

**Aaroncare Limited**  
**Financial Statements**  
**31 March 2019**

MCABA Limited t/a Mitchells  
Chartered Accountants & Statutory Auditor  
91-97 Saltergate  
Chesterfield  
Derbyshire  
S40 1LA



**Aaroncare Limited**  
**Financial Statements**  
**Year Ended 31 March 2019**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Directors' report	<b>4</b>
Independent auditor's report to the members	<b>6</b>
Statement of comprehensive income	<b>9</b>
Statement of financial position	<b>10</b>
Statement of changes in equity	<b>11</b>
Notes to the financial statements	<b>12</b>

# **Aaroncare Limited**

## **Officers and Professional Advisers**

**The board of directors**

J A Hill  
W J Waddicor

**Company secretaries**

A Hill  
I P Mitchell

**Registered office**

91-97 Saltergate  
Chesterfield  
Derbyshire  
S40 1LA

**Auditor**

MCABA Limited t/a Mitchells  
Chartered Accountants & Statutory Auditor  
91-97 Saltergate  
Chesterfield  
Derbyshire  
S40 1LA

**Bankers**

Barclays Bank plc  
1 St Paul's Place  
121 Norfolk Street  
Sheffield  
S1 2JW

**Solicitors**

Keebles LLP  
Commercial House  
14 Commercial Street  
Sheffield  
S1 2AT

# Aaroncare Limited

## Strategic Report

### Year Ended 31 March 2019

The directors present their strategic report of the company for the year ended 31 March 2019.

The company's accounting reference date was changed from 31 December to 31 March in order to align it to that of its holding company. The previous accounting period is therefore a 15-month period whereas the current year figures cover a 12-month period. As a result the comparative figures may not be readily comparable to those of the current period.

#### **Business review**

The principal activity of the company during the year was the provision of residential and nursing care to the elderly.

#### **Results and performance**

The directors are satisfied with the performance of the company during the year. The company monitors direct costs on an ongoing basis whilst striving to deliver a high quality of care to its residents.

The company has performed well despite a challenging environment and has sought to consolidate its position within the market during the year.

The comparative includes the disposal of two care homes during the period. These are shown as discontinued operations

#### **Key performance indicators**

The directors monitor the progress of the company by reference to key performance indicators. The key performance indicators for the company are those that communicate the financial performance of the company, being turnover and gross profit.

Due to cuts to local authority budgets the company has seen a reduction to like for like resident fee income by 3.6%.

A nationwide shortage in nurses and healthcare staff has led to increased reliance on agency staff. Increases to minimum wage and auto enrolment pension contributions have also led to a decreased gross margin for the year of 20.1% (2018: 25.4%).

The company hopes to build on these results in the coming year by increasing occupancy and reducing its cost base whilst still maintaining a high quality of care.

#### **Principal risks and uncertainties**

The senior management team meet regularly to consider the risks that face the company and how established processes and controls are used to manage these risks. Key risks and uncertainties are outlined below:

##### *Market risk*

The market is currently under pressure regarding costs and quality standards. The company regularly monitors quality standards in all the homes and produces detailed monthly financial information which enables them to react quickly to any issues.

##### *Legislative and regulatory risk*

The company is monitored by the Care Quality Commission (CQC) and local authorities. The company has internal systems in place to monitor the standards in each of its homes and has good open relations with the CQC and local authorities.

# Aaroncare Limited

## Strategic Report *(continued)*

**Year Ended 31 March 2019**

### *Labour and recruitment*

There is no specific impact of Brexit from a customer perspective however as there is already a shortage of labour in the care industry, any barriers to employing EU Care staff is likely to make competition for employment more intense. The company remains pro-active in their ability to recruit and retain high quality staff. Minimum wage increases and auto enrolment contributions continue to impact the company moving forward.

### *Financial risks*

The wider group as a whole has outstanding bank loans. The group has an excellent relationship with the bank and provides monthly, quarterly and annual financial and operating information to them. There are currently no issues regarding this.

This report was approved by the board of directors on 03/12/19 and signed on behalf of the board by:



W J Waddicor  
Director

# **Aaroncare Limited**

## **Directors' Report**

### **Year Ended 31 March 2019**

The directors present their report and the financial statements of the company for the year ended 31 March 2019.

