Company Registration No. 03812402 (England and Wales)

RADIS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

RADIS LIMITED

COMPANY INFORMATION

Directors	S R Patel D R Patel
Secretary	S R Patel
Company number	03812402
Registered office	Mercia House 15 Galena Close Tamworth Staffordshire B77 4AS
Auditor	Mercer & Hole Silbury Court 420 Silbury Boulevard Central Milton Keynes Buckinghamshire MK9 2AF
Bankers	Royal Bank of Scotland 24 Southernhay Basildon Essex SS14 1ER

RADIS LIMITED

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RADIS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2018

The directors present the strategic report for the year ended 31 August 2018.

Fair review of the business

The Radis group of companies predominately provides care and support services in community settings across three reporting divisions: Domiciliary Care, Extra Care Housing and Specialist Services. 2017/18 was a year of consolidation in the ongoing Domiciliary Care, a year of growth in Extra Care Housing and continued investment in Specialist Services.

The group increased turnover to £29,152,938 (2017: £26,515,248). The increase in turnover was achieved through limited fee increases on existing contracts and the underlying movements in contracts and through significant growth in Extra Care.

Inevitably, margins continued to experience pressure as costs continued to rise, particularly the additional increase in cost of National Living Wage and associated employment on-costs which included an increase in employer pension contribution rates from April 2018. Gross profit margins reduced to 26.0% (2017: 27.1%). The decline is particularly marked in Domiciliary Care where increases in wages costs were not matched by fee uplifts from Local Authorities. The group will continue to review contracts for financial viability and strategic benefit and maintain its active dialogue on viability and cost pressures with Local Authority customers.

The group continued its investment in branch and support staff, funded new contract implementations, IT expenditure and bore significant increases in a number of general costs lines – particularly those of business insurance, CQC registration, travelling expenses and printing and stationery. The group also recognised an increased provision against bad and doubtful debts arising in the current and previous financial years. As a result, there was an increase in administrative expenses to £7,339,245 (2017: £6,776,798). We expect to see further investment in wages, IT costs and new contracts and services which the group believes will position it to continue its growth in new contracts. The group will continue to manage the pressures on administrative costs as part of its business strategy.

The decrease in gross margin and the increase in administrative expenses resulted in Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of £420,937 (2017: £572,599). The decline in EBITDA was expected due to the consolidation, growth and investment undertaken by the group in 2017/18; an improvement is expected for 2018/19 and beyond.

Principal risks and uncertainties

The principal risks and uncertainties continue to be the following:

Reliance on Local Authority customers

This risk is managed by maintaining close relations with those customers and also looking for opportunities to expand into the private payer market. The company maintains a pipeline of tender opportunities to promote a diversity of contracts and selectively tenders for sustainable contracts. The company has a good track record of winning new contracts and retaining contracts on renewal.

Compliance with regulations

The group employs suitably qualified staff and provides access to staff training to ensure they remain compliant with the regulations of the sector.

Retention and quality of staff

Recruitment and retention of good quality staff is an ongoing problem in a sector which is traditionally low paid. The company ensures it complies with the requirements of the National Minimum and Living Wages legislation.

Development and performance

Trading conditions are expected to continue to be difficult with the continuing pressure on margins, however, demand for care and support services continues to be high and we do expect to grow through new contracts where these have a strategic or value enhancing benefit, growth of the private payer market and carefully targeted acquisitions.

Key performance indicators

The directors consider the key performance indicators to be turnover, gross margins and operating profit which are consistent with the size and complexity of the business.

On behalf of the board

....

S R Patel

Director

.....28/6/2019.......

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

Principal activities

The principal activity of the group continued to be the provision of care and support services to vulnerable people in the community.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S R Patel
D R Patel

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £100,000. The directors do not recommend payment of a further dividend.

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

Future developments

The group continues to seek further opportunities to develop the business and additional services.

