

**REGISTERED NUMBER: 05773858 (England and Wales)**

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017  
FOR  
NORTHGATE HEALTHCARE LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2017**

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**NORTHGATE HEALTHCARE LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**DIRECTORS:** A K Haines  
K Haines  
M K Haines

**SECRETARY:** K Haines

**REGISTERED OFFICE:** White Gables  
Cross Lane Head  
Bridgnorth  
Shropshire  
WV16 4SJ

**REGISTERED NUMBER:** 05773858 (England and Wales)

**AUDITORS:** BSS & Co (Accountancy Services) Limited  
75 Aston Road  
Shifnal  
Shropshire  
TF11 8DU

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their strategic report for the year ended 31 December 2017.

We aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of our business and is written in the context of the risks and uncertainties we face.

**REVIEW OF BUSINESS**

We are a provider of residential care homes for the elderly and currently own and operate four homes in the Midlands following the purchase of our fourth home in this financial year. We assess the performance for each home separately.

We pride ourselves on the quality of our homes and care we provide. The purchase of our fourth home in 2017 has seen the group enter the nursing care sector to expand the services and care we are able to offer across the group.

There have been a number of obstacles across the group but the occupancy rates across the three existing homes have been satisfactory over the year. The newest home to the group was purchased with very low occupancy rates and with a number of issues which have been reviewed and have now been rectified since the purchase. These issues have resulted in lower than expected occupancy rates for that home for the 2017 year since acquisition but these rates have been steadily growing during 2018.

We have continued with the on-going program of repairs to all homes to ensure they are kept to the high standards which we continue to meet for all of our service users.

With the addition of nursing care to be provided at our newest home this enables the group to grow the range of care available to residents across the group. Residential nursing care is a growing sector of our industry and the directors felt this was a significant addition to the Northgate Healthcare group and although comes with challenges it will mean residents can continue to receive the high quality care they have been used to from a Northgate Healthcare home when nursing care is required.

We consider the key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being average occupancy rates, gross profit margin and earnings before interest, tax, depreciation and amortisation (EBITDA).

We target occupancy rates to be in excess of 95% and this was largely achieved across our three original homes for the year. Our newest home was well below our target but we are expecting that home will reach our occupancy targets during 2019. We continue to have high resident retention and satisfaction across all homes in the group.

The gross profit margin for the company as a whole was just over 36% this year which was in line with the results for 2016. This was again below our target gross margin but this was due to the combination of lower than expected turnover at our newest home which has meant the proportion of staff costs were vastly higher than envisaged. The home acquired in 2015 now has a better gross margin of just under 36% which has improved further during 2018. We expect our gross margins for 2018 will be slightly higher than for 2017 as the newest home occupancy grows throughout the year following the reorganisation which has taken place since acquisition. We have planned occupancy rates for that home to be nearer our overall target of 95% by the end of 2019.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**PRINCIPAL RISKS AND UNCERTAINTIES**

A number of risk factors continue to potentially impact the operating and financial performance of the company. These being:

- The effects of a further economic downturn which could lead to further pressures on margins
- Changes in the availability of public sector funding. A number of users of the company's care homes rely on government funding to assist with fees

With these risks and uncertainties in mind, we are aware that any plans for the future development of the business may be subject to unforeseen events outside of our control.

**ON BEHALF OF THE BOARD:**

A K Haines - Director

27 September 2018

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 December 2017 will be £ 198,000 .

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2017 to the date of this report.

A K Haines  
K Haines  
M K Haines

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of 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 company 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 directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director 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 company's auditors are aware of that information.

**AUDITORS**

The auditors, BSS & Co (Accountancy Services) Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A K Haines - Director

27 September 2018

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NORTHGATE HEALTHCARE LIMITED**

### **Opinion**

We have audited the financial statements of Northgate Healthcare Limited (the 'company') for the year ended 31 December 2017 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, 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 company's affairs as at 31 December 2017 and of its 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 company 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 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 in the Strategic Report and the Report of the Directors, 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 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NORTHGATE HEALTHCARE LIMITED**

### **Matters on which we are required to report by exception**

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

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 four, 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 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **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](http://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.

