

**Registered number: 03802810**

**Avom Care Limited**

**Directors' report and financial statements**

**For the Year Ended 31 March 2018**



**Avom Care Limited**

**Company Information**

**Directors**

P A K Jeffery  
N B Schofield  
P M Hill

**Company secretary**

N B Schofield

**Registered number**

03802810

**Registered office**

Bradbury House  
830 The Crescent  
Colchester Business Park  
Colchester  
Essex  
CO4 9YQ

**Independent auditor**

Deloitte LLP  
Statutory Auditor  
1 Station Square  
Cambridge  
CB1 2GA

**Bankers**

Lloyds Banking Group  
25 Gresham Street  
London  
EC2U 7HN

**Solicitors**

Charles Russell Speechly LLP  
5 Fleet Street  
London  
EC4M 7RD

# **Avom Care Limited**

## **Contents**

	<b>Page</b>
<b>Directors' report</b>	<b>1 - 2</b>
<b>Independent auditor's report</b>	<b>3 - 5</b>
<b>Statement of comprehensive income</b>	<b>6</b>
<b>Statement of financial position</b>	<b>7</b>
<b>Statement of changes in equity</b>	<b>8</b>
<b>Notes to the financial statements</b>	<b>9 - 16</b>

## **Avom Care Limited**

### **Directors' report For the Year Ended 31 March 2018**

The directors present their report and the financial statements for the year ended 31 March 2018.

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

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Principal activity**

The principal activity of the company in the year under review was that of the provision of care home services, and the directors expect this to continue for the foreseeable future.

#### **Directors**

The directors who served during the year and up to the date of this report were:

P A K Jeffery  
N B Schofield  
P M Hill

#### **Going concern**

Further details regarding the adoption of the going concern basis can be found in the accounting policies (note 1.2).

#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

**Avom Care Limited**

**Directors' report (continued)  
For the Year Ended 31 March 2018**

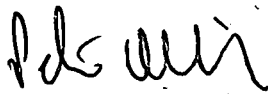
**Auditor**

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 25 March 2019 and signed on its behalf.



P M Hill  
Director

**Independent auditor's report to the members of Avom Care Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Avom Care Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 15.

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).

**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.

**Material uncertainty relating to going concern**

We draw attention to note 1 in the financial statements, which indicates that the company relies on support from the group, which has included in its cash flow forecast to receive additional funding from companies controlled by majority shareholders in order to provide liquidity in the event of the business underperforming its trading forecast or being impacted by unforeseen costs.

As stated in note 1, the funds are uncommitted and therefore represent a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **Avom Care Limited**

### **Independent auditor's report to the members of Avom Care Limited**

#### **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.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **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 for 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.

#### **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.

**Avom Care Limited**

**Independent auditor's report to the members of Avom Care Limited**

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

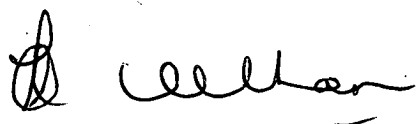
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.



Lee Welham FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Cambridge, United Kingdom

Date: 26 March 2019.



**Avom Care Limited**

**Statement of comprehensive income  
For the Year Ended 31 March 2018**

	Note	2018 £	2017 £
Turnover		3,026,161	3,790,397
Cost of sales		(2,158,675)	(2,524,882)
<b>Gross profit</b>		<u>867,486</u>	<u>1,265,515</u>
Administrative expenses		(903,965)	(1,199,627)
Other operating income	3	14,347	5,489
<b>Operating (loss)/profit, being (loss)/profit before taxation</b>	4	<u>(22,132)</u>	<u>71,377</u>
Tax on (loss)/profit	6	-	-
<b>(Loss)/profit for the financial year</b>		<u><u>(22,132)</u></u>	<u><u>71,377</u></u>

The notes on pages 9 to 16 form part of these financial statements.

