

Company Registration No. 02013239 (England and Wales)

B & M Care Group Limited

Annual report and financial statements

For the year ended 30 September 2017



mgr.westonkay
CHARTERED ACCOUNTANTS

55 Loudoun Road
St John's Wood
London NW8 0DL

B & M CARE GROUP LIMITED

COMPANY INFORMATION

Directors	W J Hughes I Sloan T Bruton R Rodgers C M Wood
Secretary	T Bruton
Company number	02013239
Registered office	70-82 Queensway Hemel Hempstead Herts HP2 5HD
Auditor	MGR Weston Kay LLP 55 Loudoun Road St John's Wood London NW8 0DL
Bankers	Barclays Bank PLC 54 Lombard Street London EC3V 9EX

B & M CARE GROUP LIMITED

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B & M CARE GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present the strategic report for the year ended 30 September 2017.

Fair review of the business

Group turnover increased by 15.8% during the year under review, mainly due to a rise in income from residential care services. There was a corresponding increase in the group's direct costs mainly due to increased payroll costs of 11.9% and administrative expenditure of 10.7%. This has enabled the group to continue investing in both new homes and the continued updating and maintenance of its existing homes. The directors are satisfied with the results for the year and the group's future trading prospects.

Principal risks and uncertainties

The directors consider the main risks faced by the group continue to be those relating to the provision of substandard care, failure to respond to changes in legislation and funding policy. The directors are aware of these risks and have developed sophisticated care planning and recording systems to ensure that the group's residents receive the best quality of care, keep fully up to date with current and proposed legislation as well as regulations and funding policies thereby mitigating these risks as far as possible.

Development and performance

The directors are pleased with the results for the year and are confident regarding the group's future trading prospects.

Position of the Group at the year end

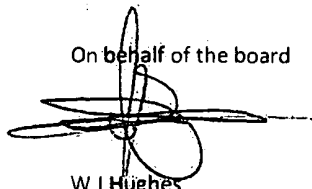
In the opinion of the directors, the group is in a really sound financial position having enjoyed good results during the year. The shareholders funds increased to £67.9m at the year end.

Key performance indicators

The group's management regularly monitor the performance of the homes, reviewing monthly management information including management accounts, occupancy ratios and staffing requirements. They also work with the Care Quality Commission to ensure that the standard of care given to the care users is in line or exceeds the national standard. The main key performance indicators are sales growth highlighted above, gross profit margin which increased slightly and the net current asset ratio which stood at 1.23.

The main non-financial KPIs are (i) group-wide home occupancy which has remained above 70% and (ii) meeting Care Quality Commission and for nurse care, OFSTED, regulations and guidelines which revealed no incidences of fundamental non-compliance.

On behalf of the board



W J Hughes
Director
31 May 2018

B & M CARE GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present their report and financial statements for the year ended 30 September 2017.

Principal activities

The principal activities of the group continued to be those of building and operating residential care and nursing homes for the elderly and operating day nurseries providing child care.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

W J Hughes

I Sloan

T Bruton

R Rodgers

C M Wood

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Financial instruments

The group has a normal level of exposure to price, credit, liquidity and cash flow risk arising from trading activities which are only conducted in sterling. The group does not enter into any lending transactions.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through regular management meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Future developments

The group continues its program of building new homes and refurbishing and replacing its older homes with new purpose built designs. The group maintains its goal of overall growth and is expanding its portfolio of purpose built residential care homes. The directors aim to increase private bed registrations to help meet the need for more accommodation while maintaining occupancy levels and improving profitability.

Auditor

The auditor, MGR Weston Kay LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

B & M CARE GROUP LIMITED


DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board



W J Hughes
Director
31 May 2018

B & M CARE GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors are responsible for preparing the Annual 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 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 then 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

B & M CARE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF B & M CARE GROUP LIMITED

Opinion

We have audited the financial statements of B & M Care Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2017 set out on pages 8 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 30 September 2017 and of its 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 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 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 our audit:

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

B & M CARE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF B & M CARE GROUP 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 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 Directors' Responsibilities Statement 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

B & M CARE GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF B & M CARE GROUP LIMITED

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.

