

Registration number: 02761889

SENTINEL HEALTH CARE LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2019

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT



SENTINEL HEALTH CARE LIMITED

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SENTINEL HEALTH CARE LIMITED

COMPANY INFORMATION

Directors C M Brumpton

A L Donnelly

R G Donnelly

Company secretary R G Donnelly

Registered office Fritham House
Fritham
Lyndhurst
Hampshire
SO43 7HH

Bankers The Royal Bank Of Scotland PLC
Portsmouth Commercial Banking Centre
1st Floor, Bay House
Compass Road
North Harbour Business Park, North Harbour
Portsmouth
Hampshire
PO6 4RS

Auditors Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

SENTINEL HEALTH CARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 JANUARY 2019

The directors present their strategic report for the year ended 31 January 2019.

Principal activity

The principal activity of the company is that of owning, running and administration of nursing homes and ancillary services.

The principal activity of Dunwood Properties Limited is that of the development of healthcare properties.

Fair review of the business

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

The directors consider that at the year end the group held a strong financial position with adequate liquid resources.

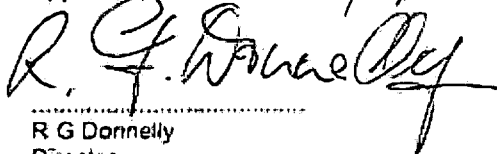
The group's principal financial balances comprise freehold land and buildings and bank loans. The directors have considered the key performance indicators and are happy with the results.

Given the nature of the business, the directors are of the opinion that key performance indicators are important. The group uses a number of indicators to monitor and improve the position of the business. Indicators are reviewed and altered to meet changes both in the internal and external environments. The directors do not consider the inclusion of an analysis using key performance indicators to be necessary to assist users of the financial statements in their understanding of the financial performance or position of the group.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to the continued provision of adequate government funding and the ongoing compliance with current and future legislation affecting the sector.

Approved by the Board on 21/6/19 and signed on its behalf by:


R G Donnelly
Director

SENTINEL HEALTH CARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2019

The directors present their report and the consolidated financial statements for the year ended 31 January 2019.

Directors of the company

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

C M Brumpton

A L Donnelly

R G Donnelly

Financial instruments

Objectives and policies

The group is exposed to the usual credit and cash flow risks associated with selling on credit and manages this through credit control procedures. It also monitors the economic climate to assess the need for interest rate protection instruments relating to the group's borrowings. The board constantly monitors the group's trading results and revises projections as appropriate to ensure that the group can meet its future obligations as they fall due.

The group's bank loans are subject to price and liquidity risk as disclosed in note 18 to the financial statements.

The group's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing with terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts and
- pay in accordance with the group's contractual and other legal obligations.

Future developments

The detailed regulatory scrutiny of the healthcare sector is expected to continue, which is likely to create a barrier to entry for new providers and put pressure on competitors.

The directors are confident that the focus on constant quality improvements has positioned the group well to meet the challenges of the regulatory regime and capitalise on the changes leading to an improvement in its performance in the future.

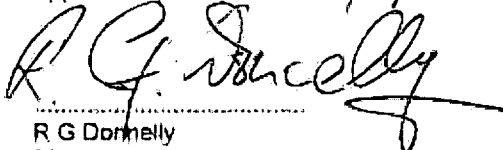
Disclosure of Information to the auditor

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

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Hazlewoods LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 21/6/19 and signed on its behalf by:



R G Donnelly
Director

SENTINEL HEALTH CARE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

SENTINEL HEALTH CARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTINEL HEALTH CARE LIMITED

Opinion

We have audited the financial statements of Sentinel Health Care Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2019, which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 January 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 Auditor's 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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company'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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

SENTINEL HEALTH CARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTINEL HEALTH CARE LIMITED

- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.