Mr B S Sahota F.C.C.A. (Senior Statutory Auditor)  
for and on behalf of BSS & Co (Accountancy Services) Limited  
75 Aston Road  
Shifnal  
Shropshire  
TF11 8DU

27 September 2018



**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>TURNOVER</b>		5,047,701	4,133,379
Cost of sales		<u>(3,226,054)</u>	<u>(2,646,597)</u>
<b>GROSS PROFIT</b>		1,821,647	1,486,782
Administrative expenses		<u>(871,047)</u>	<u>(866,763)</u>
<b>OPERATING PROFIT</b>	4	950,600	620,019
Interest receivable and similar income		<u>741</u>	<u>209</u>
		951,341	620,228
Interest payable and similar expenses	5	<u>(172,555)</u>	<u>(168,907)</u>
<b>PROFIT BEFORE TAXATION</b>		778,786	451,321
Tax on profit	6	<u>(144,316)</u>	<u>(85,543)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>634,470</u>	<u>365,778</u>

The notes form part of these financial statements

**OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

Notes	2017 £	2016 £
<b>PROFIT FOR THE YEAR</b>	634,470	365,778
<b>OTHER COMPREHENSIVE INCOME</b>		
Revaluation surplus	-	2,271,396
Income tax relating to other comprehensive income	<u>28,620</u>	<u>(271,865)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>	<u>28,620</u>	<u>1,999,531</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u><u>663,090</u></u>	<u><u>2,365,309</u></u>

The notes form part of these financial statements

**BALANCE SHEET**  
**31 DECEMBER 2017**

	Notes	2017 £	£	2016 £	£
<b>FIXED ASSETS</b>					
Intangible assets	8		988,721		903,546
Tangible assets	9		<u>13,724,414</u>		<u>10,960,712</u>
			14,713,135		11,864,258
<b>CURRENT ASSETS</b>					
Stocks	10	11,550		6,700	
Debtors	11	475,809		176,431	
Prepayments and accrued income		46,438		3,999	
Cash at bank and in hand		<u>509,219</u>		<u>233,007</u>	
		1,043,016		420,137	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>1,462,758</u>		<u>916,163</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(419,742)</u>		<u>(496,026)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			14,293,393		11,368,232
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		(8,502,661)		(6,067,341)
<b>PROVISIONS FOR LIABILITIES</b>	17		<u>(911,273)</u>		<u>(886,522)</u>
<b>NET ASSETS</b>			<u>4,879,459</u>		<u>4,414,369</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		100		100
Revaluation reserve	19		3,383,260		3,354,640
Retained earnings	19		<u>1,496,099</u>		<u>1,059,629</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>4,879,459</u>		<u>4,414,369</u>

The financial statements were approved by the Board of Directors on 27 September 2018 and were signed on its behalf by:

A K Haines - Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
<b>Balance at 1 January 2016</b>	100	891,851	1,355,109	2,247,060
<b>Changes in equity</b>				
Dividends	-	(198,000)	-	(198,000)
Total comprehensive income	-	365,778	1,999,531	2,365,309
<b>Balance at 31 December 2016</b>	<u>100</u>	<u>1,059,629</u>	<u>3,354,640</u>	<u>4,414,369</u>
<b>Changes in equity</b>				
Dividends	-	(198,000)	-	(198,000)
Total comprehensive income	-	634,470	28,620	663,090
<b>Balance at 31 December 2017</b>	<u>100</u>	<u>1,496,099</u>	<u>3,383,260</u>	<u>4,879,459</u>

