

## Halton Services Limited

Financial Statements

Year Ended

30 June 2020

Company Number 03122943

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**Halton Services Limited**  
Registered number: 03122943

**Statement of Financial Position**  
**As at 30 June 2020**

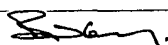
	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	5		72,093		84,168
Investments	6		102		102
			<u>72,195</u>		<u>84,270</u>
<b>Current assets</b>					
Debtors: amounts falling due within one year	7	395,321		358,282	
Cash at bank and in hand		38,545		12,316	
		<u>433,866</u>		<u>370,598</u>	
Creditors: amounts falling due within one year	8	(183,723)		(239,256)	
<b>Net current assets</b>			<u>250,143</u>		<u>131,342</u>
<b>Total assets less current liabilities</b>			<u>322,338</u>		<u>215,612</u>
<b>Provisions for liabilities</b>					
Deferred tax	9		-		(5,747)
<b>Net assets</b>			<u><u>322,338</u></u>		<u><u>209,865</u></u>
<b>Capital and reserves</b>					
Called up share capital	10		2		2
Profit and loss account	11		322,336		209,863
<b>Total equity</b>			<u><u>322,338</u></u>		<u><u>209,865</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on Jun 7, 2021



**B Cooney**  
Director

The notes on pages 3 to 15 form part of these financial statements.

# Halton Services Limited

Registered number: 03122943

## Statement of Financial Position (continued) As at 30 June 2020

### Statement of Changes in Equity For the Year Ended 30 June 2020

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2019	2	209,863	209,865
<b>Comprehensive income for the year</b>			
Profit for the year	-	262,473	262,473
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	262,473	262,473
Dividends: Equity capital	-	(150,000)	(150,000)
<b>Total transactions with owners</b>	-	(150,000)	(150,000)
<b>At 30 June 2020</b>	<b>2</b>	<b>322,336</b>	<b>322,338</b>

### Statement of Changes in Equity For the Year Ended 30 June 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 July 2018	2	148,646	148,648
<b>Comprehensive income for the year</b>			
Profit for the year	-	61,217	61,217
<b>Other comprehensive income for the year</b>	-	-	-
<b>Total comprehensive income for the year</b>	-	61,217	61,217
<b>Total transactions with owners</b>	-	-	-
<b>At 30 June 2019</b>	<b>2</b>	<b>209,863</b>	<b>209,865</b>

The notes on pages 3 to 15 form part of these financial statements.

# **Halton Services Limited**

## **Notes to the Financial Statements For the Year Ended 30 June 2020**

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### **1. General information**

Halton Services Limited is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities is set out in the directors' report.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

# Halton Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

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### 2. Accounting policies (continued)

#### 2.2 Going concern

The financial statements have been prepared on the going concern basis as the directors have prepared detailed budgets for a period of at least 12 months from the date of signing the financial statements which show that the company and group is expected to be able to meet all its liabilities as they fall due. However, it is acknowledged that Covid-19 has had a profound impact on the global and UK Economy and businesses.

The directors have produced a detailed stress test for Canford Healthcare Limited and its subsidiaries (together "the Group") for which this company is a wholly owned subsidiary. The conclusion of our stress test is that the Group has sufficient cash to sustain a loss of revenue of more than £1,250k, which is 3% compared to original budget, excluding costs reductions.

However, the directors have acknowledged that based on original forecasts, the Group may breach certain covenants relating to its property rental agreements for the six months ending 30 September 2021 and 31 December 2021.

In the event that such breaches materialise the Group may need to secure waivers to these covenants. The Group may also require further funds to finance activities going forward should the Covid-19 pandemic and consequential lockdowns affect operations and customer demand.

The directors feel it is appropriate to draw attention to the levels of continued uncertainty because of the ongoing global COVID-19 pandemic, which started in the second half of the financial year, early in 2020. In line with other care home groups, care home occupancy levels across the Group are at a lower level because of higher-than-normal deaths of potential clients and lower demand for care home beds. Whilst long term demographics indicate a significant demand for high quality care home beds, in the short-term lower occupancy levels are a continuing risk.