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

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date: 28/6/15

SENTINEL HEALTH CARE LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2019

	Note	2019 £	2018 £
Turnover	3	9,573,544	9,704,840
Cost of sales		<u>(5,853,884)</u>	<u>(5,865,924)</u>
Gross profit		3,719,660	3,838,916
Administrative expenses		(2,752,513)	(2,676,594)
Exceptional items	5	<u>(135,374)</u>	<u>(17,312)</u>
Operating profit	4	831,773	1,145,010
Other interest receivable and similar income	6	24,807	3,082
Interest payable and similar charges	7	<u>(266,550)</u>	<u>(119,340)</u>
Profit before tax		590,030	1,028,752
Taxation	11	<u>(123,044)</u>	<u>(221,539)</u>
Profit for the financial year		<u><u>466,986</u></u>	<u><u>807,213</u></u>

The above results were derived from continuing operations.

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31
JANUARY 2019**

	2019	2018
	£	£
Profit for the year	466,986	807,213
Surplus/(deficit) on property, plant and equipment revaluation	<u>-</u>	<u>26,851</u>
Total comprehensive income for the year	<u><u>466,986</u></u>	<u><u>834,064</u></u>

The notes on pages 14 to 28 form an integral part of these financial statements.

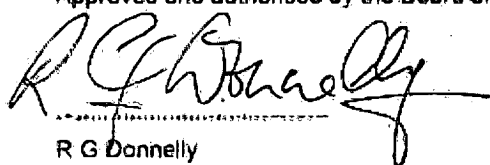
SENTINEL HEALTH CARE LIMITED

(REGISTRATION NUMBER: 02761889)

CONSOLIDATED BALANCE SHEET AS AT 31 JANUARY 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	2	2
Tangible assets	13	<u>22,546,359</u>	<u>22,769,224</u>
		<u>22,546,361</u>	<u>22,769,226</u>
Current assets			
Stocks	15	245,509	245,509
Debtors	16	943,644	530,132
Cash at bank and in hand		<u>1,808,456</u>	<u>1,981,117</u>
		2,997,609	2,756,758
Creditors: Amounts falling due within one year	17	<u>(1,828,904)</u>	<u>(1,844,903)</u>
Net current assets		<u>1,168,705</u>	<u>911,855</u>
Total assets less current liabilities		23,715,066	23,681,081
Creditors: Amounts falling due after more than one year	17	<u>(7,877,294)</u>	<u>(8,303,251)</u>
Provisions for liabilities	11	<u>(1,481,532)</u>	<u>(1,488,576)</u>
Net assets		<u>14,356,240</u>	<u>13,889,254</u>
Capital and reserves			
Called up share capital	19	8,065	8,065
Share premium reserve		268,205	268,205
Revaluation reserve		7,958,809	8,120,358
Profit and loss account		<u>6,121,161</u>	<u>5,492,626</u>
Total equity		<u>14,356,240</u>	<u>13,889,254</u>

Approved and authorised by the Board on 21/06/19 and signed on its behalf by:



R G Donnelly
Director

The notes on pages 14 to 28 form an integral part of these financial statements.

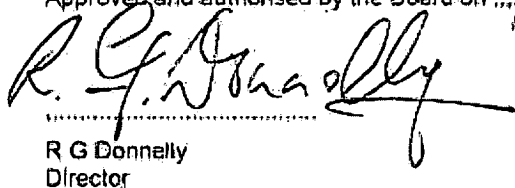
SENTINEL HEALTH CARE LIMITED

(REGISTRATION NUMBER: 02761889)
BALANCE SHEET AS AT 31 JANUARY 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	1	1
Tangible assets	13	22,555,820	22,774,567
Investments	14	1	1
		<u>22,555,822</u>	<u>22,774,569</u>
Current assets			
Debtors	18	939,120	525,885
Debtors: Amounts falling due after more than one year	16	572,554	592,367
Cash at bank and in hand		1,624,661	1,779,590
		<u>3,136,335</u>	<u>2,897,842</u>
Creditors: Amounts falling due within one year	17	<u>(1,821,732)</u>	<u>(1,835,970)</u>
Net current assets		<u>1,314,603</u>	<u>1,061,872</u>
Total assets less current liabilities		23,870,425	23,836,441
Creditors: Amounts falling due after more than one year	17	<u>(7,877,294)</u>	<u>(8,303,251)</u>
Provisions for liabilities	11	<u>(1,481,532)</u>	<u>(1,488,576)</u>
Net assets		<u>14,511,599</u>	<u>14,044,614</u>
Capital and reserves			
Called up share capital	19	8,065	8,065
Share premium reserve		268,205	268,205
Revaluation reserve		7,958,809	8,120,358
Profit and loss account		<u>6,276,520</u>	<u>5,647,986</u>
Total equity		<u>14,511,599</u>	<u>14,044,614</u>

The company made a profit after tax for the financial year of £466,986 (2018 - profit of £501,388).

