

Registration number: 03233854

# Absolute Care Homes (Central) Limited

Annual Report and Financial Statements

for the Year Ended 30 April 2019

Wall and Partners  
Chartered Accountants and Statutory Auditors  
3 & 5 Commercial Gate  
Mansfield  
Nottinghamshire  
NG18 1EJ



# **Absolute Care Homes (Central) Limited**

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# **Absolute Care Homes (Central) Limited**

## **Company Information**

**Director** Dr M S Pawar

**Company secretary** Mrs J K Pawar

**Registered office** 3 & 5 Commercial Gate  
Mansfield  
Nottinghamshire  
NG18 1EJ

**Solicitors** Squire Patton Boggs (UK) LLP  
Rutland House  
148 Edmund Street  
Birmingham  
B3 2JR

**Auditors** Wall and Partners  
Chartered Accountants and Statutory Auditors  
3 & 5 Commercial Gate  
Mansfield  
Nottinghamshire  
NG18 1EJ

## **Absolute Care Homes (Central) Limited**

### **Strategic Report for the Year Ended 30 April 2019**

The director presents his strategic report for the year ended 30 April 2019.

#### **Principal activity**

The principal activity of the company is property development and the provision of health care for the elderly.

#### **Fair review of the business**

A summary of the results for the period is given on page 8 of the Financial Statements.

The company's principal trade is the operation of a care home. In respect of its trading activities as a care home during the year ended 30 April 2019 fees received increased by £422,939 over that achieved in the year ended 30 April 2018, an increase of 11%.

Changes in tangible fixed assets during the year are set out in note 11 of the Financial Statements.

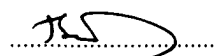
The company's key financial and other performance indicators during the year were as follows:

	<u>Unit</u>	<u>2019</u>	<u>2018</u>
Average weekly fees per resident	£	<u>1,186</u>	<u>1,116</u>
Direct payroll costs as a % of fees received	%	<u>55</u>	<u>55</u>
Direct non payroll costs as a % of fees received	%	<u>5</u>	<u>5</u>

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

High quality care and high quality general health and safety standards need to be maintained to ensure the company mitigates risks and uncertainties and continues to be successful. It is the company's aim to continue to meet and exceed statutory requirements through rigorous monitoring procedures and careful vetting and training of staff.

Approved by the Board on 27.02.2020 and signed on its behalf by:

  
.....  
Mrs J K Pawar  
Company secretary

## **Absolute Care Homes (Central) Limited**

### **Director's Report for the Year Ended 30 April 2019**

The director presents his report and the financial statements for the year ended 30 April 2019.

#### **Director of the company**

The director who held office during the year was as follows:

Dr M S Pawar

#### **Information included in the Strategic Report**

During the year, the company sold a freehold property known as the House on the Hill which had been acquired for development of a care home but this proved uncommercial. The years results are affected by a profit on disposal of £359,326. This is an exceptional item and is not expected to reoccur.

#### **Financial instruments**

##### ***Objectives and policies***

The company's principal financial instruments comprise bank balances, a bank loan, trade creditors and trade debtors. The main purpose of these instruments is to raise funds for, and to finance, the company's operations.

##### ***Price risk, credit risk, liquidity risk and cash flow risk***

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances and bank loans the liquidity risk is managed by maintaining positive bank balances and ensuring loan repayments are met and covenants are not breached.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning each resident in the company's care and each debt owed and the regular monitoring of amounts outstanding for both time and credit allowed.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

#### **Future developments**

HM Revenue & Customs have granted permission for a group reconstruction whereby an undeveloped freehold property was transferred to Absolute Healthcare East Limited leaving the company purely operating a single care home. The company will continue to develop its specialisation in challenging behaviour thus increasing revenue. There are no significant issues of estimation uncertainty.


#### **Disclosure of information to the auditors**

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditors are unaware.