At the balance sheet date the Group had a strong cash position of £3,818k, net current assets of £4,811k and net assets of £6,420k. The Group has no debt and maintains a good relationship with the landlord of our properties.

In addition, the Group has claimed government grants for significant care home costs incurred to ensure effective infection control measures are in place and that staff and visitors are tested for COVID-19 on a regular basis before entry to the homes.

The directors acknowledge that it is entirely feasible, given current levels of uncertainty, that there could be a significant impact on trade, which means financial support becomes necessary. Whether such funding is accessible is dependent on the impact of Covid-19 on the wider group and on the appetite of the Group's directors and stakeholders to provide the necessary funding.

These conditions indicate the existence of a material uncertainty, which may cast significant doubt on the company and Group's ability to continue as a going concern.

However, the directors are confident that for the foreseeable future, being twelve months from the date of approval of these financial statements the Group and company will be able to meet its liabilities as they fall due. For this reason, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

# Halton Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

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### 2. Accounting policies (continued)

#### 2.3 Exemption from preparing consolidated financial statements

The company is a parent company that is also a subsidiary included in the consolidated financial statements of its immediate parent undertaking established under the law of an EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

Halton Services Limited is a wholly owned subsidiary of Canford Healthcare Limited and the results of Halton Services Limited are included in the consolidated financial statements of Canford Healthcare Limited which are available from Russell House, Oxford Road, Bournemouth, Dorset BH8 8EX.

#### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

#### 2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 7 years straight line
Motor vehicles	- 7 years straight line
Fixtures and fittings	- 7 years straight line
Computer equipment	- 4 years straight line

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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

# **Halton Services Limited**

## **Notes to the Financial Statements For the Year Ended 30 June 2020**

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

#### **2.6 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

#### **2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### **2.8 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### **2.9 Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

# Halton Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

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### 2. Accounting policies (continued)

#### 2.9 Financial instruments (continued)

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

#### 2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.



# **Halton Services Limited**

## **Notes to the Financial Statements For the Year Ended 30 June 2020**

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

#### **2.12 Operating leases: the company as lessee**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### **2.13 Leased assets: the company as lessee**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### **2.14 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

#### **2.15 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 non-current assets.

The cost of any unused holiday entitlement is recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **2.16 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# Halton Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

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### 2. Accounting policies (continued)

#### 2.17 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

#### 2.18 Government grants

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure are credited to the profit and loss account when the qualifying conditions attached have been met. The deferred element of grants is included in creditors as deferred income.

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

Determine whether there are indicators of impairment of the company's fixed asset investments and amounts owed by group undertakings. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Key assumptions include:

#### *Long-term growth rates*

The management forecasts are extrapolated using growth of 3% and assumptions relevant for the business sector and are based on industry research.

### 4. Employees

The average monthly number of employees, including directors, during the year was 49 (2019 - 50).

# Halton Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 5. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>					
At 1 July 2019	31,073	1,763	47,461	21,964	102,261
Additions	-	-	4,161	1,173	5,334
At 30 June 2020	31,073	1,763	51,622	23,137	107,595
<b>Depreciation</b>					
At 1 July 2019	5,493	1,763	8,348	2,489	18,093
Charge for the year	4,439	-	6,416	8,317	19,172
Disposals	-	-	-	(1,763)	(1,763)
At 30 June 2020	9,932	1,763	14,764	9,043	35,502
<b>Net book value</b>					
At 30 June 2020	21,141	-	36,858	14,094	72,093
At 30 June 2019	25,580	-	39,113	19,475	84,168

Property, plant and equipment with a carrying amount of £72,093 (2019 - £84,168) have been pledged to secure liabilities of the company.

# Halton Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 6. Fixed asset investments

Fixed asset investments with a carrying amount of £102 (2019 - £102) have been pledged to secure liabilities of the company.