MGR Weston Kay LLP

Nigel Walfisz FCA (Senior Statutory Auditor)

for and on behalf of MGR Weston Kay LLP

Chartered Accountants

Statutory Auditor

55 Loudoun Road

St John's Wood

London

NW8 0DL

11 June 2018

B & M CARE GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

		2017	2016
	Notes	£	£
Turnover	3	48,263,536	41,690,229
Cost of sales		(23,965,367)	(21,414,125)
Gross profit		<u>24,298,169</u>	<u>20,276,104</u>
Administrative expenses		(10,580,119)	(9,561,238)
Operating profit	4	<u>13,718,050</u>	<u>10,714,866</u>
Interest receivable and similar income	8	33,224	51,162
Interest payable and similar expenses	9	(772,111)	(403,076)
Profit before taxation		<u>12,979,163</u>	<u>10,362,952</u>
Tax on profit	10	(2,409,373)	(1,910,084)
Profit for the financial year		<u><u>10,569,790</u></u>	<u><u>8,452,868</u></u>

Profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

B & M CARE GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017	2016
	£	£
Profit for the year	10,569,790	8,452,868
Other comprehensive income	-	-
Total comprehensive income for the year	<u>10,569,790</u>	<u>8,452,868</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

B & M CARE GROUP LIMITED

GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2017

	Notes	2017 £	2016 £
Fixed assets			
Goodwill	12	8,202	9,159
Tangible assets	13	98,457,128	81,141,709
Investment properties	14	756,264	756,264
		<u>99,221,594</u>	<u>81,907,132</u>
Current assets			
Stocks	17	49,263	39,177
Debtors	18	6,839,242	6,777,640
Cash at bank and in hand		2,726,609	4,941,736
		<u>9,615,114</u>	<u>11,758,553</u>
Creditors: amounts falling due within one year	19	<u>(7,787,735)</u>	<u>(12,271,046)</u>
Net current assets/(liabilities)		<u>1,827,379</u>	<u>(512,493)</u>
Total assets less current liabilities		<u>101,048,973</u>	<u>81,394,639</u>
Creditors: amounts falling due after more than one year	20	<u>(33,147,587)</u>	<u>(24,063,043)</u>
Net assets		<u><u>67,901,386</u></u>	<u><u>57,331,596</u></u>
Capital and reserves			
Called up share capital	24	100	100
Profit and loss reserves		67,901,286	57,331,496
Total equity		<u><u>67,901,386</u></u>	<u><u>57,331,596</u></u>

The financial statements were approved by the board of directors and authorised for issue on 31 May 2018 and are signed on its behalf by:

W J Hughes
Director

B & M CARE GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Investments	15		8,800,501		8,800,501
Current assets					
Debtors	18	18,256		18,256	
		<u>18,256</u>		<u>18,256</u>	
Creditors: amounts falling due within one year	19	(8,818,175)		(8,818,175)	
Net current liabilities			(8,799,919)		(8,799,919)
Total assets less current liabilities			<u>582</u>		<u>582</u>
Capital and reserves					
Called up share capital	24		100		100
Profit and loss reserves			<u>482</u>		<u>482</u>
Total equity			<u>582</u>		<u>582</u>

The financial statements were approved by the board of directors and authorised for issue on 31 May 2018 and are signed on its behalf by:


W J Hughes
Director

Company Registration No. 02013239

B & M CARE GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 October 2015		302	66,678,628	66,678,930
Year ended 30 September 2016:				
Profit and total comprehensive income for the year		-	8,452,868	8,452,868
Issue of share capital	24	8,800,098	-	8,800,098
Dividends	11	-	(9,000,000)	(9,000,000)
Capital reduction	24	(8,800,300)	-	(8,800,300)
Issue of share capital		-	(8,800,000)	(8,800,000)
Balance at 30 September 2016		100	57,331,496	57,331,596
Year ended 30 September 2017:				
Profit and total comprehensive income for the year		-	10,569,790	10,569,790
Balance at 30 September 2017		100	67,901,286	67,901,386