**Avom Care Limited**  
**Registered number: 03802810**

**Statement of financial position**  
**As at 31 March 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	7	519,921	491,448
		<u>519,921</u>	<u>491,448</u>
<b>Current assets</b>			
Stocks	8	6,650	12,936
Debtors: amounts falling due within one year	9	280,629	266,442
Cash at bank and in hand	10	978	9,738
		<u>288,257</u>	<u>289,116</u>
Creditors: amounts falling due within one year	11	(2,231,404)	(2,181,658)
<b>Net current liabilities</b>		<u>(1,943,147)</u>	<u>(1,892,542)</u>
<b>Total assets less current liabilities</b>		<u>(1,423,226)</u>	<u>(1,401,094)</u>
<b>Net liabilities</b>		<u>(1,423,226)</u>	<u>(1,401,094)</u>
<b>Capital and reserves</b>			
Called up share capital	12	1	1
Profit and loss account	12	(1,423,227)	(1,401,095)
<b>Shareholders' deficit</b>		<u>(1,423,226)</u>	<u>(1,401,094)</u>

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

The financial statements have been prepared in accordance with the provisions of section 1A of FRS 102.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 March 2019.



.....  
**P M Hill**  
 Director

**Avom Care Limited**

**Statement of changes in equity  
For the Year Ended 31 March 2018**

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 April 2016</b>	1	(1,472,472)	(1,472,471)
Profit for the year	-	71,377	71,377
<b>At 1 April 2017</b>	1	(1,401,095)	(1,401,094)
Loss for the year	-	(22,132)	(22,132)
<b>At 31 March 2018</b>	1	(1,423,227)	(1,423,226)

The notes on pages 9 to 16 form part of these financial statements.

**Notes to the financial statements  
For the Year Ended 31 March 2018**

**1. Accounting policies**

**1.1 General information and basis of accounting**

Avom Care Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The address of the registered office is given on the company information page. The nature of the company's operations and its principal activities are set out in the directors' report.

There are no employees employed by the company (2017 - nil).

No directors have received remuneration in respect of their services to the company (2017 - nil). The company does not have any employment contracts with directors.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Avom Care Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Avom Care Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to presentation of a cash flow statement, remuneration of key management personnel, information about employee numbers and costs, and related party transactions.

**1.2 Going concern**

The Company is reliant on the parent company for financial support. The ultimate parent company has committed to provide such financial support to the company for the foreseeable future being a period of not less than 12 months from the signing of these accounts.

The parent company's business activities, together with the factors likely to affect its outlook, performance and position are set out in the Strategic Report of the parent company. The Directors' Report of the parent company describes the financial position of the Group; its cash flows and liquidity position; and the Group's objectives, policies and processes for managing its capital, together with its financial risk management objectives; details of its financial instruments and risk mitigation activities; and its exposure to credit risk, cash flow risk, interest risk and liquidity risk.

The Group has produced detailed cash flow forecasts beyond the next 12 months which includes £12m of funds that have been raised to meet the financial requirements inherent in these projections.

This forecast includes the receipt of further funding in June 2019 which would be made available to the Group and Company by way of a loan from entities outside of the Group but controlled by the majority shareholders of the Group and Company. These entities own development assets which can be sold or leveraged to generate funds that could be loaned to the Group. The Directors have reasonable expectation that the Group and Company would be able to receive this further funding and accordingly continue to adopt the going concern basis in preparing the accounts. Similar funds have been made available to the Group from the shareholders and companies controlled by them in the past however because the funds are not legally committed, a material uncertainty exists which may cast significant doubt on the Group's and Company's ability to operate as a going concern.

**Notes to the financial statements  
For the Year Ended 31 March 2018**

**1. Accounting policies (continued)**

**1.3 Turnover**

Turnover represents sales and services to third party customers in the health and social care sector, stated net of any applicable value added tax. Turnover is recognised when the services are provided with any fees invoiced in advance included within deferred income until the service is completed.

All turnover is attributable to the UK and to the Company's principal activity.

**1.4 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.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, as per the table below.

Long Term Leasehold Property	- Over the period of the lease
Plant & machinery	- 20% per annum, reducing balance

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 the Statement of comprehensive income.

**1.5 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**1.6 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.

**Notes to the financial statements  
For the Year Ended 31 March 2018**

**1. Accounting policies (continued)**

**1.7 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.

**1.8 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 non-puttable ordinary shares.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

**1.9 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.

**1.10 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of comprehensive income 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.

**1.11 Taxation**

Tax is recognised in the Statement of Comprehensive Income, 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.

**Notes to the financial statements  
For the Year Ended 31 March 2018**

**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. There are no judgements in applying accounting policies in these financial statements.