Approved by the Board on .....27.02.2020..... and signed on its behalf by:

**Absolute Care Homes (Central) Limited**

**Director's Report for the Year Ended 30 April 2019**



Mrs J K Pawar  
Company secretary

## **Absolute Care Homes (Central) Limited**

### **Statement of Director's Responsibilities**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

## **Absolute Care Homes (Central) Limited**

### **Independent Auditor's Report to the Members of Absolute Care Homes (Central) Limited**

#### **Opinion**

We have audited the financial statements of Absolute Care Homes (Central) Limited (the 'company') for the year ended 30 April 2019, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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



## **Absolute Care Homes (Central) Limited**

### **Independent Auditor's Report to the Members of Absolute Care Homes (Central) Limited**

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

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

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

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's 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, 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 the director**

As explained more fully in the Statement of Director's Responsibilities [set out on page 5], the director is 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 director determines 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 director is 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 director either intends to liquidate the 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

## **Absolute Care Homes (Central) Limited**

### **Independent Auditor's Report to the Members of Absolute Care Homes (Central) Limited**

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Use of our report**

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



Simon Robinson FCA (Senior Statutory Auditor)  
For and on behalf of Wall and Partners, Statutory Auditor

Chartered Accountants and Statutory Auditors  
3 & 5 Commercial Gate  
Mansfield  
Nottinghamshire  
NG18 1EJ

Date:.....27/02/2020

**Absolute Care Homes (Central) Limited**

**Profit and Loss Account for the Year Ended 30 April 2019**

		<u>Continuing</u> <u>operations</u> <u>2019</u>	<u>Discontinued</u> <u>operations</u> <u>2019</u>	<u>Total</u> <u>2019</u>	<u>Continuing</u> <u>operations</u> <u>2018</u>	<u>Discontinued</u> <u>operations</u> <u>2018</u>	<u>Total</u> <u>2018</u>
	<u>Note</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Turnover	3	4,192,538	-	4,192,538	3,769,599	-	3,769,599
Cost of sales		<u>(2,511,135)</u>	<u>-</u>	<u>(2,511,135)</u>	<u>(2,261,882)</u>	<u>-</u>	<u>(2,261,882)</u>
Gross profit		<u>1,681,403</u>	<u>-</u>	<u>1,681,403</u>	<u>1,507,717</u>	<u>-</u>	<u>1,507,717</u>
Administrative expenses		<u>(365,810)</u>	<u>359,326</u>	<u>(6,484)</u>	<u>(339,878)</u>	<u>-</u>	<u>(339,878)</u>
Operating profit	4	1,315,593	359,326	1,674,919	1,167,839	-	1,167,839
Other interest receivable and similar income	5	4,372	-	4,372	183	-	183
Interest payable and similar charges	6	<u>(81,970)</u>	<u>-</u>	<u>(81,970)</u>	<u>(56,534)</u>	<u>-</u>	<u>(56,534)</u>
		<u>(77,598)</u>	<u>-</u>	<u>(77,598)</u>	<u>(56,351)</u>	<u>-</u>	<u>(56,351)</u>
Profit before tax		<u>1,237,995</u>	<u>359,326</u>	<u>1,597,321</u>	<u>1,111,488</u>	<u>-</u>	<u>1,111,488</u>
Taxation	9	<u>(240,478)</u>	<u>(73,389)</u>	<u>(313,867)</u>	<u>(216,958)</u>	<u>-</u>	<u>(216,958)</u>
Profit for the financial year		<u>997,517</u>	<u>285,937</u>	<u>1,283,454</u>	<u>894,530</u>	<u>-</u>	<u>894,530</u>

The company has no recognised gains or losses for the year other than the results above.

**Absolute Care Homes (Central) Limited**

**Statement of Comprehensive Income for the Year Ended 30 April 2019**

	<b><u>2019</u></b> <b><u>£</u></b>	<b><u>2018</u></b> <b><u>£</u></b>
Profit for the year	1,283,454	894,530
Surplus on property revaluation	-	(37,801)
Total comprehensive income for the year	<u>1,283,454</u>	<u>856,729</u>

The notes on pages 14 to 24 form an integral part of these financial statements.