B & M CARE GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Notes	Share capital £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 October 2015		302	8,800,000	482	8,800,784
Year ended 30 September 2016:					
Profit and total comprehensive income for the year		-	-	9,000,000	9,000,000
Issue of share capital	24	8,800,098	-	-	8,800,098
Dividends	11	-	-	(9,000,000)	(9,000,000)
Capital reduction	24	(8,800,300)	-	-	(8,800,300)
Issue of share capital		-	(8,800,000)	-	(8,800,000)
Balance at 30 September 2016		100	-	482	582
Year ended 30 September 2017:					
Profit and total comprehensive income for the year		-	-	-	-
Balance at 30 September 2017		100	-	482	582

B & M CARE GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

		2017	2016
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	28	9,541,438	19,759,564
Interest paid		(772,111)	(403,076)
Income taxes paid		(2,204,443)	(1,537,646)
Net cash inflow from operating activities		6,564,884	17,818,842
Investing activities			
Purchase of business		-	(1,969,479)
Purchase of tangible fixed assets	(17,920,926)	(5,228,387)	
Proceeds on disposal of tangible fixed assets	1,017	42,836	
Proceeds from other investments and loans	-	(1,405,134)	
Interest received	33,224	51,162	
Net cash used in investing activities		(17,886,685)	(8,509,002)
Financing activities			
Proceeds from issue of shares	-	98	
Capital reduction	-	(8,800,300)	
Repayment of borrowings	-	(7,222,263)	
Proceeds of new bank loans	9,084,544	25,178,263	
Dividends paid to equity shareholders	-	(9,000,000)	
Net cash generated from financing activities		9,084,544	155,798
Net (decrease)/increase in cash and cash equivalents		(2,237,257)	9,465,638
Cash and cash equivalents at beginning of year		4,877,704	(4,587,934)
Cash and cash equivalents at end of year		2,640,447	4,877,704
Relating to:			
Cash at bank and in hand		2,726,609	4,941,736
Bank overdrafts included in creditors payable within one year		(86,162)	(64,032)

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared on the historical cost convention modified to include investment properties at fair value. The principal accounting policies adopted are set out below. These Financial Statements have been prepared in compliance with FRS 102 - The Financial Reporting Standards applicable in the UK and Republic of Ireland and the Companies Act 2006.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's result for the year was £Nil (2016: £Nil)

1.2 Basis of consolidation

Investments in subsidiaries are accounted for at cost less impairment.

The consolidated financial statements incorporate those of B & M Care Group Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 30 September 2017.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Turnover

Turnover derived from the operation of residential care homes for the elderly is recognised according to dates of occupancy and is exempt from value added tax.

Turnover derived from nursery care is recognised by reference to the date the care is provided and is exempt from value added tax.

Turnover relating to building services is recognised according to stage of completion net of value added tax.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life of 10 years.

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	Not depreciated
Leasehold improvements	10% straight line
Plant and machinery	20% straight line
Fixtures, fittings and equipment	25% straight line
Computer equipment	25% straight line
Motor vehicles	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Depreciation is not provided on freehold interests in properties where the directors are of the opinion that the properties concerned are sufficiently well maintained to ensure that their residual values are not materially less than cost. No depreciation is provided on freehold land.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs of sale.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 Accounting policies

(Continued)

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.11 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of business combinations in land and buildings

Land and buildings from business combinations are stated at fair value based upon a report by an independent property consultant as at 27 April 2016. The valuer used observable market prices adjusted as necessary for any difference in future, location or condition on the specific asset.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2017	2016
	£	£
Class of business		
Operating residential care and nursing homes	47,446,487	40,925,550
Nurseries	705,368	542,063
Construction	82,876	189,021
Other	28,805	33,595
	<u>48,263,536</u>	<u>41,690,229</u>

The total turnover of the group for the year has been wholly undertaken in the United Kingdom.