#### **Directors**

The directors who served the company during the year were as follows:

J A Hill  
W J Waddicor

#### **Dividends**

Particulars of recommended dividends are detailed in note 10 to the financial statements.

#### **Future developments**

The company intends to consolidate its position within the market and maximise efficiencies within its existing portfolio of care homes.

#### **Employment of disabled persons**

The company gives full and fair consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

#### **Employee involvement**

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

#### **Financial instruments**

##### *Financial risk management objectives and policies*

The company has no bank debt and therefore is not exposed to interest rate and liquidity risk. Bank debt relating to the group is held in the parent company, Hill Care Holdings Limited. Steps have been taken in the parent company to mitigate financial risk exposure.

#### **Directors' responsibilities statement**

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 company and the profit or loss of the company for that period.

# Aaroncare Limited

## Directors' Report *(continued)*

### Year Ended 31 March 2019

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

#### Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board of directors on 03/12/19 and signed on behalf of the board by:



W J Waddicor  
Director

# **Aaroncare Limited**

## **Independent Auditor's Report to the Members of Aaroncare Limited**

**Year Ended 31 March 2019**

### **Opinion**

We have audited the financial statements of Aaroncare Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the related notes, 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 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 company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 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.



# **Aaroncare Limited**

## **Independent Auditor's Report to the Members of Aaroncare Limited *(continued)***

**Year Ended 31 March 2019**

### **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 the 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.

### **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 directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' responsibilities statement, 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 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.

# Aaroncare Limited

## Independent Auditor's Report to the Members of Aaroncare Limited *(continued)*

Year Ended 31 March 2019

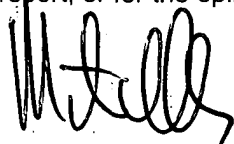
### Auditor's responsibilities for the audit of the financial statements

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 my 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 <https://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.



Timothy Leeman BA FCA (Senior Statutory Auditor)

For and on behalf of  
MCABA Limited t/a Mitchells  
Chartered Accountants & Statutory Auditor  
91-97 Saltergate  
Chesterfield  
Derbyshire  
S40 1LA

3 December 2019.

**Aaroncare Limited**  
**Statement of Comprehensive Income**  
**Year Ended 31 March 2019**

	<b>Year to 31 Mar 19</b>			<b>Period from 1 Jan 17 to 31 Mar 18</b>		
	<b>Note</b>	<b>Continuing operations</b>	<b>Discont'd operations</b>	<b>Total</b>	<b>Continuing operations (restated)</b>	<b>Discont'd operations (restated)</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>4</b>	5,419,388	–	<b>5,419,388</b>	7,028,517	3,111,152
<b>Cost of sales</b>		4,329,911	–	<b>4,329,911</b>	5,512,560	2,056,270
<b>Gross Profit</b>		1,089,477	–	<b>1,089,477</b>	1,515,957	1,054,882
Administrative expenses		677,576	–	<b>677,576</b>	3,445,674	682,241
Gain on disposal of operations		–	–	–	–	(1,699,407)
<b>Operating Profit</b>	<b>5</b>	411,901	–	<b>411,901</b>	(1,929,717)	2,072,048
Interest payable and similar expenses	<b>8</b>	1,031	–	<b>1,031</b>	–	–
<b>Profit Before Taxation</b>		410,870	–	<b>410,870</b>	(1,929,717)	2,072,048
Tax on profit	<b>9</b>	(66,700)	–	<b>(66,700)</b>	(45,042)	–
<b>Profit for the Financial Year</b>		<u>477,570</u>	<u>–</u>	<b><u>477,570</u></b>	<u>(1,884,675)</u>	<u>2,072,048</u>
Revaluation of tangible assets				–		(430,680)
Movement on deferred tax relating to revaluation of tangible assets				<b>(58,458)</b>		–
<b>Other Comprehensive Income for the Year</b>				<b>(58,458)</b>		(430,680)
<b>Total Comprehensive Income for the Year</b>				<b><u>419,112</u></b>		<u>(243,307)</u>

The notes on pages 12 to 23 form part of these financial statements.