**Absolute Care Homes (Central) Limited**

**(Registration number: 03233854)**

**Balance Sheet as at 30 April 2019**

	<u>Note</u>	<u>2019</u> <u>£</u>	<u>2018</u> <u>£</u>
<b><u>Fixed assets</u></b>			
Tangible assets	11	3,508,934	3,560,822
Investments	12	-	2
		<u>3,508,934</u>	<u>3,560,824</u>
<b><u>Current assets</u></b>			
Stocks	13	1,246	751,246
Debtors	14	5,695,259	5,313,065
Cash at bank and in hand	15	<u>2,859,732</u>	<u>699,138</u>
		8,556,237	6,763,449
Creditors: Amounts falling due within one year	16	<u>(1,028,407)</u>	<u>(1,311,803)</u>
Net current assets		<u>7,527,830</u>	<u>5,451,646</u>
Total assets less current liabilities		<u>11,036,764</u>	<u>9,012,470</u>
Creditors: Amounts falling due after more than one year	16	(3,668,573)	(2,138,998)
Provisions for liabilities	17	<u>(35,840)</u>	<u>(74,575)</u>
Net assets		<u>7,332,351</u>	<u>6,798,897</u>
<b><u>Capital and reserves</u></b>			
Called up share capital	19	225,000	225,000
Revaluation reserve		-	200,821
Profit and loss account		<u>7,107,351</u>	<u>6,373,076</u>
Total equity		<u>7,332,351</u>	<u>6,798,897</u>

Approved and authorised by the director on 27.02.2020

Dr M S Pawar  
Director



# Absolute Care Homes (Central) Limited

## Statement of Changes in Equity for the Year Ended 30 April 2019

	<u>Share capital</u>	<u>Revaluation</u>	<u>Profit and loss</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1 May 2018	225,000	200,821	6,373,076	6,798,897
Profit for the year	-	-	1,283,454	1,283,454
Other comprehensive income of realisation of revaluation reserve	-	(200,821)	200,821	-
Total comprehensive income	-	(200,821)	1,484,275	1,283,454
Distribution on reconstruction	-	-	(750,000)	(750,000)
At 30 April 2019	<u>225,000</u>	<u>-</u>	<u>7,107,351</u>	<u>7,332,351</u>

	<u>Share capital</u>	<u>Revaluation</u>	<u>Profit and loss</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1 May 2017	225,000	238,622	5,488,546	5,952,168
Profit for the year	-	-	894,530	894,530
Other comprehensive income	-	(37,801)	-	(37,801)
Total comprehensive income	-	(37,801)	894,530	856,729
Dividends	-	-	(10,000)	(10,000)
At 30 April 2018	<u>225,000</u>	<u>200,821</u>	<u>6,373,076</u>	<u>6,798,897</u>

The notes on pages 14 to 24 form an integral part of these financial statements.

**Absolute Care Homes (Central) Limited**

**Statement of Cash Flows for the Year Ended 30 April 2019**

	<u>Note</u>	<u>2019</u> <u>£</u>	<u>2018</u> <u>£</u>
<b><u>Cash flows from operating activities</u></b>			
Profit for the year		1,283,454	894,530
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	60,378	63,724
Profit on disposal of tangible assets		(359,326)	-
Finance income	5	(4,372)	(183)
Finance costs	6	81,970	56,534
Corporation tax expense	9	313,867	216,958
		<u>1,375,971</u>	<u>1,231,563</u>
Working capital adjustments			
Decrease/(increase) in debtors	14	113,872	(45,477)
(Decrease)/increase in creditors	16	(657,507)	743,283
Increase in stocks		-	(746)
Cash generated from operations		<u>832,336</u>	<u>1,928,623</u>
Corporation taxes paid	9	-	(337,842)
Net cash flow from operating activities		832,336	1,590,781
<b><u>Cash flows from investing activities</u></b>			
Interest received	5	4,372	183
Acquisition of subsidiaries	12	-	(2)
Acquisitions of tangible assets		(8,490)	(16,813)
Proceeds from sale of current asset		<u>1,109,326</u>	-
Net cash flows from investing activities		<u>1,105,208</u>	<u>(16,632)</u>
<b><u>Cash flows from financing activities</u></b>			
Interest paid	6	(81,970)	(56,534)
Repayment of bank borrowing		(2,448,917)	(197,100)
Proceeds from other borrowing draw downs		4,000,000	-
Dividends paid		-	(10,000)
Receivables from related parties		(845,068)	(3,544,232)
Other receivables		(400,998)	269,945
Cash flow rounding		<u>3</u>	-
Net cash flows from financing activities		<u>223,050</u>	<u>(3,537,921)</u>
Net increase/(decrease) in cash and cash equivalents		<u>2,160,594</u>	<u>(1,963,772)</u>
Cash and cash equivalents at 1 May 2018		<u>699,138</u>	<u>2,662,910</u>
Cash and cash equivalents at 30 April 2019	15	<u>2,859,732</u>	<u>699,138</u>

The notes on pages 14 to 24 form an integral part of these financial statements.