4 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	604,597	461,306
Profit on disposal of tangible fixed assets	(107)	(22,908)
Amortisation of intangible assets	957	411
Cost of stocks recognised as an expense	158,536	200,484
	<u> </u>	<u> </u>

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

5 Auditor's remuneration

	2017	2016
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	6,200	3,000
Audit of the company's subsidiaries	66,620	61,533
	<u>72,820</u>	<u>64,533</u>
For other services		
Non-audit services	<u>42,167</u>	<u>32,513</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	2017 Number	2016 Number
Administrative and care home staff	<u>1,348</u>	<u>1,247</u>
	<u>1,348</u>	<u>1,247</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	21,235,691	18,141,228
Social security costs	1,568,618	1,285,587
Pension costs	<u>95,360</u>	<u>73,098</u>
	<u>22,899,669</u>	<u>19,499,913</u>

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	<u>1,003,747</u>	<u>803,069</u>

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

7	Directors' remuneration	(Continued)	
	Remuneration disclosed above includes the following amounts paid to the highest paid director:		
		2017	2016
		£	£
	Remuneration for qualifying services	798,961	622,596
8	Interest receivable and similar income		
		2017	2016
		£	£
	Interest income		
	Interest on bank deposits	3,164	19,792
	Other interest income	30,060	31,370
	Total income	33,224	51,162
9	Interest payable and similar expenses		
		2017	2016
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	772,111	421,554
	Other finance costs:		
	Other interest	-	(18,478)
	Total finance costs	772,111	403,076
10	Taxation		
		2017	2016
		£	£
	Current tax		
	UK corporation tax on profits for the current period	2,455,082	1,937,706
	Adjustments in respect of prior periods	(10,480)	427
	Total current tax	2,444,602	1,938,133
	Deferred tax		
	Origination and reversal of timing differences	(35,229)	(28,049)
	Total tax charge for the year	2,409,373	1,910,084

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	12,979,163	10,362,952
Expected tax charge based on the standard rate of corporation tax in the UK of 19.50% (2016: 20.00%)	2,530,937	2,072,590
Tax effect of expenses that are not deductible in determining taxable profit	7,662	10,915
Adjustments in respect of prior years	(10,480)	529
Effect of change in corporation tax rate	(29)	-
Permanent capital allowances in excess of depreciation	(146,166)	(190,556)
Deferred tax on timing differences	(35,382)	(28,048)
Other tax adjustments	62,831	44,654
Taxation charge for the year	2,409,373	1,910,084

11 Dividends

	2017 £	2016 £
Interim paid	-	9,000,000

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 October 2016 and 30 September 2017	9,570
Amortisation and impairment	
At 1 October 2016	411
Amortisation charged for the year	957
At 30 September 2017	1,368
Carrying amount	
At 30 September 2017	8,202
At 30 September 2016	9,159

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

12 Intangible fixed assets

(Continued)

The company had no intangible fixed assets at 30 September 2017 or 30 September 2016.

13 Tangible fixed assets

Group	Freehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 2016	80,491,463	251,425	3,523,898	818,478	85,085,264
Additions	16,849,259	6,042	958,520	107,105	17,920,926
Disposals	-	-	-	(17,375)	(17,375)
At 30 September 2017	97,340,722	257,467	4,482,418	908,208	102,988,815
Depreciation and impairment					
At 1 October 2016	58,039	213,367	3,181,358	490,791	3,943,555
Depreciation charged in the year	1,687	39,628	461,150	102,132	604,597
Eliminated in respect of disposals	-	-	-	(16,465)	(16,465)
At 30 September 2017	59,726	252,995	3,642,508	576,458	4,531,687
Carrying amount					
At 30 September 2017	97,280,996	4,472	839,910	331,750	98,457,128
At 30 September 2016	80,433,424	38,058	342,540	327,687	81,141,709

The company had no tangible fixed assets at 30 September 2017 or 30 September 2016.

14 Investment property

	Group 2017 £	Company 2017 £
Fair value		
At 1 October 2016 and 30 September 2017	756,264	-

The investment properties were valued as at 30 September 2017 by the directors on an open market basis. No depreciation is provided in respect of these properties. The fair value has not been based on an independent valuation.