Auditor

The auditor, Mercer & Hole, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

S R Patel
Director

Date: 28/6/2019

RADIS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF RADIS LIMITED

Opinion

We have audited the financial statements of Radis Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2018 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 August 2018 and of the group's 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 group's or the parent 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.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent 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: 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.

Mercer & Hole

Andrew Lawes MA MSc FCA (Senior Statutory Auditor)
for and on behalf of Mercer & Hole

28 June 2019

Chartered Accountants
Statutory Auditor

Silbury Court
420 Silbury Boulevard
Central Milton Keynes
Buckinghamshire
MK9 2AF

RADIS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	2017 £
Turnover	3	29,152,938	26,515,248
Cost of sales		(21,572,952)	(19,334,944)
Gross profit		7,579,986	7,180,304
Administrative expenses		(7,339,245)	(6,776,798)
Operating profit	4	240,741	403,506
Interest receivable and similar income	7	1,168	132
Interest payable and similar expenses	8	(6,150)	(637)
Profit before taxation		235,759	403,001
Tax on profit	9	(68,449)	(98,243)
Profit for the financial year	23	167,310	304,758

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

RADIS LIMITED

GROUP BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Goodwill	11		16,424		92,813
Other intangible assets	11		36,044		50,394
Total intangible assets			52,468		143,207
Tangible assets	12		718,410		252,565
			770,878		395,772
Current assets					
Debtors	16	4,327,711		4,438,611	
Cash at bank and in hand		1,314,579		1,483,243	
		5,642,290		5,921,854	
Creditors: amounts falling due within one year	17	(2,651,458)		(2,934,123)	
Net current assets			2,990,832		2,987,731
Total assets less current liabilities			3,761,710		3,383,503
Creditors: amounts falling due after more than one year	18		(358,978)		(41,984)
Provisions for liabilities	21		-		(6,097)
Net assets			3,402,732		3,335,422
Capital and reserves					
Called up share capital	22		126,316		126,316
Share premium account	23		93,684		93,684
Profit and loss reserves	23		3,182,732		3,115,422
Total equity			3,402,732		3,335,422

The financial statements were approved by the board of directors and authorised for issue on 28/6/2019 and are signed on its behalf by:

S R Patel
Director

RADIS LIMITED

COMPANY BALANCE SHEET

AS AT 31 AUGUST 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	12		612,870		144,885
Investments	13		1,184,484		1,184,484
			1,797,354		1,329,369
Current assets					
Debtors	16	3,845		-	
		3,845		-	
Creditors: amounts falling due within one year	17	(1,147,229)		(1,034,170)	
Net current liabilities			(1,143,384)		(1,034,170)
Total assets less current liabilities			653,970		295,199
Creditors: amounts falling due after more than one year	18		(358,978)		(40,801)
Net assets			294,992		254,398
Capital and reserves					
Called up share capital	22		126,316		126,316
Share premium account	23		93,684		93,684
Profit and loss reserves	23		74,992		34,398
Total equity			294,992		254,398

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £140,594 (2017 - £40,260 profit).

The financial statements were approved by the board of directors and authorised for issue on 28/6/2019 and are signed on its behalf by:

S R Patel
Director

Company Registration No. 03812402

RADIS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 September 2016		126,316	93,684	2,910,664	3,130,664
Year ended 31 August 2017:					
Profit and total comprehensive income for the year		-	-	304,758	304,758
Dividends	10	-	-	(100,000)	(100,000)
Balance at 31 August 2017		126,316	93,684	3,115,422	3,335,422
Year ended 31 August 2018:					
Profit and total comprehensive income for the year		-	-	167,310	167,310
Dividends	10	-	-	(100,000)	(100,000)
Balance at 31 August 2018		126,316	93,684	3,182,732	3,402,732

