

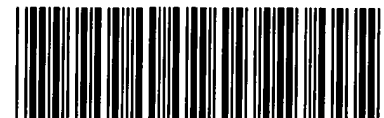
# Absolute Care Homes (Central) Limited

## Annual Report and Financial Statements

for the Year Ended 30 April 2020

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

MONDAY



\*A9JDH1PD\*

A18

07/12/2020

#85

COMPANIES HOUSE

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

## **Contents**

Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 7
Profit and Loss Account	8
Statement of Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13 to 22

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

### **Company Information**

**Directors** 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

**Bankers** Yorkshire Bank  
Birmingham Financial Solutions Centre  
Temple Point  
1 Temple Row  
Birmingham  
B2 5YB

**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 2020**

The director presents his strategic report for the year ended 30 April 2020.

#### **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 2020 fees received increased by £551,715 over that achieved in the year ended 30 April 2019, an increase of 13%. Changes in tangible fixed assets during the year are set out in note 10 of the Financial Statements.

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

	<b><u>Unit</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Average weekly fees per resident	£	<u>1,342</u>	<u>1,186</u>
Direct payroll costs as a % of fees received	%	<u>52</u>	<u>55</u>
Direct non payroll costs as a % of fees received	%	<u>4</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.

Continued uncertainty surrounding the Eurozone and the ongoing results of Brexit negotiations is an aspect that is unlikely to have a direct effect on the company's ability to raise finance, further information is available at Note 18.

Due to the nature of the service provided by the company, the COVID-19 pandemic and issues surrounding its impact in care homes has been well reported in the media, further information regarding the impact of the COVID-19 pandemic can be found at Note 20.

The director continues to monitor the matters mentioned above closely.

Approved by the director on 02.12.20 and signed on its behalf by:



Mrs J K Pawar  
Company secretary

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

### **Directors' Report for the Year Ended 30 April 2020**

The directors present their report and the financial statements for the year ended 30 April 2020.

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

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

Dr M S Pawar

#### **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.

#### **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 director on 02.12.20 and signed on its behalf by:



Mrs J-K Pawar  
Company secretary

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

### **Statement of Directors' 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 2020, 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 2020 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 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 Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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.



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

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

- 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 directors.
- Conclude on the appropriateness of the directors' 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: 21/2/2020

**Absolute Care Homes (Central) Limited**

**Profit and Loss Account for the Year Ended 30 April 2020**

		<u>Continuing</u> <u>operations</u> <u>2020</u>	<u>Discontinued</u> <u>operations</u> <u>2020</u>	<u>Total</u> <u>2020</u>	<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>Note</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Turnover	3	4,744,253	-	4,744,253	4,192,538	-	4,192,538
Cost of sales		<u>(2,658,513)</u>	<u>-</u>	<u>(2,658,513)</u>	<u>(2,511,135)</u>	<u>-</u>	<u>(2,511,135)</u>
Gross profit		<u>2,085,740</u>	<u>-</u>	<u>2,085,740</u>	<u>1,681,403</u>	<u>-</u>	<u>1,681,403</u>
Administrative expenses		<u>(346,229)</u>	<u>-</u>	<u>(346,229)</u>	<u>(365,810)</u>	<u>359,326</u>	<u>(6,484)</u>
Operating profit	4	1,739,511	-	1,739,511	1,315,593	359,326	1,674,919
Other interest receivable and similar income	5	6,986	-	6,986	4,372	-	4,372
Interest payable and similar charges	6	<u>(131,242)</u>	<u>-</u>	<u>(131,242)</u>	<u>(81,970)</u>	<u>-</u>	<u>(81,970)</u>
		<u>(124,256)</u>	<u>-</u>	<u>(124,256)</u>	<u>(77,598)</u>	<u>-</u>	<u>(77,598)</u>
Profit before tax		<u>1,615,255</u>	<u>-</u>	<u>1,615,255</u>	<u>1,237,995</u>	<u>359,326</u>	<u>1,597,321</u>
Tax on profit	9	<u>(312,687)</u>	<u>-</u>	<u>(312,687)</u>	<u>(240,478)</u>	<u>(73,389)</u>	<u>(313,867)</u>
Profit for the financial year		<u>1,302,568</u>	<u>-</u>	<u>1,302,568</u>	<u>997,517</u>	<u>285,937</u>	<u>1,283,454</u>

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

The notes on pages 13 to 22 form an integral part of these financial statements.

**Absolute Care Homes (Central) Limited**

**Statement of Comprehensive Income for the Year Ended 30 April 2020**

	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Profit for the year	<u>1,302,568</u>	<u>1,283,454</u>
Total comprehensive income for the year	<u><u>1,302,568</u></u>	<u><u>1,283,454</u></u>

The notes on pages 13 to 22 form an integral part of these financial statements.