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

15 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	16	-	-	8,800,501	8,800,501
Movements in fixed asset investments					
Company					Shares in group undertakings £
Cost or valuation					
At 1 October 2016 and 30 September 2017					8,800,501
Carrying amount					
At 30 September 2017					8,800,501
At 30 September 2016					8,800,501

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

16 Subsidiaries

Details of the company's subsidiaries at 30 September 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
B & M Hemel LLP	England and Wales	Operators of a residential care and nursing home	N/A	100.00
B & M Investments Limited	England and Wales	Operators of residential care and nursing homes	Ordinary	100.00
B & M Residential Care Limited	England and Wales	Non - trading	Ordinary	100.00
Colleycare Limited	England and Wales	Operators of residential care and nursing homes	Ordinary	100.00
Galaxy Developments Limited	England and Wales	Non - trading	Ordinary	100.00
Maynecol Limited	England and Wales	Building and construction	Ordinary	100.00
The Fledglings Nursey Limited	England and Wales	Operators of day nurseries and the provision of child care service	Ordinary	100.00

All subsidiary undertakings are included in the consolidated accounts.

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

17 Stocks

	Group 2017 £	2016 £	Company 2017 £	2016 £
Finished goods and goods for resale	49,263	39,177	-	-

18 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	452,207	496,467	-	-
Gross amounts due from contract customers	352	-	-	-
Amounts due from group undertakings	-	-	18,158	18,158
Other debtors	3,530,915	3,505,329	98	98
Prepayments and accrued income	619,343	574,647	-	-
	4,602,817	4,576,443	18,256	18,256
Deferred tax asset (note 22)	145,064	109,836	-	-
	4,747,881	4,686,279	18,256	18,256
Amounts falling due after more than one year:				
Other debtors	2,091,361	2,091,361	-	-
Total debtors	6,839,242	6,777,640	18,256	18,256

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

19 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	21	1,201,382	1,179,252	-	-
Other borrowings	21	386,969	386,969	-	-
Trade creditors		580,404	540,571	-	-
Amounts due to group undertakings		-	-	8,800,300	8,800,300
Corporation tax payable		1,362,296	1,122,138	-	-
Other taxation and social security		409,197	374,419	-	-
Other creditors		1,694,092	6,739,970	-	-
Accruals and deferred income		2,153,395	1,927,727	17,875	17,875
		<u>7,787,735</u>	<u>12,271,046</u>	<u>8,818,175</u>	<u>8,818,175</u>

20 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	21	33,147,587	24,063,043	-	-
Amounts included above which fall due after five years are as follows:					
Payable by instalments		<u>719,707</u>	<u>1,646,163</u>	<u>-</u>	<u>-</u>

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

21 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	34,262,807	25,178,263	-	-
Bank overdrafts	86,162	64,032	-	-
Other loans	386,969	386,969	-	-
	<u>34,735,938</u>	<u>25,629,264</u>	<u>-</u>	<u>-</u>
Payable within one year	1,588,351	1,566,221	-	-
Payable after one year	<u>33,147,587</u>	<u>24,063,043</u>	<u>-</u>	<u>-</u>
Amounts included above which fall due after five years:				
Payable by instalments	<u>719,707</u>	<u>1,646,163</u>	<u>-</u>	<u>-</u>

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

21 Loans and overdrafts

(Continued)

Colleycare Limited

The bank loans and overdrafts totalling £27,967,000 (2016: £17,956,000) are secured by charges on certain of the freehold properties, floating charges over the assets of the company and cross-guaranteed by the holding company, B&M Care Group Limited and fellow group companies.

The gross bank loan, before deducting future arrangement costs in accordance with FRS102 of £33,000 (2016: £44,000) was £28,000,000 (2016: £18,000,000). The loan bears interest at 2.05% over bank base rate and is repayable by March 2020.

The directors consider that the carrying amounts of the bank loan and bank overdraft approximate their fair value.

B&M Hemel LLP

Bank loans of £6,295,807 (2016: £7,222,263) are secured by a first legal mortgage over the land and buildings owned by the limited liability partnership.

