

Court Cavendish Limited

Directors' report and consolidated financial
statements

Year ended 28 February 2018

Company registration number: 04290684



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Strategic report

The directors present their Strategic report on the affairs of the Group for the year ended 28 February 2018.

Principal activities

The principal activities of the Group comprise:

- The supply of Management and Consulting services specialising in turnarounds of Social Care and Health Care organisations that support vulnerable people and are highly regulated;
- Provision of residential care, domiciliary care and supported living services for people with learning disabilities and complex needs including mental health needs; and
- Luxury safari experiences to families, groups of friends and couples in the Madikwe Game Reserve in South Africa.

Business review

The results for the year are set out in the consolidated profit and loss account on page 11 and the position of the group as at the year-end is set out in the consolidated balance sheet on page 13.

The directors paid dividends during the year of £6 million (*prior year: £nil*). The profit for the financial period has been added to reserves.

Turnover has increased by 6.6% to £74.6m following a full year of trade from the acquisitions of CMG Holdco Limited in the prior year and additional trade from acquisitions made during the current year.

The core operating business has also performed strongly which is shown through the 41.9% increase in cash flows from operations, increasing from £9.8m to £13.9m.

As the Group is focussed on the health and care sector, the performance of the Group can be impacted by external factors. The principal factors are changes in the UK government's policy towards outsourcing of health and care, changes in the regulatory regime and competitive threats from other independent providers.

Management uses a range of financial and non-financial indicators to manage the business. These are derived from all areas of the business and include sales growth by home, occupancy and achieved gross profit margin.

On 10 April 2017 the trade and assets of Amber Residential Care Homes Limited (Earlmount House) were acquired by the Group. On 28 February 2018, the Group acquired the entire share capital of Homes Caring for Autism Limited and its subsidiary Somerset HCA Limited. In the prior year the Group acquired the trading assets of The Hartley Centre. During the prior year, the Group also acquired the entire share capital of Embrace Lifestyles (C) Limited, Helene Care Limited, Sevilles Limited and Philori Care Limited.

On 9 February 2018 the Group disposed of the freehold interest in eight supported living properties for £7.3m. During the prior year, the Group disposed of the freehold interest in twenty-four supported living properties by transferring the properties at net book value to two new legal entities prior to then disposing the entities to a third party. The trade and assets of Belgravia and Herts Outreach were hived down to Care Your Way Limited (a previous subsidiary undertaking of the Group) on 16 November 2016 prior to a disposal of the investment in CMG (Domiciliary Care Investments) Limited on the same date.

Strategic report *(continued)*

Business review *(continued)*

Refer to the Going Concern section below for further details on the recent trading activities of the Group and Company.

In the prior year, the Company acquired 300,000 ordinary shares of £1 each in Red Rickshaw Limited (an on-line Asian grocery company). The company owns 19.53% of the issued share capital and during the year made a loan to the company of £300,000. Subsequent to the year end, further loans of £700,000 have been advanced which bear interest at 5% per annum.

Management team

The Group continues to develop its management team, including the culture and ability to respond to sector developments, ensuring that the Group's policies, procedures and ethos maintain a vision for its service users away from institutional settings and into community-based services and accommodation affording more choice and independence.

The Group continues to communicate with transparency to staff, service users and purchasers.

Future prospects

There are growth opportunities in the sector for the Group, which continues to have a strong reputation. The Group remains well placed to deliver organic growth, supplemented by appropriate acquisitions.

No change to the Company's operations is expected in the foreseeable future and no material post balance sheet events have occurred at the date of the signing of these accounts.

Principal risks and uncertainties

The directors have assessed the level of risk within the business and believe it to be similar to comparable UK based care and support organisations, where working capital management and good purchaser relations are essential to the future well-being of the Company. The directors believe that the current controls and processes within the business are appropriate and adequate to achieve this position.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees the policies for managing each of these risks as follows:

- **Interest rate risk**

The Group finances its operations through a mixture of retained profit and long-term loans. The Group borrows at both fixed and floating rates of interest. Interest rate projections are reviewed on a regular basis to determine whether future hedging may be required.