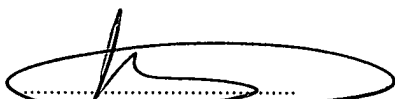
**Absolute Care Homes (Central) Limited**

**(Registration number: 03233854)**

**Balance Sheet as at 30 April 2020**

	<u>Note</u>	<u>2020</u> <u>£</u>	<u>2019</u> <u>£</u>
<b><u>Fixed assets</u></b>			
Tangible assets	10	3,474,320	3,508,934
<b><u>Current assets</u></b>			
Stocks	11	1,246	1,246
Debtors	12	7,987,290	5,695,258
Cash at bank and in hand	13	2,739,617	2,859,732
		10,728,153	8,556,236
<b>Creditors: Amounts falling due within one year</b>	14	(5,529,495)	(1,028,406)
<b>Net current assets</b>		5,198,658	7,527,830
<b>Total assets less current liabilities</b>		8,672,978	11,036,764
<b>Creditors: Amounts falling due after more than one year</b>	14	-	(3,668,573)
<b>Provisions for liabilities</b>	15	(38,059)	(35,840)
<b>Net assets</b>		8,634,919	7,332,351
<b><u>Capital and reserves</u></b>			
Called up share capital	17	225,000	225,000
Profit and loss account		8,409,919	7,107,351
<b>Total equity</b>		8,634,919	7,332,351

Approved and authorised by the director on 02.12.20



Dr M S Pawar  
Director

The notes on pages 13 to 22 form an integral part of these financial statements.

**Absolute Care Homes (Central) Limited**

**Statement of Changes in Equity for the Year Ended 30 April 2020**

	<b><u>Share capital</u></b>	<b><u>Profit and loss</u></b>	<b><u>Total</u></b>
	<b><u>£</u></b>	<b><u>account</u></b>	<b><u>£</u></b>
At 1 May 2019	225,000	7,107,351	7,332,351
Profit for the year	-	1,302,568	1,302,568
Total comprehensive income	-	1,302,568	1,302,568
At 30 April 2020	225,000	8,409,919	8,634,919

	<b><u>Share capital</u></b>	<b><u>Revaluation</u></b>	<b><u>Profit and loss</u></b>	<b><u>Total</u></b>
	<b><u>£</u></b>	<b><u>reserve</u></b>	<b><u>account</u></b>	<b><u>£</u></b>
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	-	(200,821)	200,821	-
Total comprehensive income	-	(200,821)	1,484,275	1,283,454
Dividends	-	-	(750,000)	(750,000)
At 30 April 2019	225,000	-	7,107,351	7,332,351

The notes on pages 13 to 22 form an integral part of these financial statements.

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

## **Statement of Cash Flows for the Year Ended 30 April 2020**

	<b><u>Note</u></b>	<b><u>2020</u></b> <b><u>£</u></b>	<b><u>2019</u></b> <b><u>£</u></b>
<b><u>Cash flows from operating activities</u></b>			
Profit for the year		1,302,568	1,283,454
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	57,401	60,378
Profit on disposal of tangible assets		-	(359,326)
Finance income	5	(6,986)	(4,372)
Finance costs	6	131,242	81,970
Income tax expense	9	312,687	313,867
		<u>1,796,912</u>	<u>1,375,971</u>
Working capital adjustments			
(Increase)/decrease in trade debtors	12	(75,953)	113,872
Increase/(decrease) in trade creditors	14	6,662	(21,997)
Cash generated from operations		<u>1,727,621</u>	<u>1,467,846</u>
Income taxes paid	9	<u>(659,705)</u>	<u>-</u>
Net cash flow from operating activities		1,067,916	1,467,846
<b><u>Cash flows from investing activities</u></b>			
Interest received	5	6,986	4,372
Acquisitions of tangible assets		(22,787)	(8,490)
Proceeds from sale of current asset		-	1,109,326
Net cash flows from investing activities		<u>(15,801)</u>	<u>1,105,208</u>
<b><u>Cash flows from financing activities</u></b>			
Interest paid	6	(131,242)	(81,970)
Receivables from related parties		(2,659,744)	(1,480,577)
Repayment of bank borrowing		(4,794,021)	(2,448,917)
Proceeds from other borrowing draw downs		6,029,859	4,000,000
Cash Flow Rounding		-	2
Other receivables		<u>382,918</u>	<u>(400,998)</u>
Net cash flows from financing activities		<u>(1,172,230)</u>	<u>(412,460)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(120,115)</u>	<u>2,160,594</u>
Cash and cash equivalents at 1 May 2019		<u>2,859,732</u>	<u>699,138</u>
Cash and cash equivalents at 30 April 2020	13	<u>2,739,617</u>	<u>2,859,732</u>

The notes on pages 13 to 22 form an integral part of these financial statements.