## **Absolute Care Homes (Central) Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2019**

#### **1 General information**

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

The address of its registered office is:

3 & 5 Commercial Gate  
Mansfield  
Nottinghamshire  
NG18 1EJ

The principal place of business is:

Boldmere Court Care Home  
350 Gravelly Lane  
Boldmere  
Birmingham  
B23 5SB

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

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

The Company's financial statements are presented in sterling and all values are rounded to the nearest pound.

##### **Key sources of estimation uncertainty**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions made in respect of the useful economic lives of tangible fixed assets and the recoverable value of trade debtors do not pose a significant risk of causing a material adjustment to the carrying amounts of these assets within the next financial year. No other significant estimates or assumptions are made.

##### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. Turnover is shown net of sales/value added tax, rebates and discounts.

Revenue is recognised on a daily basis when the service and care have been received by the resident. These services are invoiced on a periodic basis. Revenue received in advance is treated as deferred income and recognised as income in future trading periods.

##### **Tax**

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



## **Absolute Care Homes (Central) Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2019**

The current corporation 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 taxable income.

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

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

#### **Tangible assets**

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction, over their estimated useful lives as follows:

<b><u>Asset class</u></b>	<b><u>Depreciation method and rate</u></b>
Freehold property	1% straight line basis (from commencement of use)
Plant and machinery	20% reducing balance basis
Fixtures and fittings	15% reducing balance basis
Freehold property	Not depreciated

#### **Goodwill/Disposal of Assets**

Following the acquisition of the House on the Hill Care Home an impairment review was carried out during the year ended 30 April 2013. As the decision had been taken to close down operations the goodwill on acquisition was written off during the year ended 30 April 2013. This property was disposed of during the year for £1,151,500.

#### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

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

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

## **Absolute Care Homes (Central) Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2019**

#### **Trade debtors**

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

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Cost is determined using the first-in, first-out (FIFO) method. Stock comprises food and consumables for the residents in care.

#### **Trade creditors**

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

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

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

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

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

#### **Share capital**

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

#### **Dividends**

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

#### **Defined contribution pension obligation**

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

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

## Absolute Care Homes (Central) Limited

### Notes to the Financial Statements for the Year Ended 30 April 2019

#### 3 Revenue

The analysis of the Company's revenue for the year from continuing operations is as follows:

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Care home residents fees	<u>4,192,538</u>	<u>3,769,599</u>

#### 4 Operating profit

Arrived at after charging/(crediting)

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Depreciation expense	60,378	63,724
Profit on disposal of freehold property	<u>(359,326)</u>	<u>-</u>

#### 5 Other interest receivable and similar income

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Interest income on bank deposits	4,372	-
Other interest income	<u>-</u>	<u>183</u>
	<u>4,372</u>	<u>183</u>

#### 6 Interest payable and similar expenses

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Interest on bank overdrafts and borrowings	-	2,057
Interest expense on bank loans	81,970	54,477
	<u>81,970</u>	<u>56,534</u>

#### 7 Staff costs

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

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Wages and salaries	2,082,260	1,771,113
Social security costs	145,915	114,737
Pension costs - defined contribution scheme	26,855	12,238
Other employee expense	13,647	11,121
	<u>2,268,677</u>	<u>1,909,209</u>

## **Absolute Care Homes (Central) Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2019**

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

	<b><u>2019</u></b> <b><u>No.</u></b>	<b><u>2018</u></b> <b><u>No.</u></b>
Direct staff	137	127
Management	<u>5</u>	<u>3</u>
	<u>142</u>	<u>130</u>

#### **8 Auditors' remuneration**

	<b><u>2019</u></b> <b><u>£</u></b>	<b><u>2018</u></b> <b><u>£</u></b>
Audit of the financial statements	<u>8,700</u>	<u>7,200</u>
<b><u>Other fees to auditors</u></b>		
All other non-audit services	<u>16,791</u>	<u>27,420</u>

## Absolute Care Homes (Central) Limited

### Notes to the Financial Statements for the Year Ended 30 April 2019

#### 9 Taxation

Tax charged/(credited) in the income statement

	<u>2019</u> £	<u>2018</u> £
<b><u>Current taxation</u></b>		
UK corporation tax	352,602	215,254
UK corporation tax adjustment to prior periods	-	(236)
	<u>352,602</u>	<u>215,018</u>
<b><u>Deferred taxation</u></b>		
Arising from origination and reversal of timing differences	(38,735)	1,940
Tax expense in the income statement	<u>313,867</u>	<u>216,958</u>