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 July 2019	102
At 30 June 2020	<u>102</u>

### Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Registered office	Principal activity	Class of shares	Holding
Hampton Care Ltd	Russell House, Oxford Road, Bournemouth, England, BH8 8EX	Operation of nursing homes	Ordinary	100%

### 7. Debtors: amounts falling due within one year

	2020 £	2019 £
Trade debtors	156,123	144,234
Amounts owed by group undertakings	193,834	165,361
Other debtors	2	-
Prepayments and accrued income	43,858	48,687
Deferred taxation	1,504	-
	<u>395,321</u>	<u>358,282</u>

The carrying amount of trade and other receivables includes £395,321 (2019 - £358,282) pledged as security for liabilities.

# Halton Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

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

	2020 £	2019 £
Trade creditors	51,464	75,999
Amounts owed to group undertakings	467	69,530
Corporation tax	224	224
Other taxation and social security	21,155	20,496
Other creditors	33,659	37,266
Accruals and deferred income	76,754	35,741
	<u>183,723</u>	<u>239,256</u>

### 9. Deferred taxation

	2020 £
At beginning of year	5,747
Charged to profit or loss	(7,251)
<b>At end of year</b>	<u><b>(1,504)</b></u>

The deferred taxation balance is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	(5,066)	(5,747)
Short term timing differences	6,570	-
	<u>(1,504)</u>	<u>5,747</u>

### 10. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
2 ordinary A shares of £1 each	2	2
	<u>2</u>	<u>2</u>

Ordinary shares carry voting rights but have no right to fixed income or fixed repayments of capital.

# Halton Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

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### 11. Reserves

The company's capital and reserves are as follows:

#### **Called up share capital**

Called up share capital represents the nominal value of the shares issued.

#### **Revaluation reserve**

The revaluation reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

#### **Profit and loss account**

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 12. Financial commitments, guarantees and contingent liabilities

As at 30 June 2020 the company was party to a composite guarantee and debenture in respect of all liabilities due under the terms of the operating lease for the use of the property from which fellow subsidiary companies trade. Security is by way of a fixed charge over any freehold or leasehold property and other assets vested in the company and a floating charge over all assets, property and undertakings of the company both present and future. It is not practicable for an assessment of the financial effect to be ascertained as at the statement of financial position date.

### 13. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £16,984 (2019 - £13,569). Contributions totalling £4,038 (2019 - £3,881) were payable to the fund at the reporting date and are included in creditors.

# Halton Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

### 14. Commitments under operating leases

Operating lease payments include rentals payable by the company for the use of its business premises. This lease is for a maximum term of 22 years and 8 months rentals are increased annually on an indexed basis, with upward rent reviews occurring in January 2025, and every 5 years thereafter. This lease contains a number of financial covenants which are tested on a systematic basis.

At 30 June 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	146,206	142,291
Later than 1 year and not later than 5 years	521,807	569,164
Later than 5 years	-	127,477
	<u>668,013</u>	<u>838,932</u>

### 15. Related party transactions

The company has taken advantage of the exemption available in section 33.1A of FRS 102 whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

### 16. Controlling party

The ultimate parent company is Canford Healthcare Limited, whose registered office is Russell House, Oxford Road, Bournemouth, Dorset BH8 8EX.

The ultimate controlling party is Mr B Cooney by virtue of his 60% holding of the issued share capital in Canford Healthcare Limited.

The smallest and largest group into which the company is consolidated is Canford Healthcare Limited.

# Halton Services Limited

## Notes to the Financial Statements For the Year Ended 30 June 2020

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### 17. Auditor's information

The auditor's report on the financial statements for the year ended 30 June 2020 was unqualified.

In their report, the auditor emphasised the following matter without qualifying their report:

We refer to note 2.2, which explains the company may require further funds from the group to finance their activities going forward. Whether such funding is accessible is dependent on the impact of Covid-19 on the wider group and on the appetite of the group's directors and stakeholders to provide the necessary funding.

As stated in note 2.2, these events or conditions, along with the other matters set out in note 2.2 indicate the existence of a material uncertainty, which may cast significant doubt on the company and groups ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed on 7 June 2021 by James Newman (Senior Statutory Auditor) on behalf of BDO LLP.