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

### **Notes to the Financial Statements for the Year Ended 30 April 2020**

#### **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 2020**

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 balance sheet 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 buildings	1% straight line basis (from commencement of use)
Plant and machinery	20% reducing balance basis
Fixtures and fittings	15% reducing balance basis
Land	Not depreciated
Motor vehicles	20% reducing balance basis

#### **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.

#### **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.



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

### **Notes to the Financial Statements for the Year Ended 30 April 2020**

#### **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 2020**

#### **3 Revenue**

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

	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Care home residents fees	4,744,253	4,192,538

#### **4 Operating profit**

Arrived at after charging/(crediting)

	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Depreciation expense	57,401	60,378
Profit on disposal of freehold property	-	(359,326)

#### **5 Other interest receivable and similar income**

	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Interest income on bank deposits	6,986	4,372

#### **6 Interest payable and similar expenses**

	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Interest expense on bank loans	131,242	81,970

#### **7 Staff costs**

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

	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Wages and salaries	2,170,341	2,082,260
Social security costs	161,865	145,915
Pension costs - defined contribution scheme	39,573	26,855
Other employee expense	10,039	13,647
	2,381,818	2,268,677

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

### **Notes to the Financial Statements for the Year Ended 30 April 2020**

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

	<b><u>2020</u></b> <b><u>No.</u></b>	<b><u>2019</u></b> <b><u>No.</u></b>
Direct staff	126	137
Management	<u>5</u>	<u>5</u>
	<u>131</u>	<u>142</u>

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

	<b><u>2020</u></b> <b><u>£</u></b>	<b><u>2019</u></b> <b><u>£</u></b>
Audit of the financial statements	<u>8,700</u>	<u>8,700</u>
<b><u>Other fees to auditors</u></b>		
All other non-audit services	<u>14,581</u>	<u>16,791</u>

#### **9 Taxation**

Tax charged/(credited) in the income statement

	<b><u>2020</u></b> <b><u>£</u></b>	<b><u>2019</u></b> <b><u>£</u></b>
<b><u>Current taxation</u></b>		
UK corporation tax	310,468	352,602
<b><u>Deferred taxation</u></b>		
Arising from origination and reversal of timing differences	<u>2,219</u>	<u>(38,735)</u>
Tax expense in the income statement	<u>312,687</u>	<u>313,867</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	<b><u>2020</u></b> <b><u>£</u></b>	<b><u>2019</u></b> <b><u>£</u></b>
Profit before tax	<u>1,615,255</u>	<u>1,597,321</u>
Corporation tax at standard rate	<u>306,899</u>	<u>303,491</u>
Effect of expense not deductible in determining taxable profit (tax loss)	5,788	13,449
Tax increase (decrease) from effect of indexation allowance on capital gains	-	(2,896)
Tax increase (decrease) arising from group relief	<u>-</u>	<u>(177)</u>
	<u>5,788</u>	<u>10,376</u>
Total tax charge	<u>312,687</u>	<u>313,867</u>

**Absolute Care Homes (Central) Limited**

**Notes to the Financial Statements for the Year Ended 30 April 2020**

**10 Tangible assets**

	<b><u>Land and buildings £</u></b>	<b><u>Furniture, fittings and equipment £</u></b>	<b><u>Motor vehicles £</u></b>	<b><u>Plant and equipment £</u></b>	<b><u>Total £</u></b>
<b><u>Cost or valuation</u></b>					
At 1 May 2019	3,571,903	397,514	-	143,531	4,112,948
Additions	-	16,287	6,500	-	22,787
Disposals	-	-	-	(40,000)	(40,000)
At 30 April 2020	<u>3,571,903</u>	<u>413,801</u>	<u>6,500</u>	<u>103,531</u>	<u>4,095,735</u>
<b><u>Depreciation</u></b>					
At 1 May 2019	227,933	259,686	-	116,395	604,014
Charge for the year	29,820	21,511	650	5,420	57,401
Eliminated on disposal	-	-	-	(40,000)	(40,000)
At 30 April 2020	<u>257,753</u>	<u>281,197</u>	<u>650</u>	<u>81,815</u>	<u>621,415</u>
<b><u>Carrying amount</u></b>					
At 30 April 2020	<u>3,314,150</u>	<u>132,604</u>	<u>5,850</u>	<u>21,716</u>	<u>3,474,320</u>
At 30 April 2019	<u>3,343,970</u>	<u>137,828</u>	<u>-</u>	<u>27,136</u>	<u>3,508,934</u>

Included within the net book value of land and buildings above is £3,314,150 (2019 - £3,343,970) in respect of freehold land and buildings.