RADIS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Share capital	Share premium account	Profit and loss reserves	Total
		£	£	£	£
Balance at 1 September 2016		126,316	93,684	94,138	314,138
Year ended 31 August 2017:					
Profit and total comprehensive income for the year		-	-	40,260	40,260
Dividends	10	-	-	(100,000)	(100,000)
Balance at 31 August 2017		126,316	93,684	34,398	254,398
Year ended 31 August 2018:					
Profit and total comprehensive income for the year		-	-	140,594	140,594
Dividends	10	-	-	(100,000)	(100,000)
Balance at 31 August 2018		126,316	93,684	74,992	294,992

RADIS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27		678,478		(67,098)
Interest paid			(6,150)		(637)
Income taxes paid			(142,242)		(233,413)
Net cash inflow/(outflow) from operating activities			530,086		(301,148)
Investing activities					
Purchase of tangible fixed assets		(555,301)		(95,422)	
Interest received		1,168		132	
Net cash used in investing activities			(554,133)		(95,290)
Financing activities					
Proceeds of new bank loans		357,000		-	
Repayment of bank loans		(19,972)		(9,973)	
Payment of finance leases obligations		(2,840)		(2,839)	
Dividends paid to equity shareholders		(100,000)		(100,000)	
Net cash generated from/(used in) financing activities			234,188		(112,812)
Net increase/(decrease) in cash and cash equivalents			210,141		(509,250)
Cash and cash equivalents at beginning of year			949,453		1,458,703
Cash and cash equivalents at end of year			1,159,594		949,453
Relating to:					
Cash at bank and in hand			1,314,579		1,483,243
Bank overdrafts included in creditors payable within one year			(154,985)		(533,790)

1 Accounting policies

Company information

Radis Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Mercia House, 15 Galena Close, Tamworth, Staffordshire, B77 4AS.

The group consists of Radis Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £140,594 (2017 - £40,260 profit).

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1 Accounting policies **(Continued)**

The consolidated financial statements incorporate those of Radis Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 August 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the provision of professional services is recognised by reference to the date of provision of the services.

1.5 Intangible fixed assets - goodwill

Goodwill is written off in equal annual instalments over its estimated useful economic life of between 5 and 8 years.

1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Contracts	5 years straight line

1.7 Tangible fixed assets

Tangible fixed assets other than freehold land are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

1 Accounting policies **(Continued)**

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	5% per annum
Fixtures, fittings & equipment	5 years straight line
Computer equipment	3 years straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1 Accounting policies **(Continued)**

1.10 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1 Accounting policies ***(Continued)***

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

The group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

The group also participates in two multi-employer defined benefit pension schemes, the Local Government Pension scheme and the NHS Pension scheme. Under the TUPE arrangements for employees who were already members of these schemes when their employment contracts were transferred to the company, the company's obligations are to pay current contributions but have been indemnified by the relevant local authority to contribute towards any scheme deficit that may exist.

As such, the schemes have been accounted for a defined contribution pension scheme and the pension costs in respect of these schemes represent contributions payable in the period.

1.16 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets' fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Provision of care and support services	29,152,938	26,515,248

	2018	2017
	£	£
Other significant revenue		
Interest income	1,168	132

	2018	2017
	£	£
Turnover analysed by geographical market		
United Kingdom	29,152,938	26,515,248

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	87,957	66,287
Depreciation of tangible fixed assets held under finance leases	1,500	1,500
Amortisation of intangible assets	90,739	101,306
Operating lease charges	235,194	272,021

5 Auditor's remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	7,392	8,997
Audit of the financial statements of the company's subsidiaries	24,550	26,000
	31,942	34,997

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Carers	1,563	1,509	-	-
Office and support staff	161	162	-	-
	1,724	1,671	-	-

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	23,538,773	21,135,958	-	-
Social security costs	1,381,946	1,249,550	-	-
Pension costs	259,244	219,547	-	-
	25,179,963	22,605,055	-	-

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	643	107
Other interest income	525	25
Total income	1,168	132

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and loans	6,150	274
Other interest	-	363
Total finance costs	6,150	637

9 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	85,403	93,603
Adjustments in respect of prior periods	1,535	865
Total current tax	86,938	94,468
Deferred tax		
Origination and reversal of timing differences	(18,489)	3,775
Total tax charge	68,449	98,243