- **Liquidity risk**

The Group's policy throughout the period has been that committed facilities are maintained at levels to ensure all planned requirements are met.

Strategic report (continued)

Principal risks and uncertainties (continued)

- **Credit risk**

The Group's principal financial assets are cash and trade receivables. The Group invests significantly to retain and improve the quality of its service offering. Trade receivables are reviewed on a regular basis to ensure they are collectable. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. Based on the nature of the business, there is no significant concentration of credit risk, with risk spread over many customers.

- **Brexit**

The possible economic and legislative changes arising as a result of the UK's repositioning of its relationship with the European Union is outside the company's control. The directors continually monitor the economic and legislative position and believe they are well placed to address any changes as and when they might arise.

Going Concern

The directors have carefully considered the going concern basis underlying the preparation of the Group financial statements.

Recent trading activity across the Group has been in line with expectations. Referral levels have been maintained during the period and the quality of the services continued to improve which in turn lead to improved occupancy levels. This occupancy growth is expected to continue in the following year. The Group is cash generative and funds have continued to be reinvested to increase capacity levels and drive growth.

Management have prepared detailed forecasts for the Group for the period to February 2023. Net debt levels, servicing costs and covenant requirements are closely monitored and managed according to strict management processes. In view of the group having a current net liability position at the year end, management have considered the expected availability of working capital and achievement of covenants required and have concluded that the group is in a position to meet its current liabilities.

The Group expects to continue generating gross profits from its trading activities and believes that administrative expenses can be managed to enable the Company to remain in business. In addition, the directors have considered the impact of changes in legislation by HMRC and the outcome of recent case law on 'sleep in arrangements' and the impact this has had on the financial statements and future periods. The directors do not consider this change to impede the Group's ability to manage its trading activities.

The directors believe that the Group and the Company are well placed to manage its risks successfully despite the current economic conditions which create uncertainty.

Based on their forecast review and other factors described above, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the annual report and financial statements.

Strategic report *(continued)*

Disabled employees

The Group considers applications for employment from disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. During the period, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Supplier payment policy

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 28 February 2018 were equivalent to 5 days' purchases (2017: 5 days), based on the average daily amount invoiced by suppliers during the period.

Approved by the Board of Directors and signed by order of the Board on 22 November 2018.



Catherine Valenti
Company Secretary

Riverbridge House
Guildford Road
Leatherhead
Surrey
KT22 9AD

Directors' report

Directors

The directors who served the Company during the year and since the year end were as follows:

Dr Chaitanya Patel
Mrs Katharine Patel
Miss Catherine Valenti

Matters covered in the Strategic Report

Disclosures of strategic importance that would usually be contained in the Directors' Report are presented in the Strategic Report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Kingston Smith LLP were appointed as auditor during the year. Kingston Smith LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed by order of the Board on 22 November 2018.



Catherine Valenti
Company Secretary

Riverbridge House
Guildford Road
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KT22 9AD

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the 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 Group and the 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain Group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the 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 the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Court Cavendish Limited

Opinion

We have audited the financial statements of Court Cavendish Limited ('the parent company') and its subsidiaries for the year ended 28 February 2018 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated 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 of the parent company's affairs as at 28 February 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;
- 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 group 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.

Independent auditors' report to the members of Court Cavendish Limited (continued)

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 the 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 or 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 set out on page 6, 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.

Independent auditors' report to the members of Court Cavendish Limited (continued)

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

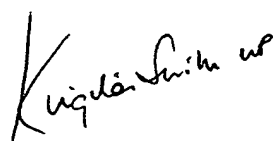
As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group'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 group's or the parent 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 group or the parent 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 group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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.