Approved and authorised by the Board on 21/06/19 and signed on its behalf by:


R G Donnelly
Director

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2019
EQUITY ATTRIBUTABLE TO THE PARENT COMPANY

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 February 2018					
At 1 February 2018	8,065	268,205	8,120,358	5,492,626	13,889,254
Profit for the year	-	-	-	466,986	466,986
Transfer between revaluation reserve and profit and loss account	-	-	(161,549)	161,549	-
At 31 January 2019	<u>8,065</u>	<u>268,205</u>	<u>7,958,809</u>	<u>6,121,161</u>	<u>14,356,240</u>
	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 February 2017					
At 1 February 2017	8,065	268,205	8,251,455	4,527,465	13,055,190
Profit for the year	-	-	-	807,213	807,213
Transfer between revaluation reserve and profit and loss account	-	-	(157,948)	157,948	-
Movement in deferred tax provision on revalued properties	-	-	26,851	-	26,851
At 31 January 2018	<u>8,065</u>	<u>268,205</u>	<u>8,120,358</u>	<u>5,492,626</u>	<u>13,889,254</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2019

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 February 2018	8,065	268,205	8,120,358	5,647,985	14,044,613
Profit for the year	-	-	-	466,986	466,986
Other comprehensive income	-	-	(161,549)	161,549	-
At 31 January 2019	<u>8,065</u>	<u>268,205</u>	<u>7,958,809</u>	<u>6,276,520</u>	<u>14,511,599</u>

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 February 2018	8,065	268,205	8,251,455	4,988,650	13,516,375
Profit for the year	-	-	-	501,388	501,388
Transfer between revaluation reserve and profit and loss account	-	-	(157,948)	157,948	-
Movement in deferred tax provision on revalued properties	-	-	26,851	-	26,851
At 31 January 2018	<u>8,065</u>	<u>268,205</u>	<u>8,120,358</u>	<u>5,647,986</u>	<u>14,044,614</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JANUARY 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the year		466,986	807,213
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	571,483	615,554
Profit on disposal of tangible assets		(10,582)	(2,501)
Finance income	6	(24,807)	(3,082)
Finance costs	7	266,550	119,340
Income tax expense	11	123,044	221,539
		<u>1,392,674</u>	<u>1,758,063</u>
Working capital adjustments			
Increase in trade and other debtors	16	(329,897)	(152,269)
Decrease in trade and other creditors	17	<u>(30,853)</u>	<u>(25,411)</u>
Cash generated from operations		1,031,924	1,580,383
Income taxes paid	11	<u>(201,565)</u>	<u>(380,902)</u>
Net cash flow from operating activities		<u>830,359</u>	<u>1,199,481</u>
Cash flows from investing activities			
Interest received		6,192	3,082
Acquisitions of tangible assets		(320,880)	(523,589)
Proceeds from sale of tangible assets		<u>44,999</u>	<u>6,000</u>
Net cash flows from investing activities		<u>(269,689)</u>	<u>(514,507)</u>
Cash flows from financing activities			
Interest paid		(266,550)	(255,689)
Repayment of bank borrowing		(417,233)	(570,180)
Repayment of other borrowing		-	(20,852)
Payments to finance lease creditors		<u>(49,548)</u>	<u>-</u>
Net cash flows from financing activities		<u>(733,331)</u>	<u>(846,721)</u>
Net decrease in cash and cash equivalents		(172,661)	(161,747)
Cash and cash equivalents at 1 February		<u>1,981,117</u>	<u>2,142,864</u>
Cash and cash equivalents at 31 January		<u><u>1,808,456</u></u>	<u><u>1,981,117</u></u>

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

1 General information

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

The address of its registered office is:

Fritham House
Fritham
Lyndhurst
Hampshire
SO43 7HH

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements 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.