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

The differences are reconciled below:

	<u>2019</u> £	<u>2018</u> £
Profit before tax	<u>1,597,321</u>	<u>1,111,488</u>
Corporation tax at standard rate	<u>303,491</u>	<u>211,183</u>
Effect of expense not deductible in determining taxable profit (tax loss)	13,449	5,436
Tax increase (decrease) from effect of indexation allowance on capital gains	(2,896)	-
Tax increase (decrease) arising from group relief	(177)	-
Deferred tax expense (credit) from unrecognised temporary difference from a prior period	-	574
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	(235)
	<u>10,376</u>	<u>5,775</u>
Total tax charge	<u>313,867</u>	<u>216,958</u>

## Absolute Care Homes (Central) Limited

### Notes to the Financial Statements for the Year Ended 30 April 2019

#### 10 Intangible assets

	<u>Goodwill</u> £	<u>Total</u> £
<b><u>Cost or valuation</u></b>		
At 1 May 2018	287,492	287,492
Disposals	(287,492)	(287,492)
At 30 April 2019	-	-
<b><u>Amortisation</u></b>		
At 1 May 2018	287,492	287,492
Amortisation eliminated on disposals	(287,492)	(287,492)
At 30 April 2019	-	-
<b><u>Carrying amount</u></b>		
At 30 April 2019	-	-

#### 11 Tangible assets

	<u>Land and buildings</u> £	<u>Furniture, fittings and equipment</u> £	<u>Plant and equipment</u> £	<u>Total</u> £
<b><u>Cost or valuation</u></b>				
At 1 May 2018	3,571,903	393,980	138,575	4,104,458
Additions	-	3,534	4,956	8,490
At 30 April 2019	3,571,903	397,514	143,531	4,112,948
<b><u>Depreciation</u></b>				
At 1 May 2018	198,113	235,488	110,035	543,636
Charge for the year	29,820	24,198	6,360	60,378
At 30 April 2019	227,933	259,686	116,395	604,014
<b><u>Carrying amount</u></b>				
At 30 April 2019	3,343,970	137,828	27,136	3,508,934
At 30 April 2018	3,373,790	158,492	28,540	3,560,822

Included within the net book value of land and buildings above is £3,343,970 (2018 - £3,373,790) in respect of freehold land and buildings.

#### 12 Investments in subsidiaries, joint ventures and associates

	<u>2019</u> £	<u>2018</u> £
Investments in subsidiaries	-	2

## Absolute Care Homes (Central) Limited

### Notes to the Financial Statements for the Year Ended 30 April 2019

<u>Subsidiaries</u>	<u>£</u>
<u>Cost or valuation</u>	
At 1 May 2018	2
Additions	749,999
Disposals	<u>(750,001)</u>
At 30 April 2019	<u>-</u>
<u>Carrying amount</u>	
At 30 April 2019	<u>-</u>
At 30 April 2018	<u>2</u>

### 13 Stocks

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Consumables	1,246	1,246
Freehold property held for resale	<u>-</u>	<u>750,000</u>
	<u>1,246</u>	<u>751,246</u>

The freehold property was revalued in 2017. The historic cost of the property was £511,378.

### 14 Debtors

		<u>2019</u>	<u>2018</u>
	<u>Note</u>	<u>£</u>	<u>£</u>
Trade debtors		247,771	359,531
Amounts owed by related parties	22	5,024,101	4,179,993
Owed by group undertakings	22	960	750,000
Other debtors		400,998	-
Prepayments		<u>21,429</u>	<u>23,541</u>
Total current trade and other debtors		<u>5,695,259</u>	<u>5,313,065</u>

## Absolute Care Homes (Central) Limited

### Notes to the Financial Statements for the Year Ended 30 April 2019

#### 15 Cash and cash equivalents

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Cash on hand	441	540
Cash at bank	242,285	686,623
Short-term deposits	2,617,006	11,975
	<u>2,859,732</u>	<u>699,138</u>