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018	2017
	£	£
Profit before taxation	235,759	403,001
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.58%)	44,794	78,908
Tax effect of expenses that are not deductible in determining taxable profit	19,586	18,612
Change in unrecognised deferred tax assets	2,534	(142)
Under/(over) provided in prior years	1,535	865
Taxation charge	68,449	98,243

10 Dividends

	2018	2017
	£	£
Interim paid	100,000	100,000

11 Intangible fixed assets

Group	Goodwill	Contracts	Total
	£	£	£
Cost			
At 1 September 2017 and 31 August 2018	5,411,625	71,751	5,483,376
Amortisation and impairment			
At 1 September 2017	5,318,812	21,357	5,340,169
Amortisation charged for the year	76,389	14,350	90,739
At 31 August 2018	5,395,201	35,707	5,430,908
Carrying amount			
At 31 August 2018	16,424	36,044	52,468
At 31 August 2017	92,813	50,394	143,207

The company had no intangible fixed assets at 31 August 2018 or 31 August 2017.

12 Tangible fixed assets

Group	Land and buildings Freehold	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 September 2017	342,092	97,509	269,945	7,500	717,046
Additions	494,677	3,053	57,571	-	555,301
At 31 August 2018	836,769	100,562	327,516	7,500	1,272,347
Depreciation and impairment					
At 1 September 2017	197,207	75,344	188,467	3,462	464,480
Depreciation charged in the year	26,692	8,882	52,383	1,500	89,457
At 31 August 2018	223,899	84,226	240,850	4,962	553,937
Carrying amount					
At 31 August 2018	612,870	16,336	86,666	2,538	718,410
At 31 August 2017	144,884	22,164	81,479	4,038	252,565

12 Tangible fixed assets **(Continued)**

Company	Land and buildings Freehold
	£
Cost	
At 1 September 2017	342,092
Additions	494,677
At 31 August 2018	836,769
Depreciation and impairment	
At 1 September 2017	197,207
Depreciation charged in the year	26,692
At 31 August 2018	223,899
Carrying amount	
At 31 August 2018	612,870
At 31 August 2017	144,885

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Motor vehicles	2,538	4,038	-	-

13 Fixed asset investments

	Notes	Group 2018	2017	Company 2018	2017
		£	£	£	£
Investments in subsidiaries	14	-	-	1,184,484	1,184,484

13 Fixed asset investments **(Continued)**

Movements in fixed asset investments
Company

	Shares in group undertakings
	£
Cost or valuation	
At 1 September 2017 and 31 August 2018	1,184,484
Carrying amount	
At 31 August 2018	1,184,484
At 31 August 2017	1,184,484

14 Subsidiaries

Details of the company's subsidiaries at 31 August 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct	% Held Indirect
County Home Care Services Limited	England & Wales	Dormant	Ordinary	100.00	
GP Homecare Limited	England & Wales	Supply of healthcare services	Ordinary	100.00	
Greenslade Services Limited	England & Wales	Dormant	Ordinary	100.00	
Radis Staff Solutions Limited	England & Wales	Supply of cleaning staff	Ordinary & Preference	100.00	
Riverside Healthcare (Shropshire) Limited	England & Wales	Dormant	Ordinary A&B	100.00	
Virtue Care Services Limited	England & Wales	Dormant	Ordinary	100.00	

15 Financial instruments

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,968,237	2,762,448	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	2,614,271	2,671,559	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

16 Debtors

	Group 2018	2017	Company 2018	2017
Amounts falling due within one year:	£	£	£	£
Trade debtors	2,939,594	2,698,515	-	-
Corporation tax recoverable	88,826	15,000	-	-
Other debtors	26,800	48,110	-	-
Prepayments and accrued income	1,260,099	1,676,986	3,845	-
	4,315,319	4,438,611	3,845	-
Amounts falling due after more than one year:				
Deferred tax asset (note 21)	12,392	-	-	-
Total debtors	4,327,711	4,438,611	3,845	-