Basis of preparation

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

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

Basis of consolidation

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

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

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

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

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

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

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

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

Going concern

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

Judgements and estimation uncertainty

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

Revenue recognition

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

Tax

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

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

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

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

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

Depreciation

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

Asset class	Depreciation method and rate
Freehold buildings	2% straight line
Motor vehicles	25% straight line
Fixtures and fittings	Between 20% and 50% straight line
Computer equipment	50% straight line

Business combinations

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

Intangible assets

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

Cash and cash equivalents

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

Debtors

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

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

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

Creditors

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

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

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

Borrowings

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

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

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

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

The cost of operating leases is charged to the profit and loss account on a straight line basis over the term of the lease.

Share capital

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

Defined contribution pension obligation

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

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

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

Financial instruments

Classification

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

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment

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

Non-financial assets

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

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

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

Financial assets

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

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

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

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

3 Revenue

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

	2019	2018
	£	£
Fees	9,439,516	9,563,383
Other	61,142	65,841
Rent	67,636	70,366
Service charges	5,250	5,250
	<u>9,573,544</u>	<u>9,704,840</u>

4 Operating profit

Arrived at after charging/(crediting)

	2019	2018
	£	£
Depreciation expense	571,483	615,554
Operating lease expense - property	13,475	14,750
Operating lease expense - plant and machinery	20,382	16,924
Profit on disposal of property, plant and equipment	<u>(10,582)</u>	<u>(2,501)</u>

5 Exceptional items

	2019	2018
	£	£
Exceptional expenses	<u>135,374</u>	<u>17,312</u>

Exceptional expenses for the current year consist of non-recurring maintenance fees of £165,426.

Exceptional expenses for the prior year consisted of non-recurring professional fees of £17,312.

6 Other interest receivable and similar income

	2019	2018
	£	£
Interest income on bank deposits	6,156	3,082
Other interest receivable	<u>18,651</u>	<u>-</u>
	<u>24,807</u>	<u>3,082</u>

7 Interest payable and similar expenses

	2019	2018
	£	£
Interest on bank borrowings	262,290	114,636
Interest on obligations under finance leases and hire purchase contracts	3,086	4,704
HMRC interest paid	<u>1,174</u>	<u>-</u>
	<u>266,550</u>	<u>119,340</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

8 Staff costs

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

	2019 £	2018 £
Wages and salaries	4,367,918	4,191,956
Social security costs	374,749	363,670
Pension costs, defined contribution scheme	76,475	79,841
Other employee expense	39,507	28,597
	<u>4,858,649</u>	<u>4,664,064</u>

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

	2019 No.	2018 No.
Accounts and administration	15	16
Nursing and auxiliary	199	196
	<u>214</u>	<u>212</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration including Employer's NI	<u>219,490</u>	<u>261,770</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration including Employer's NI	<u>184,085</u>	<u>226,469</u>

10 Auditors' remuneration

	2019 £	2018 £
Audit of these financial statements	<u>12,300</u>	<u>12,300</u>
Other fees to auditors		
All other non-audit services	<u>13,550</u>	<u>16,950</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

11 Taxation

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

	2019 £	2018 £
Current taxation		
UK corporation tax	138,817	247,168
UK corporation tax adjustment to prior periods	<u>(8,729)</u>	<u>-</u>
	130,088	247,168
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(7,044)</u>	<u>(25,629)</u>
Tax expense in the income statement	<u>123,044</u>	<u>221,539</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19.16%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>590,030</u>	<u>1,028,752</u>
Corporation tax at standard rate	112,106	197,109
Effect of expense not deductible in determining taxable profit (tax loss)	820	222
Decrease in UK and foreign current tax from unrecognised temporary difference from a prior period	(8,729)	-
Tax increase from effect of capital allowances and depreciation	18,847	24,180
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>-</u>	<u>28</u>
Total tax charge	<u>123,044</u>	<u>221,539</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

Deferred tax

Group and company

Deferred tax assets and liabilities

	Liability £
2019	
Provision in respect of revalued property	1,630,108
Other fixed asset timing differences	(147,362)
Other timing differences	(1,214)
	<u>1,481,532</u>
2018	
Provision in respect of revalued property	1,663,206
Other fixed asset timing differences	(173,410)
Other timing differences	(1,220)
	<u>1,488,576</u>