Independent auditors' report to the members of Court Cavendish Limited *(continued)*

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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed.



Jonathan Sutcliffe FCA (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

22 November 2018

Consolidated profit and loss account
for the year ended 28 February 2018

	Note	2018 £000	Continuing operations 2017 £000	Discontinued operations 2017 £000	As re-stated Total 2017 £000
Turnover	2	74,618	66,861	3,154	70,015
Cost of sales		(46,227)	(37,473)	(2,302)	(39,775)
Gross profit		28,391	29,388	852	30,240
Administrative expenses		(17,438)	(17,450)	(348)	(17,798)
Operating profit		10,953	11,938	504	12,442
Income from fixed asset investments	7	262	164	-	164
Amounts written off fixed asset investments	16	(825)	-	-	-
Other interest receivable and similar income	7	105	175	-	175
Interest payable and similar charges	8	(3,083)	(3,606)	-	(3,606)
Other gains and losses		695	-	6,368	6,368
Profit on ordinary activities before taxation	3	8,107	8,671	6,872	15,543
Tax on profit on ordinary activities	10	(2,664)	(1,813)	(88)	(1,901)
Profit for the financial year	3	5,443	6,858	6,784	13,642

All of the activities of the Group are classed as continuing in the current year.


Consolidated Statement of Comprehensive Income
for the year ended 28 February 2018

	2018 £000	As re-stated 2017 £000
Profit for the financial year	5,443	13,642
Foreign exchange movements	(5)	144
Gains/(losses) arising on revaluation of tangible fixed assets	17,283	(14,977)
Deferred tax (charge)/credit arising on revaluation of tangible fixed assets	(3,664)	4,085
Total comprehensive income	19,057	2,894
Profit for the financial year attributable to:		
Non-controlling interest	1,140	4,588
Equity shareholders of the company	4,303	9,054
	5,443	13,642
Total comprehensive income for the financial year attributable to:		
Non-controlling interest	6,319	358
Equity shareholders of the company	12,738	2,536
	19,057	2,894

Consolidated balance sheet
as at 28 February 2018

	Note	2018 £000	2018 £000	2017 £000	As re-stated 2017 £000
Fixed assets					
Goodwill – net balance	12		10,695		9,962
Tangible assets	15		103,184		80,728
Other investments	16		4,982		2,846
			<u>118,861</u>		<u>93,536</u>
Current assets					
Stocks	17	47		41	
Debtors due within one year	18	7,120		6,086	
Debtors due after more than one year	18	428		201	
Current asset investments	19	5,743		4,034	
Cash at bank and in hand		15,464		12,992	
Deferred tax asset	20	161		435	
		<u>28,963</u>		<u>23,789</u>	
Creditors: amounts falling due within one year	21	<u>(23,450)</u>		<u>(18,107)</u>	
Net current assets			<u>5,513</u>		<u>5,682</u>
Total assets less current liabilities			<u>124,374</u>		<u>99,218</u>
Creditors: amounts falling due after more than one year	22		<u>(56,728)</u>		<u>(50,225)</u>
Provisions for liabilities and charges	23		<u>(12,388)</u>		<u>(6,164)</u>
Net assets			<u>55,258</u>		<u>42,829</u>
Capital and reserves					
Called up share capital	25		278		278
Share premium account			515		515
Revaluation reserve			17,443		11,276
Profit and loss account			21,923		21,309
			<u>40,159</u>		<u>33,378</u>
Shareholders' funds			<u>40,159</u>		<u>33,378</u>
Non-controlling interests			15,099		9,451
Total capital employed			<u>55,258</u>		<u>42,829</u>

The financial statements of Court Cavendish Limited were approved by the board of directors and authorised for issue on 22 November 2018. They were signed on its behalf by:



Dr Chaitanya Patel
Director

Company balance sheet
as at 28 February 2018

	Note	2018 £000	2018 £000	2017 £000	As re-stated 2017 £000
Fixed assets					
Investments in subsidiary undertakings	13		4,057		3,417
Tangible assets	15		3		56
Other investments	16		4,982		2,846
			<u>9,042</u>		<u>6,319</u>
Current assets					
Debtors	18	241		402	
Current asset investments	19	5,743		4,034	
Cash at bank and in hand		2,650		10,026	
		<u>8,634</u>		<u>14,462</u>	
Creditors: amounts falling due within one year	21	<u>(801)</u>		<u>(591)</u>	
Net current assets			<u>7,833</u>		<u>13,871</u>
Total assets less current liabilities			<u>16,875</u>		<u>20,190</u>
Net assets			<u>16,875</u>		<u>20,190</u>
Capital and reserves					
Called up share capital	25		278		278
Share premium			515		515
Profit and loss account			16,082		19,397
Total shareholders' funds			<u>16,875</u>		<u>20,190</u>

The financial statements of Court Cavendish Limited were approved by the board of directors and authorised for issue on 22 November 2018. They were signed on its behalf by:



Dr Chaitanya Patel
Director

Consolidated and Company Statement of Changes in Equity as at 28 February 2018

	Called-up share capital £'000	Share premium £'000	Revalu- ation reserve £'000	Profit and loss account £'000	Amount attributable to equity holders £'000	Non- controlling interests £'000	Total £'000
At 1 March 2016	278	515	17,902	12,147	30,842	14,185	45,027
Profit for the financial period	-	-	-	9,054	9,054	4,588	13,642
Foreign exchange movements	-	-	-	108	108	36	144
Movements in revaluation reserve	-	-	(9,111)	-	(9,111)	(5,866)	(14,977)
Deferred tax charge on movement in revaluation reserve	-	-	2,485	-	2,485	1,600	4,085
Total comprehensive income	-	-	(6,626)	9,162	2,536	358	2,894
Dividends	-	-	-	-	-	(5,092)	(5,092)
At 28 February 2017	278	515	11,276	21,309	33,378	9,451	42,829
At 1 March 2017 as previously stated	278	515	11,276	21,400	33,469	8,523	41,992
Prior year adjustments	-	-	-	(91)	(91)	928	837
As at 1 March 2017 re-stated	278	515	11,276	21,309	33,378	9,451	42,829
Profit for the financial period	-	-	-	4,303	4,303	1,140	5,443
Foreign exchange movements	-	-	-	(4)	(4)	(1)	(5)
Movements in revaluation reserve	-	-	10,710	-	10,710	6,573	17,283
Deferred tax charge on movement in revaluation reserve	-	-	(2,271)	-	(2,271)	(1,393)	(3,664)
Total comprehensive income	-	-	8,439	4,299	12,738	6,319	19,057
Acquisition of NCI	-	-	-	(628)	(628)	-	(628)
Movement in reserves on change in NCI	-	-	-	671	671	(671)	-
Transfer to distributable reserves	-	-	(2,272)	2,272	-	-	-
Dividends	-	-	-	(6,000)	(6,000)	-	(6,000)
At 28 February 2018	278	515	17,443	21,923	40,159	15,099	55,258

	Called-up share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Company				
At 1 March 2016	278	515	9,470	10,263
Profit for the financial period and Total comprehensive income	-	-	9,927	9,927
At 28 February 2017	278	515	19,397	20,190
Profit for the financial period and Total comprehensive income	-	-	2,685	2,685
Dividends	-	-	(6,000)	(6,000)
At 28 February 2018	278	515	16,082	16,875