**Aaroncare Limited**  
**Statement of Financial Position**  
**31 March 2019**

		2019	2018
	Note	£	(restated) £
<b>Fixed Assets</b>			
Tangible assets	11	5,877,552	5,900,000
<b>Current Assets</b>			
Stocks	12	4,325	—
Debtors	13	987,148	377,993
Cash at bank and in hand		135,337	99,777
		<u>1,126,810</u>	<u>477,770</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>875,887</u>	1,136,363
<b>Net Current Assets/(Liabilities)</b>		<u>250,923</u>	<u>(658,593)</u>
<b>Total Assets Less Current Liabilities</b>		<u>6,128,475</u>	5,241,407
<b>Creditors: amounts falling due after more than one year</b>	15	915,488	439,291
<b>Provisions</b>	17	(8,241)	—
<b>Net Assets</b>		<u>5,221,228</u>	<u>4,802,116</u>
<b>Capital and Reserves</b>			
Called up share capital	21	1	1
Revaluation reserve	22	2,154,063	2,212,521
Capital redemption reserve	22	25,500	25,500
Profit and loss account	22	3,041,664	2,564,094
<b>Shareholders Funds</b>		<u>5,221,228</u>	<u>4,802,116</u>

These financial statements were approved by the board of directors and authorised for issue on 03/12/19, and are signed on behalf of the board by:

*W J Waddicor*

W J Waddicor  
Director

Company registration number: 02077314

The notes on pages 12 to 23 form part of these financial statements.

**Aaroncare Limited**  
**Statement of Changes in Equity**  
**Year Ended 31 March 2019**

	Note	Called up share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £	Total £
<b>At 1 January 2017 (as Previously Reported)</b>		4,139,946	3,598,760	25,500	3,582,473	11,346,679
Prior period adjustments	20	–	93,626	–	(93,626)	–
<b>At 1 January 2017 (Restated)</b>		<u>4,139,946</u>	<u>3,692,386</u>	<u>25,500</u>	<u>3,488,847</u>	<u>11,346,679</u>
Profit for the period					187,373	187,373
Other comprehensive income for the period:						
Revaluation of tangible assets		–	(430,680)	–	–	(430,680)
Reclassification from revaluation reserve to profit and loss account		–	(1,049,185)	–	1,049,185	–
<b>Total Comprehensive Income for the period</b>		–	(1,479,865)	–	1,236,558	(243,307)
Dividends paid and payable	10	–	–	–	(6,301,256)	(6,301,256)
Cancellation of subscribed capital		(4,139,945)	–	–	4,139,945	–
<b>Total Investments by and Distributions to Owners</b>		(4,139,945)	–	–	(2,161,311)	(6,301,256)
<b>At 31 March 2018 (as Previously Reported)</b>		1	2,336,411	25,500	2,440,205	<b>4,802,117</b>
Prior period adjustments	20	–	(123,890)	–	123,889	(1)
<b>At 31 March 2018 (Restated)</b>		<u>1</u>	<u>2,212,521</u>	<u>25,500</u>	<u>2,564,094</u>	<u><b>4,802,116</b></u>
Profit for the year					477,570	<b>477,570</b>
Other comprehensive income for the year:						
Movement on deferred tax relating to revaluation of tangible assets		–	(58,458)	–	–	(58,458)
<b>Total Comprehensive Income for the Year</b>		–	(58,458)	–	477,570	<b>419,112</b>
<b>At 31 March 2019</b>		<u>1</u>	<u>2,154,063</u>	<u>25,500</u>	<u>3,041,664</u>	<u><b>5,221,228</b></u>

The notes on pages 12 to 23 form part of these financial statements.

# **Aaroncare Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2019**

**1. General information**

The company is a private limited company limited by shares, registered in England and Wales. The address of the registered office is 91-97 Saltergate, Chesterfield, Derbyshire, S40 1LA. The place of business is Unit 5, Dunston Place, Dunston Road, Chesterfield, S41 8NL.

**2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

**3. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis, except for the modification to fair value basis for certain fixed assets as specified in the accounting policies below.

The financial statements are prepared in sterling, which is the functional currency of the entity.

**Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Hill Care Holdings Limited which can be obtained from The Registrar of Companies (England and Wales). As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) No disclosure has been given for the aggregate remuneration of key management personnel.