12 Intangible assets

Group

	Goodwill £
Cost	
At 1 February 2018 and at 31 January 2019	<u>649,347</u>
Amortisation	
At 1 February 2018 and at 31 January 2019	<u>649,345</u>
Carrying amount	
At 31 January 2019	<u>2</u>
At 31 January 2018	<u>2</u>

Company

	Goodwill £
Cost	
At 1 February 2018 and at 31 January 2019	<u>120,450</u>
Amortisation	
At 1 February 2018 and at 31 January 2019	<u>120,449</u>
Carrying amount	
At 31 January 2019	<u>1</u>
At 31 January 2018	<u>1</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

13 Tangible assets

Group

	Freehold land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 February 2018	24,073,272	2,747,082	187,338	27,007,692
Additions	157,371	155,020	70,644	383,035
Disposals	-	-	(68,835)	(68,835)
At 31 January 2019	<u>24,230,643</u>	<u>2,902,102</u>	<u>189,147</u>	<u>27,321,892</u>
Depreciation				
At 1 February 2018	1,653,790	2,449,815	134,863	4,238,468
Charge for the year	414,427	132,065	24,991	571,483
Eliminated on disposal	-	-	(34,418)	(34,418)
At 31 January 2019	<u>2,068,217</u>	<u>2,581,880</u>	<u>125,436</u>	<u>4,775,533</u>
Carrying amount				
At 31 January 2019	<u>22,162,426</u>	<u>320,222</u>	<u>63,711</u>	<u>22,546,359</u>
At 31 January 2018	<u>22,419,482</u>	<u>297,267</u>	<u>52,475</u>	<u>22,769,224</u>

Revaluation

The fair value of the group's land and buildings was revalued on an existing use basis on 31 March 2014 by Edward Symons, an independent valuer, at £22,064,841 as a fully equipped operational entity excluding the Alma Road properties which were valued by a local agent at £750,000. Subsequent additions are included at cost. This valuation has been frozen on transition of the group's financial statements to FRS 102.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £14,030,868 (2018 - £14,089,029).

Land of £3,469,794, (2017 - £3,469,794) is not depreciated.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £	2018 £
Motor vehicles	<u>63,711</u>	<u>52,475</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

Company

	Freehold land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 February 2018	24,073,272	2,705,896	180,699	26,959,867
Additions	157,371	155,020	70,644	383,035
Disposals	-	-	(68,835)	(68,835)
At 31 January 2019	<u>24,230,643</u>	<u>2,860,916</u>	<u>182,508</u>	<u>27,274,067</u>
Depreciation				
At 1 February 2018	1,653,790	2,403,286	128,224	4,185,300
Charge for the year	414,427	127,947	24,991	567,365
Eliminated on disposal	-	-	(34,418)	(34,418)
At 31 January 2019	<u>2,068,217</u>	<u>2,531,233</u>	<u>118,797</u>	<u>4,718,247</u>
Carrying amount				
At 31 January 2019	<u>22,162,426</u>	<u>329,683</u>	<u>63,711</u>	<u>22,555,820</u>
At 31 January 2018	<u>22,419,482</u>	<u>302,610</u>	<u>52,475</u>	<u>22,774,567</u>

Revaluation

The fair value of the company's land and buildings was revalued on an existing use basis on 31 March 2014 by Edward Symons, an independent valuer at £22,064,841 as a fully equipped operational entity excluding the Alma Road properties which were valued by a local agent at £750,000. Subsequent additions are included at cost. This valuation has been frozen on transition of the group's financial statements to FRS 102.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £Nil (2018 - £14,089,029).

Land of £3,469,794, (2018 - £3,469,794) is not depreciated.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2019 £	2018 £
Motor vehicles	<u>63,711</u>	<u>52,475</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

14 Investments

Company

	2019 £	2018 £
Investments in subsidiaries	<u>1</u>	<u>1</u>

Subsidiaries

Cost and carrying amount

At 1 February 2018 and at 31 January 2019	<u>1</u>
-------------------------------------------	----------

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Dunwood Properties Limited	England and Wales	Ordinary	100%	100%

The principal activity of Dunwood Properties Limited is that of the development of healthcare properties.