Consolidated cash flow statement
for the year ended 28 February 2018

	2018 £000	As re-stated 2017 £000
Net cash inflow from operating activities	13,870	9,770
Cash flows from investing activities		
Income from fixed asset investments	273	164
Payments to acquire tangible fixed assets	(6,350)	(6,784)
Disposal of subsidiary	(84)	3,122
Disposal of tangible fixed assets	10,585	30,626
Payments to acquired fixed assets investments	(2,136)	(337)
Payments to acquire current asset investments	(1,709)	(3,000)
Acquisition expenses	(53)	(317)
Payments to acquire subsidiaries (net of cash acquired)	(12,175)	(8,410)
Net cash flows from investing activities	(11,649)	15,064
Cash flows from financing activities		
Dividends	(6,000)	-
Dividends to minority shareholders	-	(5,092)
New loans	10,851	8,940
Repayment of borrowings	(4,600)	(25,881)
Re-financing costs	-	(370)
Net cash flows from financing activities	251	(22,403)
Increase in net cash	2,472	2,431
Cash and cash equivalents at beginning of the year	12,992	10,561
Cash and cash equivalents at end of the year	15,464	12,992

Reconciliation of operating profit to net cash inflow from operating activities
for the year ended 28 February 2018

	2018 £000	As re-stated 2017 £000
Operating profit	10,953	12,442
Depreciation	2,953	2,921
Amortisation of goodwill	560	529
Amounts written of fixed asset investments	(825)	-
(Profit)/loss on disposal of tangible fixed assets	(95)	6
Impairment of tangible fixed assets (through profit and loss)	2,532	300
	<hr/> 16,078	<hr/> 16,198
Increase in stocks	(5)	(17)
Increase in debtors	(707)	(181)
Increase/(decrease) in creditors	2,589	(1,849)
	<hr/> 17,955	<hr/> 14,151
Corporation tax paid	(1,851)	(1,096)
Interest paid	(2,273)	(3,545)
Corporation tax paid	39	260
	<hr/> 13,870	<hr/> 9,770
Net cash inflow from operating activities	<hr/> <hr/> 13,870	<hr/> <hr/> 9,770

Notes to the financial statements

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. These have been applied consistently throughout the year and the previous period.

General information and basis of accounting

Court Cavendish Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is Riverbridge House, Guildford Road, Leatherhead, Surrey, KT22 9AD. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 1 to 4.

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 Court Cavendish Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements have been rounded to the nearest thousand pounds.

Court Cavendish 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 separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The directors have carefully considered the going concern basis underlying the preparation of the Group financial statements.

Recent trading activity across the Group has been in line with expectations. In the Care Services business, referral levels have been maintained during the year and the quality of the services continued to improve which in turn led to improved occupancy levels. This occupancy growth is expected to continue in the following year. The business is cash generative and funds have continued to be reinvested to increase capacity levels and drive growth.

Management have prepared detailed forecasts for the Group for the period to February 2023. Net debt levels, servicing costs and covenant requirements are closely monitored and managed according to strict management processes. Management have considered the expected availability of working capital and achievement of covenants required.

The directors believe that the Group and the Company are well placed to manage its risks successfully despite the current economic conditions which create uncertainty.

Based on the forecast review and other factors described above, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the annual report and financial statements.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to the end of February each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition. More information can be found in note 28 to these financial statements.

Related parties

In accordance with FRS 102 Section 22 Para 1A, transactions with other Group undertakings which are wholly owned by the Group have not been disclosed in these financial statements.

Results attributable to the Company

The result attributable to the Company is shown in the Statement of Changes in Equity. The Company has taken advantage of the exemption given in section 408 of the Companies Act 2006 not to present its profit and loss account.

Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where payments are received from customers in advance of services provided, the amounts are recoded as Deferred Income and included as part of Creditors.

Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life which is 20 years. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold property	-	2% per annum on valuation on a straight-line basis
Fixtures and fittings	-	15% per annum on cost on a reducing balance basis
Property improvements	-	5% per annum on cost on a straight-line basis
Leasehold improvements	-	Shorter of the remaining lease term or 5% per annum on cost/valuation on a straight-line basis
Motor vehicles	-	25% per annum on cost on a straight-line basis

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

Revaluation of properties

Individual freehold and leasehold properties are revalued to fair value every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. If management's assessment of the fair value of properties deems that they have not materially moved, a full revaluation is not performed. Assessment is made for impairment where indicators are present that could result in the reversal of any previously recognised surpluses, or a charge to the profit and loss account.