The notes form part of these financial statements

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,230,190	784,293
Interest paid		(154,226)	(167,989)
Interest element of hire purchase payments paid		(769)	(918)
Tax paid		37,126	292
Net cash from operating activities		<u>1,112,321</u>	<u>615,678</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(160,001)	-
Purchase of tangible fixed assets		(2,839,731)	(334,273)
Sale of tangible fixed assets		729	-
Interest received		741	209
Net cash from investing activities		<u>(2,998,262)</u>	<u>(334,064)</u>
<b>Cash flows from financing activities</b>			
New loans in year		2,740,500	-
Loan repayments in year		(285,211)	-
Inter company loan		64	54
Capital repayments in year		(2,707)	(2,556)
Amount introduced by directors		4,001	120,432
Amount withdrawn by directors		(96,494)	(126,044)
Equity dividends paid		(198,000)	(198,000)
Net cash from financing activities		<u>2,162,153</u>	<u>(206,114)</u>
<b>Increase in cash and cash equivalents</b>		<u>276,212</u>	<u>75,500</u>
<b>Cash and cash equivalents at beginning of year</b>	2	233,007	157,507
<b>Cash and cash equivalents at end of year</b>	2	<u><u>509,219</u></u>	<u><u>233,007</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017

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

	2017	2016
	£	£
Profit before taxation	778,786	451,321
Depreciation charges	150,854	127,076
Profit on disposal of fixed assets	(729)	-
Finance costs	172,555	168,907
Finance income	(741)	(209)
	<u>1,100,725</u>	<u>747,095</u>
(Increase)/decrease in stocks	(4,850)	3,300
Increase in trade and other debtors	(378,985)	(23,911)
Increase in trade and other creditors	<u>513,300</u>	<u>57,809</u>
<b>Cash generated from operations</b>	<u><u>1,230,190</u></u>	<u><u>784,293</u></u>

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

**Year ended 31 December 2017**

	31.12.17	1.1.17
	£	£
Cash and cash equivalents	<u>509,219</u>	<u>233,007</u>

**Year ended 31 December 2016**

	31.12.16	1.1.16
	£	£
Cash and cash equivalents	<u>233,007</u>	<u>157,507</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

**1. STATUTORY INFORMATION**

Northgate Healthcare 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 Company Information page.

**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.

**Turnover**

Turnover represents the fees derived from the provision of care services to residents during the year. Income is recognised on a daily basis for the provision of nursing care services.

**Goodwill**

Goodwill, being the amount paid in connection with acquisition of care homes in 2007, 2010, 2015 and 2017 is being amortised evenly over its estimated useful life of twenty years.

Intellectual property rights and books of account, being the amount paid in connection with the acquisition of a care home in 2010, are being amortised evenly over the deemed useful life of twenty years.

**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.

Intellectual property & books are being amortised evenly over their estimated useful life of nil years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- not provided
Fixtures fittings & equipment	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Freehold property is not depreciated, as it is the opinion of the directors that periodic revaluation in line with generally accepted accounting principles fairly reflects the fair market value of the properties, and therefore depreciation is considered to be immaterial.

**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 Income Statement, 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 balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**2. ACCOUNTING POLICIES - continued****Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

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

**3. EMPLOYEES AND DIRECTORS**

	2017	2016
	£	£
Wages and salaries	2,930,423	2,383,845
Social security costs	120,627	93,104
Other pension costs	12,081	10,099
	<u>3,063,131</u>	<u>2,487,048</u>

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

	2017	2016
Lane House	45	44
The Firs	73	70
Meadowfields	76	58
Autumn House	53	-
	<u>247</u>	<u>172</u>

	2017	2016
	£	£
Directors' remuneration	<u>17,304</u>	<u>17,304</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017

4. OPERATING PROFIT

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

	2017 £	2016 £
Hire of plant and machinery	46,900	34,616
Other operating leases	3,600	4,200
Depreciation - owned assets	73,146	56,406
Depreciation - assets on hire purchase contracts	2,883	3,844
Profit on disposal of fixed assets	(729)	-
Goodwill amortisation	74,201	66,201
Intellectual property & books amortisation	625	625
Auditors' remuneration	<u>5,100</u>	<u>4,950</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £	2016 £
Bank interest	-	30
Bank loan interest	171,786	167,959
Hire purchase	<u>769</u>	<u>918</u>
	<u>172,555</u>	<u>168,907</u>