# Aaroncare Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 3. Accounting policies *(continued)*

##### **Judgements and key sources of estimation uncertainty**

In the process of applying the company's accounting policies, the directors are required to make certain estimates, judgements and assumptions that they believe are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Actual results may differ from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

The estimate and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

##### **Useful life and residual values**

###### *Tangible assets*

The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the company's assets may vary depending on several factors such as, technological innovation, maintenance programmes and future market conditions. They are determined by management at the time the asset is acquired and reviewed annually for appropriateness.

There is no charge in respect of depreciation on freehold buildings for the period. In determining the residual value of freehold buildings, the directors have considered the amount they would currently obtain from disposal of the asset if the asset were already of the age and condition expected at the end of its useful life, having regard to the factors mentioned above. As a result, the directors estimate any depreciation charge to be immaterial and as such the depreciation charge is nil for the period.

##### **Recoverability of trade debtors**

The directors make provisions for doubtful debts based on an assessment of the recoverability of trade debtors. Provisions are applied to trade debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. This methodology is applied on an individual resident basis.

##### **Leases**

Determining whether leases entered into by the company as a lessee are operating or finance leases requires judgement. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee based on the evaluation of the terms and conditions of the arrangements on a lease by lease basis.

# Aaroncare Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 3. Accounting policies *(continued)*

##### Revenue recognition

The turnover shown in the profit and loss account represents residents' fees earned during the year.

##### Income tax

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

##### Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis.

##### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

##### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- Nil
Fixtures and fittings	- 15% reducing balance
Motor vehicles	- 25% straight line

No depreciation charge is included in the financial statements for freehold property for the reasons detailed in the judgements and key sources of estimation uncertainty accounting policy.



# Aaroncare Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 3. Accounting policies *(continued)*

##### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

##### Stocks

Stocks are measured at cost.

##### Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other administrative expenses.

##### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

#### 4. Turnover

Turnover arises from:

	Year to 31 Mar 19	Period from 1 Jan 17 to 31 Mar 18 <i>(restated)</i>
	£	£
Rendering of services - residents' fees	<u>5,419,388</u>	<u>10,139,669</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

#### 5. Operating profit

Operating profit or loss is stated after charging/crediting:

	Year to 31 Mar 19	Period from 1 Jan 17 to 31 Mar 18 <i>(restated)</i>
	£	£
Depreciation of tangible assets	90,664	385,962
Impairment of tangible assets recognised in:		
Administrative expenses	–	979,310
Cost of stocks recognised as an expense	275,367	494,344
Impairment of trade debtors	<u>(45,038)</u>	<u>381,565</u>

# Aaroncare Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 6. Auditor's remuneration

	Year to 31 Mar 19	Period from 1 Jan 17 to 31 Mar 18 <i>(restated)</i>
	£	£
Fees payable for the audit of the financial statements	<u>13,950</u>	<u>8,700</u>

#### 7. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2019 No.	2018 No.
Management, care and support staff	<u>232</u>	<u>332</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	Year to 31 Mar 19	Period from 1 Jan 17 to 31 Mar 18 <i>(restated)</i>
	£	£
Wages and salaries	3,208,421	6,019,412
Social security costs	239,258	342,497
Other pension costs	59,624	35,035
	<u>3,507,303</u>	<u>6,396,944</u>

#### 8. Interest payable and similar expenses

	Year to 31 Mar 19	Period from 1 Jan 17 to 31 Mar 18 <i>(restated)</i>
	£	£
Other interest payable and similar charges	<u>1,031</u>	<u>-</u>

#### 9. Tax on profit

##### Major components of tax income

	Year to 31 Mar 19	Period from 1 Jan 17 to 31 Mar 18 <i>(restated)</i>
	£	£
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(66,700)	(45,042)
<b>Tax on profit</b>	<u>(66,700)</u>	<u>(45,042)</u>

# Aaroncare Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 9. Tax on profit *(continued)*

##### Factors which may affect future tax charges

The company has carried forward gross tax losses of approximately £375,000 (2018: £587,000)

##### Reconciliation of tax income

The tax assessed on the profit on ordinary activities for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19.20%).