15 Stocks

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Development property for resale	<u>245,509</u>	<u>245,509</u>	<u>-</u>	<u>-</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

16 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	119,445	148,130	118,195	146,880
Amounts owed by related parties	518,651	300,000	518,651	300,000
Other debtors	177,269	-	177,022	-
Prepayments	128,279	82,002	125,252	79,005
Amounts owed by group undertakings	-	-	572,554	592,367
	<u>943,644</u>	<u>530,132</u>	<u>1,511,674</u>	<u>1,118,252</u>
Less non-current portion	-	-	(572,554)	(592,367)
Total current trade and other debtors	<u>943,644</u>	<u>530,132</u>	<u>939,120</u>	<u>525,885</u>

Details of non-current trade and other debtors

Company

£572,554 (2018 - £592,367) of amounts owed by Dunwood Properties Limited is classified as non current.

17 Creditors

		Group		Company	
	Note	2019	2018	2019	2018
		£	£	£	£
Due within one year					
Loans and borrowings	18	872,128	850,795	872,128	850,795
Trade creditors		336,197	323,215	336,197	320,880
Social security and other taxes		121,726	118,502	121,726	118,502
Other creditors		179,802	223,346	179,802	223,346
Accrued expenses		229,386	229,827	222,214	223,229
Corporation tax liability	11	<u>89,665</u>	<u>99,218</u>	<u>89,665</u>	<u>99,218</u>
		<u>1,828,904</u>	<u>1,844,903</u>	<u>1,821,732</u>	<u>1,835,970</u>
Due after one year					
Loans and borrowings	18	<u>7,877,294</u>	<u>8,303,251</u>	<u>7,877,294</u>	<u>8,303,251</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

18 Loans and borrowings

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current loans and borrowings				
Bank borrowings	856,328	825,821	856,328	825,821
Finance lease liabilities	15,800	24,974	15,800	24,974
	<u>872,128</u>	<u>850,795</u>	<u>872,128</u>	<u>850,795</u>
	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	7,831,932	8,279,670	7,831,932	8,279,670
Finance lease liabilities	45,362	23,581	45,362	23,581
	<u>7,877,294</u>	<u>8,303,251</u>	<u>7,877,294</u>	<u>8,303,251</u>

The loans are secured by:

- a) all existing security, if any, held by the bank for the borrower's liabilities,
- b) security in the bank's preferred form as follows:-
 - i) a debenture by the borrower which is over all the assets of the company;
 - ii) first legal charges over the company's land and buildings;
 - iii) an unlimited inter company composite guarantee and between the company and its subsidiary Dunwood Properties Limited supported by a debenture by Dunwood Properties Limited and by a first legal charge over Dunwood Properties Limited's land and buildings,
- c) all future security which the bank may from time to time hold for the company's liabilities,
- d) collateral warranties in favour of the bank from the contractor, the consultants and the sub-contractor with design responsibility.

Interest is charged on the loan balance at 2.2% above LIBOR and the loan is due for repayment 54 months from the date the loan was drawn down.

19 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £0.01 each	<u>806,540</u>	<u>8,065</u>	<u>806,540</u>	<u>8,065</u>

The notes on pages 14 to 28 form an integral part of these financial statements.

SENTINEL HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2019

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £76,475 (2018 - £79,841).

Contributions totalling £nil (2018 - £7,177) were payable to the scheme at the end of the year and are included in creditors.

21 Obligations under leases and hire purchase contracts

Group and company

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	7,481	8,590
Later than one year and not later than five years	9,720	2,621
	<u>17,201</u>	<u>11,211</u>

22 Commitments

Group and company

Capital commitments

The group and company has a capital commitment for building work to be completed.

The total amount contracted for but not provided in the financial statements was £123,627 (2018 - £Nil).

23 Related party transactions

Group

During the year, a director R G Donnelly, invoiced the group £17,354 (2018 - £35,313) for the provision of marketing services.

During the year the company advanced loans totalling £200,000 to the directors. £500,000 (2018 - £300,000) was still outstanding as at 31 January 2019. Interest is payable on the loan at a commercial rate.

24 Parent and ultimate parent undertaking

There is no single ultimate controlling party.

The notes on pages 14 to 28 form an integral part of these financial statements.