17 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	19	182,287	542,241	63,027	91,335
Obligations under finance leases	20	1,183	2,839	-	-
Other borrowings	19	121,502	121,502	121,502	121,502
Trade creditors		61,163	156,121	7,680	-
Amounts owed to group undertakings		-	-	948,460	813,891
Corporation tax payable		51,403	32,881	4,524	2,283
Other taxation and social security		344,762	271,667	-	-
Other creditors		75,517	74,940	-	-
Accruals and deferred income		1,813,641	1,731,932	2,036	5,159
		2,651,458	2,934,123	1,147,229	1,034,170

18 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	19	358,978	40,801	358,978	40,801
Obligations under finance leases	20	-	1,183	-	-
		358,978	41,984	358,978	40,801

19 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	386,280	49,252	386,280	49,252
Bank overdrafts	154,985	533,790	35,725	82,884
Other loans	121,502	121,502	121,502	121,502
	662,767	704,544	543,507	253,638
Payable within one year	303,789	663,743	184,529	212,837
Payable after one year	358,978	40,801	358,978	40,801

The bank loan and overdraft is secured by fixed charges over the company's assets.

The bank loan is repayable by 2023.

20 Finance lease obligations

	Group 2018 £	2017 £	Company 2018 £	2017 £
Future minimum lease payments due under finance leases:				
Within one year	1,183	2,839	-	-
In two to five years	-	1,183	-	-
	1,183	4,022	-	-

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3-5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2018 £	Liabilities 2017 £	Assets 2018 £	Assets 2017 £
Accelerated capital allowances	-	8,394	(8,929)	-
Retirement benefit obligations	-	(2,297)	3,138	-
Other short term timing differences	-	-	18,183	-
	-	6,097	12,392	-

The company has no deferred tax assets or liabilities.

Movements in the year:	Group 2018 £	Company 2018 £
Liability at 1 September 2017	6,097	-
Credit to profit or loss	(18,489)	-
Liability/(asset) at 31 August 2018	(12,392)	-

22 Share capital

	Group and company 2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
4,000 "A" ordinary shares of £1 each	4,000	4,000
116,000 "B" ordinary shares of £1 each	116,000	116,000
6,316 "C" ordinary shares of £1 each	6,316	6,316
	126,316	126,316

All classes of shares rank pari passu save in respect of dividends.

23 Reserves

Share premium
This reserve records the amount above the nominal value received for shares sold, less transaction costs.

23 Reserves (Continued)

Profit and loss reserves
This reserve includes all current and prior period retained profits and losses.

24 Operating lease commitments

Lessee
At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Within one year	216,384	210,199	-	-
Between two and five years	368,507	432,275	-	-
In over five years	-	14,667	-	-
	584,891	657,141	-	-

25 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2018	2017
	£	£
Aggregate compensation	170,549	191,205

25 Related party transactions **(Continued)**

Transactions with related parties

The group has taken advantage of the exemption available in the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") whereby it has not disclosed transactions between wholly owned undertakings.

GP Homecare Ltd also paid rent to Ridge/Patel Partnership amounting to £44,000 (2017: £44,000), a partnership in which D R Patel, a shareholder in Radis Ltd, is a partner.

Included in creditors falling due within one year (note 17) is a loan from directors of £121,502 (2017: £121,502).

26 Directors' transactions

Dividends totalling £100,000 (2017 - £100,000) were paid in the year in respect of shares held by the company's directors.

27 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	167,310	304,758
Adjustments for:		
Taxation charged	68,449	98,243
Finance costs	6,150	637
Investment income	(1,168)	(132)
Amortisation and impairment of intangible assets	90,739	101,306
Depreciation and impairment of tangible fixed assets	89,457	67,787
Movements in working capital:		
Decrease/(increase) in debtors	197,118	(1,011,639)
Increase in creditors	60,423	371,942
Cash generated from/(absorbed by) operations	678,478	(67,098)