6. TAXATION

**Analysis of the tax charge**

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

	2017 £	2016 £
Current tax:		
UK corporation tax	90,945	42
Deferred tax	<u>53,371</u>	<u>85,501</u>
Tax on profit	<u>144,316</u>	<u>85,543</u>

**Reconciliation of total tax charge included in profit and loss**

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

	2017 £	2016 £
Profit before tax	<u>778,786</u>	<u>451,321</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.247% (2016 - 20%)	149,893	90,264
Effects of:		
Expenses not deductible for tax purposes	623	578
Capital allowances in excess of depreciation	(55,529)	(49,784)
Utilisation of tax losses	(4,042)	(41,017)
Deferred movement	<u>53,371</u>	<u>85,502</u>
Total tax charge	<u>144,316</u>	<u>85,543</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**6. TAXATION - continued****Tax effects relating to effects of other comprehensive income**

	Gross £	2017 Tax £	Net £
Revaluation surplus	-	28,620	28,620

	Gross £	2016 Tax £	Net £
Revaluation surplus	2,271,396	(271,865)	1,999,531

**7. DIVIDENDS**

	2017 £	2016 £
Interim	198,000	198,000

**8. INTANGIBLE FIXED ASSETS**

	Goodwill £	Intellectual property & books £	Totals £
<b>COST</b>			
At 1 January 2017	1,324,026	12,506	1,336,532
Additions	160,000	1	160,001
At 31 December 2017	1,484,026	12,507	1,496,533
<b>AMORTISATION</b>			
At 1 January 2017	429,027	3,959	432,986
Amortisation for year	74,201	625	74,826
At 31 December 2017	503,228	4,584	507,812
<b>NET BOOK VALUE</b>			
At 31 December 2017	980,798	7,923	988,721
At 31 December 2016	894,999	8,547	903,546

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**9. TANGIBLE FIXED ASSETS**

	Freehold property £	Fixtures fittings & equipment £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>					
At 1 January 2017	10,446,495	696,628	22,000	9,156	11,174,279
Additions	2,623,611	211,078	-	5,042	2,839,731
At 31 December 2017	13,070,106	907,706	22,000	14,198	14,014,010
<b>DEPRECIATION</b>					
At 1 January 2017	-	197,336	9,994	6,237	213,567
Charge for year	-	71,037	3,002	1,990	76,029
At 31 December 2017	-	268,373	12,996	8,227	289,596
<b>NET BOOK VALUE</b>					
At 31 December 2017	13,070,106	639,333	9,004	5,971	13,724,414
At 31 December 2016	10,446,495	499,292	12,006	2,919	10,960,712

Cost or valuation at 31 December 2017 is represented by:

	Freehold property £	Fixtures fittings & equipment £	Motor vehicles £	Computer equipment £	Totals £
Valuation in 2010	672,989	-	-	-	672,989
Valuation in 2013	979,584	-	-	-	979,584
Valuation in 2016	2,271,396	-	-	-	2,271,396
Cost	9,146,137	907,706	22,000	14,198	10,090,041
	13,070,106	907,706	22,000	14,198	14,014,010

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

	2017 £	2016 £
Cost	9,146,137	6,535,123

Lane House Residential Care Home was revalued on an open market basis on 2 September 2014 by Knight Frank LLP.

The Firs Residential Care Home and Meadowfield Residential Care Home were revalued on an open market basis on 20 March 2017 by Knight Frank LLP

The freehold properties were valued as fully equipped operational entities, having regard to their trading potential.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**9. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
<b>COST OR VALUATION</b>	
At 1 January 2017	
and 31 December 2017	<u>20,500</u>
<b>DEPRECIATION</b>	
At 1 January 2017	8,969
Charge for year	<u>2,883</u>
At 31 December 2017	<u>11,852</u>
<b>NET BOOK VALUE</b>	
At 31 December 2017	<u>8,648</u>
At 31 December 2016	<u>11,531</u>