**3. Other operating income**

	2018 £	2017 £
Net rents receivable	14,347	5,489
	<u>14,347</u>	<u>5,489</u>

**4. Operating (loss)/profit**

The operating (loss)/profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	70,243	127,127
Other operating lease rentals	446,794	449,841
	<u>446,794</u>	<u>449,841</u>

**5. Auditor's remuneration**

Auditor's remuneration has been borne by Caring Homes Healthcare Group Limited.

**6. Taxation**

	2018 £	2017 £
Total current tax	<u>-</u>	<u>-</u>

**Notes to the financial statements  
For the Year Ended 31 March 2018**

**6. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit before tax	(22,132)	71,377
(Loss)/profit multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(4,205)	14,275
<b>Effects of:</b>		
Fixed asset timing differences	6,817	10,634
Adjusted closing deferred tax to average rate	-	8,239
Deferred tax not recognised	(2,612)	(33,148)
<b>Total tax charge for the year</b>	-	-

There is a potential deferred tax asset of £181,651 (2017 - £182,413) which is unprovided in relation to losses carried forward and fixed asset timing differences. This is unprovided as in the opinion of directors, these amounts will not be utilised in the foreseeable future.

**Factors that may affect future tax charges**

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effected from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.



**Avom Care Limited**

**Notes to the financial statements  
For the Year Ended 31 March 2018**

**7. Tangible fixed assets**

	L/Term Leasehold Property £	Plant & machinery £	Total £
<b>Cost or valuation</b>			
At 1 April 2017	587,383	722,252	1,309,635
Additions	38,640	60,076	98,716
At 31 March 2018	626,023	782,328	1,408,351
<b>Depreciation</b>			
At 1 April 2017	307,836	510,351	818,187
Charge for the year on owned assets	23,735	46,508	70,243
At 31 March 2018	331,571	556,859	888,430
<b>Net book value</b>			
At 31 March 2018	294,452	225,469	519,921
At 31 March 2017	279,547	211,901	491,448

**8. Stocks**

	2018 £	2017 £
Consumable stock	6,650	12,936
	6,650	12,936

**Notes to the financial statements  
For the Year Ended 31 March 2018**

**9. Debtors**

	2018 £	2017 £
Trade debtors	86,358	73,303
Amounts owed by participating interests	168,392	168,392
Other debtors	2,105	1,650
Prepayments and accrued income	23,774	23,093
	<u>280,629</u>	<u>266,438</u>

Amounts owed by participating interests are repayable on demand and accrue no interest. Amounts owed by group are not secured against any assets.

**10. Cash and cash equivalents**

	2018 £	2017 £
Cash at bank and in hand	978	9,738
	<u>978</u>	<u>9,738</u>

**11. Creditors: Amounts falling due within one year**

	2018 £	2017 £
Amounts owed to group undertakings	2,008,054	1,889,751
Other creditors	90,123	132,872
Accruals and deferred income	133,227	159,035
	<u>2,231,404</u>	<u>2,181,658</u>

Amounts owed to group undertakings are not secured against any assets. No interest is payable and the full amount is repayable on demand.

## Avom Care Limited

### Notes to the financial statements For the Year Ended 31 March 2018

#### 12. Share capital and reserves

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
1 Ordinary share of £1	1	1

The entity is a private company and is limited by shares.

The Company's other reserve comprises the Profit and loss reserve which represents cumulative profits or losses (net of dividends and other adjustments).

#### 13. Commitments under operating leases

At 31 March 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Within 1 year	442,291	432,967
Between 1 year and 5 years	1,769,163	1,731,867
After 5 years	3,317,180	3,680,220
	<u>5,528,634</u>	<u>5,845,054</u>

#### 14. Related party transactions

As a wholly owned subsidiary of Myriad Healthcare Holdings Limited, the company is exempt from the requirements to disclose transactions with other members of the Group on the grounds that consolidated accounts are publicly available from Companies House.

#### 15. Controlling party

The company's immediate parent company is Caring Homes Healthcare Limited, by virtue of its 100% shareholding and its ultimate parent company Myriad Healthcare Holdings Limited which is registered in England and Wales.

The ultimate controlling party is P A K Jeffery, a director of the company and of the ultimate parent company.

The largest and smallest group of undertakings for which consolidated accounts will be drawn up is that headed by Myriad Healthcare Holdings Limited. The registered address of Myriad Healthcare Holdings Limited is 830 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9YQ. Copies of these financial statements may be requested from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.