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

## **Notes to the Financial Statements for the Year Ended 30 April 2020**

### **11 Stocks**

	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Consumables	<u>1,246</u>	<u>1,246</u>

### **12 Debtors**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>Note</u></b>	<b><u>£</u></b>	<b><u>£</u></b>
Trade debtors	331,852	247,771
Amounts owed by related parties	19 7,624,057	5,025,060
Other debtors	18,080	400,998
Prepayments	<u>13,301</u>	<u>21,429</u>
Total current trade and other debtors	<u>7,987,290</u>	<u>5,695,258</u>

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

	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Cash on hand	337	442
Cash at bank	425,289	242,285
Short-term deposits	<u>2,313,991</u>	<u>2,617,005</u>
	<u>2,739,617</u>	<u>2,859,732</u>

### **14 Creditors**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b><u>Note</u></b>	<b><u>£</u></b>	<b><u>£</u></b>
<b><u>Due within one year</u></b>		
Loans and borrowings	18 5,127,208	222,797
Trade creditors	61,022	63,131
Amounts due to related parties	19 -	60,747
Social security and other taxes	40,836	37,243
Other payables	5,953	6,392
Accrued expenses	175,861	170,244
Corporation tax liability	9 <u>118,615</u>	<u>467,852</u>
	<u>5,529,495</u>	<u>1,028,406</u>
<b><u>Due after one year</u></b>		
Loans and borrowings	18 <u>-</u>	<u>3,668,573</u>

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

### **Notes to the Financial Statements for the Year Ended 30 April 2020**

#### **15 Provisions for liabilities**

	<b><u>Deferred tax</u></b>	<b><u>Total</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
At 1 May 2019	35,840	35,840
Increase in existing provisions	<u>2,219</u>	<u>2,219</u>
At 30 April 2020	<u><u>38,059</u></u>	<u><u>38,059</u></u>

#### **Analysis of deferred tax**

The provision of £38,059 principally comprises the difference between accumulated depreciation and amortisation and capital allowances: £35,059 (2019: £35,840).

During the year ended 30 April 2020, £1,989 of the above provision is due to reverse due to accelerated depreciation charges.

#### **16 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 £39,573 (2019 - £26,855).

#### **17 Share capital**

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

	<b><u>2020</u></b>		<b><u>2019</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.

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

### **Notes to the Financial Statements for the Year Ended 30 April 2020**

#### **18 Loans and borrowings**

	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
<b><u>Non-current loans and borrowings</u></b>		
Bank borrowings	<u>-</u>	<u>3,668,573</u>

	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
<b><u>Current loans and borrowings</u></b>		
Bank borrowings	<u>5,127,208</u>	<u>222,797</u>

#### **Bank borrowings**

Bank loan is denominated in sterling with a nominal interest rate of 2.65%. The carrying amount at year end is £5,127,208 (2019 - £3,891,370).

The bank loan is secured by a legal charge over the freehold property operated as a care home (carrying amount £3,314,150 (2019 - £3,343,790)) and by a fixed and floating charge over the assets of the Company (carrying amount £10,728,152 (2019 - £8,556,236)).

As at the reporting date the director of the company was looking to refinance this loan, however due to uncertainties surrounding Brexit and unforeseen delays due to the COVID-19 pandemic this has still not been agreed. The director has received offers for the full loan amount confirming that there are no uncertainties regarding the company's ability to raise this level finance. However due to the level of borrowing required and associated costs the director is negotiating for the best and most cash effective deal.

#### **19 Related party transactions**

##### **Transactions with directors**

	<b><u>At 1 May 2019</u></b>	<b><u>Advances to</u></b>	<b><u>At 30 April</u></b>
	<b><u>£</u></b>	<b><u>directors</u></b>	<b><u>2020</u></b>
		<b><u>£</u></b>	<b><u>£</u></b>
<b><u>2020</u></b>			
<b><u>Dr Manjit Pawar</u></b>	<u>(60,747)</u>	<u>179,180</u>	<u>118,433</u>

##### **Summary of transactions with parent**

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

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

### **Notes to the Financial Statements for the Year Ended 30 April 2020**

#### **20 Impact of COVID-19**

The Coronavirus (COVID-19) pandemic has developed rapidly in 2020 with a significant number of cases reported globally.

Due to the nature of the services provided by the company this has been an area of great concern to both staff and residents. Due to new safety measures introduced by the management of the home, the company has not been adversely affected by staff absenteeism and is still operating close to full capacity. Rooms at Boldmere Court Care Home are still in high demand from both the NHS & local authorities.

The COVID-19 pandemic has had no impact on the company's ability to trade as a going concern.