	Year to 31 Mar 19	Period from 1 Jan 17 to 31 Mar 18 <i>(restated)</i>
	£	£
Profit on ordinary activities before taxation	<b>410,870</b>	142,331
Profit on ordinary activities by rate of tax	<b>78,065</b>	98,438
Effect of expenses not deductible for tax purposes	<b>800</b>	895
Effect of capital allowances and depreciation	<b>(38,721)</b>	(10,624)
Utilisation of tax losses	<b>(40,144)</b>	–
Unused tax losses	–	112,616
Losses surrendered as group relief	–	8,044
Effect of impairment of tangible fixed assets	–	188,028
Effect of gain on disposal of tangible fixed assets	–	(397,397)
Deferred tax charge/(credit) for the period	<b>(66,700)</b>	(45,042)
Tax on profit	<b>(66,700)</b>	(45,042)

#### 10. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2019	2018 <i>(restated)</i>
	£	£
Dividends on equity shares	–	6,301,256

# Aaroncare Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 11. Tangible assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 April 2018 (as restated)	6,520,277	4,197,454	14,183	<b>10,731,914</b>
Additions	–	68,215	–	<b>68,215</b>
<b>At 31 March 2019</b>	<b>6,520,277</b>	<b>4,265,669</b>	<b>14,183</b>	<b>10,800,129</b>
<b>Depreciation or impairment</b>				
At 1 April 2018	1,115,995	3,701,735	14,183	<b>4,831,913</b>
Charge for the year	–	90,664	–	<b>90,664</b>
<b>At 31 March 2019</b>	<b>1,115,995</b>	<b>3,792,399</b>	<b>14,183</b>	<b>4,922,577</b>
<b>Carrying amount</b>				
<b>At 31 March 2019</b>	<b>5,404,282</b>	<b>473,270</b>	<b>–</b>	<b>5,877,552</b>
At 31 March 2018	5,404,282	495,719	–	5,900,001

In October 2017 the freehold properties were valued at £5.9 million based on their existing use as fully equipped and operational care homes. This value is inclusive of fixtures and fittings.

The valuation was carried out by Mark Tyler BSc (Hons) MRICS, a RICS registered valuer representing Colliers International

At 31 March 2019, the directors have evaluated the properties and consider the previous valuations are adequate at the year end and any variations would be immaterial.

# Aaroncare Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 11. Tangible assets *(continued)*

##### Tangible assets held at valuation

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property £
<b>At 31 March 2019</b>	
Aggregate cost	4,450,519
Aggregate depreciation	(185,835)
<b>Carrying value</b>	<b>4,264,684</b>
<b>At 31 March 2018</b>	
Aggregate cost	4,450,519
Aggregate depreciation	(185,835)
<b>Carrying value</b>	<b>4,264,684</b>

#### 12. Stocks

	2019 £	2018 <i>(restated)</i> £
Finished goods	4,325	—

#### 13. Debtors

	2019 £	2018 <i>(restated)</i> £
Trade debtors	801,451	299,547
Amounts owed by group undertakings	118,928	—
Prepayments and accrued income	66,339	77,079
Other debtors	430	1,367
	<b>987,148</b>	<b>377,993</b>

The debtors above include the following amounts falling due after more than one year:

	2019 £	2018 <i>(restated)</i> £
Amounts owed by group undertakings	118,928	—

# Aaroncare Limited

## Notes to the Financial Statements *(continued)*

Year Ended 31 March 2019

### 14. Creditors: amounts falling due within one year

	2019	2018 <i>(restated)</i>
	£	£
Trade creditors	288,104	112,818
Accruals and deferred income	328,899	602,471
Social security and other taxes	34,153	40,825
Other creditors	224,731	380,249
	<u>875,887</u>	<u>1,136,363</u>

### 15. Creditors: amounts falling due after more than one year

	2019	2018 <i>(restated)</i>
	£	£
Amounts owed to group undertakings	<u>915,488</u>	<u>439,291</u>

### 16. Securities and contingencies

The company has entered into cross-guarantees for overdraft and loan facilities made available to the ultimate parent company. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for in these financial statements.

The company treats guarantees and indemnities of this nature as contingent liabilities until such time as it becomes probable that the company will be required to make a payment under the terms of the arrangement.

As at 31 March 2019 the value of the group wide bank borrowings is £47.5 million.