#### 16 Creditors

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
<b><u>Due within one year</u></b>		
Loans and borrowings	20 222,797	201,289
Trade creditors	63,131	110,508
Amounts due to related parties	22 60,748	696,257
Social security and other taxes	37,243	21,942
Other payables	6,392	3,769
Accrued expenses	170,244	162,788
Corporation tax liability	9 467,852	115,250
	<u>1,028,407</u>	<u>1,311,803</u>
<b><u>Due after one year</u></b>		
Loans and borrowings	20 3,668,573	2,138,998

#### 17 Provisions for liabilities

	<u>Deferred tax</u>	<u>Total</u>
	<u>£</u>	<u>£</u>
At 1 May 2018	74,575	74,575
Increase in existing provisions	(934)	(934)
Decrease (increase) through disposals	(37,801)	(37,801)
At 30 April 2019	<u>35,840</u>	<u>35,840</u>

#### Analysis of deferred tax

The provision of £35,840 principally comprises the difference between accumulated depreciation and amortisation and capital allowances: £35,840 (2018: £36,774) and property revaluation £Nil (2018: £37,801).

During the year ended 30 April 2020, £1,799 of the above provision is due to reverse due to accelerated depreciation charges.



## **Absolute Care Homes (Central) Limited**

### **Notes to the Financial Statements for the Year Ended 30 April 2019**

#### **18 Pension and other schemes**

##### **Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £26,855 (2018 - £12,238).

#### **19 Share capital**

##### **Allotted, called up and fully paid shares**

	<b><u>2019</u></b>		<b><u>2018</u></b>	
	<b><u>No.</u></b>	<b><u>£</u></b>	<b><u>No.</u></b>	<b><u>£</u></b>
Ordinary shares of £1 each	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>

##### **Rights, preferences and restrictions**

Ordinary shares of £1 each have the following rights, preferences and restrictions:

There is a single class of ordinary share. There are no restrictions on the distribution of dividends and the repayment of capital.

#### **20 Loans and borrowings**

	<b><u>2019</u></b>	<b><u>2018</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
<b><u>Non-current loans and borrowings</u></b>		
Bank borrowings	<u>3,668,573</u>	<u>2,138,998</u>

	<b><u>2019</u></b>	<b><u>2018</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
<b><u>Current loans and borrowings</u></b>		
Bank borrowings	<u>222,797</u>	<u>201,289</u>

##### **Bank borrowings**

Bank loan is denominated in sterling with a nominal interest rate of 2.65%. The carrying amount at year end is £3,891,370 (2018 - £2,340,287).

The bank loan is secured by a legal charge over the freehold property operated as a care home (carrying amount £3,343,970 (2018 - £3,373,790)) and by a fixed and floating charge over the assets of the Company (carrying amount £8,721,201 (2018 - £6,950,483)).

The bank loan is being repaid in quarterly installments.

## Absolute Care Homes (Central) Limited

### Notes to the Financial Statements for the Year Ended 30 April 2019

#### 21 Obligations under leases and hire purchase contracts

##### Operating leases

The total of future minimum lease payments is as follows:

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
Later than one year and not later than five years	-	3,778

The amount of non-cancellable operating lease payments recognised as an expense during the year was £Nil (2018 - £1,511).

#### 22 Related party transactions

##### Dividends paid to directors

	<u>2019</u>	<u>2018</u>
	<u>£</u>	<u>£</u>
<u>Dr M S Pawar</u>		
Dr M S Pawar	-	10,000

##### Transactions with directors

At 30 April 2019 the company owed Dr M S Pawar, the director, £60,748 (2018: £696,257). The loan is interest free with no scheduled repayment date.

##### Summary of transactions with parent

The Company does not have a parent undertaking. The ultimate controlling party is Dr M S Pawar.

##### Summary of transactions with subsidiaries

Absolute Healthcare East Limited

During the prior year the company transferred freehold property to the value of £750,000 to Absolute Healthcare East Limited. Settlement of the outstanding balance was made on 13 June 2018 by way of the issue of 749,999 ordinary shares in Absolute Healthcare East Limited to the company.

##### Summary of transactions with other related parties

At 30 April 2019 the following sums were due from companies under common control:

Absolute Homecare Limited £575,829 (2018: £565,450)  
Absolute Healthcare Central Limited £1,988,669 (2018: £1,999,949)  
Absolute Healthcare North Limited £2,454,295 (2018: £1,614,295)  
Absolute Care Consultants Limited £298 (2018: £298)  
Absolute Healthcare South Limited £5,010 (2018: £Nil)