**10. STOCKS**

	2017 £	2016 £
Stocks	<u>11,550</u>	<u>6,700</u>

**11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Trade debtors	473,054	138,380
Other debtors	2,755	883
Tax	-	37,168
	<u>475,809</u>	<u>176,431</u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £	2016 £
Bank loans and overdrafts (see note 14)	285,212	268,109
Hire purchase contracts (see note 15)	2,865	2,707
Trade creditors	248,431	115,761
Amounts owed to group undertakings	5,924	5,860
Tax	90,945	42
Social security and other taxes	42,660	27,252
Other creditors	263,542	188,474
Directors' current accounts	172,268	264,761
Accruals and deferred income	350,911	43,197
	<u>1,462,758</u>	<u>916,163</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2017	2016
	£	£
Bank loans (see note 14)	8,495,076	6,056,891
Hire purchase contracts (see note 15)	7,585	10,450
	<u>8,502,661</u>	<u>6,067,341</u>

**14. LOANS**

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>285,212</u>	<u>268,109</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>395,738</u>	<u>275,473</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>8,099,338</u>	<u>5,781,418</u>

A part of the financing of the acquisition of a new home, there is a capital repayment holiday for 2017 and 2018, with the first capital repayment being made early 2019.

**15. LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts 2017	2016
	£	£
Gross obligations repayable:		
Within one year	3,476	3,476
Between one and five years	<u>8,028</u>	<u>11,503</u>
	<u>11,504</u>	<u>14,979</u>
Finance charges repayable:		
Within one year	611	769
Between one and five years	<u>443</u>	<u>1,053</u>
	<u>1,054</u>	<u>1,822</u>
Net obligations repayable:		
Within one year	2,865	2,707
Between one and five years	<u>7,585</u>	<u>10,450</u>
	<u>10,450</u>	<u>13,157</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017

15. LEASING AGREEMENTS - continued

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	32,066	32,714
Between one and five years	71,583	91,586
In more than five years	-	840
	<u>103,649</u>	<u>125,140</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Bank loans	<u>8,780,288</u>	<u>6,325,000</u>

A first legal charge and debenture on freehold property known as Lane House, Lichfield Road, Tamworth, Staffordshire, The Firs, Wodehouse Lane, Sedgley, West Midlands, Meadowfields Residential Care Home, Great Haywood, Stafford and land on the north west and south east side of Pasturefields Lane, Great Haywood, Autumn House and Manor House, Stafford Road, Stone, Staffordshire, White Gables Cross Lane Head, Bridgnorth Shropshire and all other current and future assets exists in respect of secured debts in favour of National Westminster Bank PLC.

17. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Deferred tax	<u>911,273</u>	<u>886,522</u>
		Deferred tax
		£
Balance at 1 January 2017		886,522
Provided during year		53,371
Credit to Income Statement during year		<u>(28,620)</u>
Balance at 31 December 2017		<u>911,273</u>

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017	2016
		£1	£	£
100	Ordinary		<u>100</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2017

19. **RESERVES**

	Retained earnings £	Revaluation reserve £	Totals £
At 1 January 2017	1,059,629	3,354,640	4,414,269
Profit for the year	634,470		634,470
Dividends	(198,000)		(198,000)
Revaluation in year	-	28,620	28,620
At 31 December 2017	<u>1,496,099</u>	<u>3,383,260</u>	<u>4,879,359</u>

The revaluation reserve is solely attributable to the revaluation of freehold property.

20. **RELATED PARTY DISCLOSURES**

A first legal charge exists in respect of the secured debts in favour of National Westminster Bank PLC on certain property held by K Haines.

K Haines has also given a personal guarantee against the bank loan and overdraft.

21. **ULTIMATE CONTROLLING PARTY**

The company is controlled by the Haines family, who wholly own and control Northgate Healthcare Holdings Limited, a company which owns 100% of the issued share capital of Northgate Healthcare Limited. Consolidated financial statements, in which this company is included, are publicly available from the Registrar of Companies, Cardiff.

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.