED ASSET INVESTMENTS

Company

Shares in
group
undertakings
£

COST

At 1 April 2018
and 31 March 201925,004

NET BOOK VALUE

At 31 March 2019

25,004

At 31 March 2018

25,004

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

Randomlight Limited

Registered office: 6-8 Old Hall Road, Gatley, Cheadle, SK8 4BE

Nature of business: Healthcare

Class of shares:

%
holding
100.00

Ordinary

Shogun Limited

Registered office: 6-8 Old Hall Road, Gatley, Cheadle, SK8 4BE

Nature of business: Dormant

Class of shares:

%
holding
100.00

Ordinary

Woodhead Hall Limited

Registered office: 6-8 Old Hall Road, Gatley, Cheadle, SK8 4BE

Nature of business: Dormant

Class of shares:

%
holding
100.00

Ordinary

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

13. STOCKS

	Group	
	2019	2018
	£	£
Finished goods	<u>11,377,937</u>	<u>9,968,026</u>

The amount of stock recognised as an expense in cost of sales during the year is £1,409,911 (2018: £538,359).

There are no write-downs or reversal of write-downs of stocks in 2019 or 2018.

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	1,034,815	1,086,187	-	-
Amounts owed by group undertakings	-	-	413,220	265,452
Other debtors	319,893	161,126	-	-
Prepayments	265,566	246,214	-	-
	<u>1,620,274</u>	<u>1,493,527</u>	<u>413,220</u>	<u>265,452</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank loans and overdrafts (see note 17)	871,510	1,225,633	-	-
Trade creditors	920,214	883,625	-	-
Amounts owed to group undertakings	-	-	147,768	-
Corporation tax	320,453	354,427	-	-
Social security and other taxes	167,450	127,144	-	-
Other creditors	940,560	875,049	-	-
Directors' current accounts	306,506	299,564	110,000	110,000
Accruals and deferred income	528,154	393,859	-	-
	<u>4,054,847</u>	<u>4,159,301</u>	<u>257,768</u>	<u>110,000</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group	
	2019	2018
	£	£
Bank loans (see note 17)	<u>16,566,775</u>	<u>13,838,285</u>

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

17. **LOANS**

An analysis of the maturity of loans is given below:

	Group	
	2019	2018
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	549,618
Bank loans	871,510	676,015
	<u>871,510</u>	<u>1,225,633</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	13,326,775	691,510
Amounts falling due between two and five years:		
Bank loans	<u>3,240,000</u>	<u>13,146,775</u>

18. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2019	2018
	£	£
Within one year	43,069	55,125
Between one and five years	19,399	57,123
	<u>62,468</u>	<u>112,248</u>

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	2019	2018
	£	£
Bank overdraft	-	549,618
Bank loans	17,438,285	14,514,300
	<u>17,438,285</u>	<u>15,063,918</u>

The above are secured by a legal charge dated 31 August 2010. Updated to include a first legal charge and debenture over all the assets of Almond Villas from October 2015. Then updated to include a first legal charge over the land & buildings of Woodhead Hall Limited and Beechwood (Liverpool) Limited from January 2019. This includes:

- A debenture including a floating charge from Coed Du Hall and Randomlight over all assets and undertaking.
- A first legal mortgage from Coed Du Hall over certain properties of the company, and a negative pledge over certain properties.
- A cross guarantee between Coed Du Hall and Randomlight in respect of their obligations to the lender.

20. FINANCIAL INSTRUMENTS

The Group's financial instruments may be analysed as follows:

	2018	2017
	£	£
Financial assets measured at amortised cost:		
Trade debtors	<u>1,086,187</u>	<u>1,011,990</u>
Financial liabilities measured at amortised cost:		
Bank loans and overdrafts	15,063,918	15,438,918
Trade creditors	<u>883,625</u>	<u>707,195</u>

21. PROVISIONS FOR LIABILITIES

	Group	
	2019	2018
	£	£
Deferred tax	<u>88,876</u>	<u>91,673</u>
Other provisions	<u>61,982</u>	<u>55,925</u>
Aggregate amounts	<u>150,858</u>	<u>147,598</u>

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

21. PROVISIONS FOR LIABILITIES - continued**Group**

	Deferred tax £	Other £
Balance at 1 April 2018	91,673	55,925
Movement in year	<u>(2,797)</u>	<u>6,057</u>
Balance at 31 March 2019	<u>88,876</u>	<u>61,982</u>

Other provisions in the accounts are regarding legal matters.

As at 31 March 2019 a deferred tax liability of £88,876 (2018: £91,673) has been recognised due to the reasonable expectation of tax payable in future periods in respect of taxable temporary differences.

There is no unrecognised deferred tax.

Deferred tax balances at the balance sheet date have been calculated using a rate of 17%, on the basis that this rate had been substantively enacted at the balance sheet date.

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value: £1	2019 £	2018 £
2	Ordinary		<u>2</u>	<u>2</u>

23. RESERVES**Group**

	Retained earnings £	Revaluation reserve £	Totals £
At 1 April 2018	14,565,786	172,000	14,737,786
Profit for the year	1,149,571		1,149,571
Dividends	<u>(30,000)</u>		<u>(30,000)</u>
At 31 March 2019	<u>15,685,357</u>	<u>172,000</u>	<u>15,857,357</u>

Company

	Retained earnings £
At 1 April 2018	185,454
Profit for the year	30,000
Dividends	<u>(30,000)</u>
At 31 March 2019	<u>185,454</u>

Notes to the Consolidated Financial Statements - continued
For The Year Ended 31 March 2019

24. PENSION COMMITMENTS

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 £78,785 (2018 - £45,614).

Contributions totalling £25,600 (2018 - £9,133) were payable to the scheme at the end of the year and are included in creditors.

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is M D Hartey.

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.