There is a legal charge, incorporating a fixed and floating charge, over the properties and assets owned by the company.

### 17. Provisions

	Deferred tax (note 18) £
At 1 April 2018 (as restated)	–
Additions	<u>(8,241)</u>
At 31 March 2019	<u>(8,241)</u>

# Aaroncare Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 18. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2019	2018 <i>(restated)</i>
	£	£
Included in provisions (note 17)	<u>(8,241)</u>	<u>—</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019	2018 <i>(restated)</i>
	£	£
Revaluation of tangible assets	58,459	—
Unused tax losses	<u>(66,700)</u>	<u>—</u>
	<u>(8,241)</u>	<u>—</u>

Deferred tax has been provided for at a rate of 17%. This was the rate that the company expected to apply to the reversal of the timing differences and the rate enacted at the year end. Since the year end the government has announced plans to change this rate to 19%. The company is compliant with FRS102 at the year end but the deferred tax provision may change as a result of this or any other rate change in future periods.

#### 19. Employee benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £59,624 (2018: £35,035).

#### 20. Prior period errors

The financial statements have been restated to reflect the impact of the following misstatements in prior periods:

- An impairment to the value of fixtures and fittings was identified in the year to December 2015 but was incorrectly allocated to the revaluation reserve rather than shown within the Statement of Comprehensive Income. As a result, the profit and loss account reserve was overstated and the revaluation reserve understated by £93,626.
- A misallocation of the revaluation reserve balance as at 31 December 2016 between individual freehold properties lead to misstatements in respect of accounting for movements in those properties in the period to 31 March 2018. This had an impact on the movement to revaluation reserves in the prior year upon revaluation of three properties and the disposal of two other properties. The impairment of the retained properties was understated by £482,760, and the gain on disposal of the properties sold was understated by £700,275. As a result, the profit and loss account reserve was understated and the revaluation reserve overstated by £217,515.

Accordingly the overall effect of these errors was to overstate the revaluation reserve by £123,889 and understate the profit and loss reserve by the same amount as at 31 March 2018.

# Aaroncare Limited

## Notes to the Financial Statements *(continued)*

Year Ended 31 March 2019

### 21. Called up share capital

Issued, called up and fully paid

	2019		2018 <i>(restated)</i>	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1.00</u>	<u>1</u>	<u>1.00</u>

### 22. Reserves

Called up share capital - this represents the nominal value of the shares that have been issued.

Revaluation reserve - this reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income and any deferred tax thereon.

Capital redemption reserve - this reserve has arisen from the purchase of own share capital in prior years.

Profit and loss account - this reserve records retained earnings and accumulated losses.

### 23. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018 <i>(restated)</i>
	£	£
Not later than 1 year	10,782	10,782
Later than 1 year and not later than 5 years	43,129	43,129
Later than 5 years	<u>2,696</u>	<u>13,478</u>
	<u>56,607</u>	<u>67,389</u>



# Aaroncare Limited

## Notes to the Financial Statements *(continued)*

### Year Ended 31 March 2019

#### 24. Related party transactions

The company has taken advantage of exemption conferred by FRS 102 S33.1A, removing the requirement to disclose transactions between group members that have been eliminated on consolidation.

During the year the company provided and received short and long term loans from related parties. The balance outstanding due from/(to) related parties at 31 March 2019 are as follows:

	2019	2018
	£	£
Amounts owed from group undertakings	118,928	–
Amounts owed to group undertakings	(915,488)	(439,291)
Amounts owed to related parties	–	(1,215)

Outstanding balances with entities are unsecured and interest free.

Within amounts owed from group undertakings £118,928 (2018: £Nil) relates to amounts due in over one year.

Within amounts owed to group undertakings £915,488 (2018: £439,291) relates to amounts due in over one year.

The remainder of balances are repayable on demand.

#### 25. Controlling party

Aaroncare Limited is the 100% subsidiary of Hill Care Holdings Limited, a company registered in England and Wales.

The directors consider the ultimate parent undertaking to be Hill Care Holdings Limited, a company registered in England and Wales. Consolidated financial statements can be obtained from the company's registered address; 91-97 Saltergate, Chesterfield, Derbyshire, S40 1LA.