The gross bank loan, before deducting future arrangements cost of £Nil (2016: £9,975) in accordance with FRS 102, was £6,295,807 (2016: £7,232,238).

The bank loan with carrying value of £3,491,151 has a maturity date of 2023 and has an effective interest rate of 2.75%.

The bank loan with carrying value of £702,732 has a maturity date of 2024 and has an effective interest rate of 2.45%.

The bank loan with carrying value of £2,101,924 has a maturity date of 2024 and has an effective interest rate of 2.45%.

The members consider that carrying amounts of bank loans approximate their fair values.

22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Assets 2017 £	Assets 2016 £
Group		
Accelerated capital allowances	145,064	109,836

The company has no deferred tax assets or liabilities.

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

22 Deferred taxation

(Continued)

	Group 2017 £	Company 2017 £
Movements in the year:		
Liability/(asset) at 1 October 2016	(109,836)	-
Credit to profit or loss	(35,228)	
Liability/(asset) at 30 September 2017	<u>(145,064)</u>	<u>-</u>

The deferred tax asset set out above is expected to reverse within 5 years and relates to accelerated capital allowances that are expected to mature within the same period.

23 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>95,360</u>	<u>73,098</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	Group and company 2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

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

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	<u>1,453,578</u>	<u>1,135,423</u>

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

25 Related party transactions

(Continued)

There was a cross guarantee between Colleycare Limited, B & M Investments Limited, Maynecol Limited and The Fledglings Nursery Limited.

Colleycare Limited has given security for a bank loan of £6,295,807 (2016: £7,222,263) obtained by B & M Hemel LLP.

Group

The company has taken advantage of the exemption available in accordance with FRS 102 Section 33 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company and the other subsidiaries are wholly owned subsidiary undertakings of the group to which they are party to the transactions.

Company

The company has taken advantage of the exemption available in accordance with FRS 102 Section 33 'Related party disclosures' not to disclose transactions entered into between two or more members of a group, as the company and the other subsidiaries are wholly owned subsidiary undertakings of the group to which they are party to the transactions.

26 Directors' transactions

At the year end £1,075,623 (2016: £6,104,315) was owed to a director by the group. The loan is unsecured, interest free and repayable on demand.

At the year end £3,289,735 (2016: £3,289,735) was owed by a director on their member's account to B&M Hemel LLP relating to the period prior to acquisition. The loan is unsecured, interest free and repayable on demand.

A director has a material interest in the B & M Investments Executive Pension Scheme as member and trustee. During the year rents totalling £199,182 (2016: £191,036) were payable to the scheme in respect of a retirement home, a nursery and the group's offices. At the balance sheet date £2,091,361 (2016: £2,091,361) was due from the scheme. Interest receivable on these loans amounted to £29,745 (2016: £31,370).

During the year the group invoiced £12,953 (2016: £26,578) to a director of the company, for the supply of materials and labour at cost plus a profit margin.

During the year £14,375 (2016: £13,428) was paid to a son of a director, for administration services.

27 Controlling party

The ultimate controlling party is Mr W J Hughes, the chairman, by virtue of his ownership of 100% of the voting share capital throughout the current and previous year.

B & M CARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

28 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	10,569,790	8,452,868
Adjustments for:		
Taxation charged	2,409,373	1,910,084
Finance costs	772,111	403,076
Investment income	(33,224)	(51,162)
Gain on disposal of tangible fixed assets	(107)	(22,908)
Amortisation and impairment of intangible assets	957	411
Depreciation and impairment of tangible fixed assets	604,597	461,306
Movements in working capital:		
(Increase) in stocks	(10,086)	(5,894)
Decrease in debtors	74,751	3,741,333
(Decrease)/increase in creditors	(4,846,724)	4,870,450
Cash generated from operations	9,541,438	19,759,564

29 Company information

B & M Care Group Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office and principle place of business is Old Town Court, 70 Queensway, Hemel Hempstead, Hertfordshire, United Kingdom.

The group consists of B & M Care Group Limited and all of its subsidiaries.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.