Investments

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Current asset investments are stated at market value at the year-end date.

Stocks

Stocks are stated at the lower of cost and net realisable value (based on selling price less further costs to disposal). Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Taxable profit differs from the net profit as reported in the income statement 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.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Taxation *(continued)*

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Pension costs

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans. The company has no further payment obligations once the contributions have been paid. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Provisions for liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and if this amount is capable of being reliably estimated. If such an obligation is not capable of being reliably measured, no provision is recognised and the item is disclosed as a contingent liability where material. Where the effect is material, the provision is determined by discounting the expected future cashflows.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in Other Comprehensive Income.

Leases

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Financial instruments

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

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.

i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Financial instruments (continued)

ii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

iii) Fair value measurement (if applicable)

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGU') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Critical accounting judgements 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.

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

Critical accounting judgements are considered to be those which are also key sources of estimation which have been discussed below.

Notes to the financial statements (continued)

1 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Key source of estimation uncertainty

Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of their value in use to the Group. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate present value.

Revaluation of properties

Determining the fair value of freehold and leasehold properties at fair value requires an estimation based upon the market and cashflows of the assets. Management have engaged with a valuation specialist to address the risk of estimation uncertainty of revaluing properties.

Revenue recognition

An element of revenue due on contracts is receivable on a deferred basis. The accrued element of the income has been discounted based on an estimated length of the contract of 12 years and a 12% cost of capital has been applied. These estimates may differ from actual results due to a variety of factors, and the assumptions are assessed regularly to ensure they remain appropriate.

2 Segmental information

The Group is organised into the following business segments:

- Management services specialising in turnarounds of Social Care and Health Care organisations that support vulnerable people and are highly regulated
- Provision of residential care, domiciliary care and supported living services for people with learning disabilities and complex needs including mental health needs
- Luxury safari experiences to families, groups of friends and couples in the Madikwe Game Reserve in South Africa

The Group also has a central office, which carries out administrative and management activities.

Notes to the financial statements (continued)

2 Segmental information (continued)

Turnover by class of business	2018 £000	As re-stated 2017 £000
Total Sales		
Management Services	4,591	3,258
Care Services	69,785	66,841
Luxury safari experiences	784	616
	<hr/> 75,160	<hr/> 70,715
Inter-segment sales		
Management Services	(542)	(700)
	<hr/>	<hr/>
Sales to third parties		
Management Services	4,049	2,558
Care Services	69,785	66,841
Luxury safari experiences	784	616
	<hr/> 74,618	<hr/> 70,015
	<hr/>	<hr/>
Turnover by geographical segments		
	2018 £000	As re-stated 2017 £000
United Kingdom	70,007	67,038
Rest of Europe	234	179
North America	4,141	2,676
South Africa	123	58
Rest of the World	113	64
	<hr/> 74,618	<hr/> 70,015
	<hr/>	<hr/>

Notes to the financial statements (continued)

2 Segmental information (continued)

Profit before tax	2018 £000	As re-stated 2017 £000
Management Services	3,999	2,124
Care Services	6,926	10,383
Luxury safari experiences	28	(65)
Group operating profit	10,953	12,442
Income from fixed assets investments	262	164
Amounts written off investments	(825)	-
Other interest receivable and similar income	105	175
Interest payable and similar charges	(3,083)	(3,606)
Other gains and losses	695	6,368
Profit on ordinary activities before taxation	8,107	15,543

Of the Group's profit before tax, £8,079,000 (2017: £15,608,000) arose in the United Kingdom and a profit of £28,000 arose in South Africa (2017: loss of £65,000).

Net assets	2018 £000	As re-stated 2017 £000
Management Services	10,456	7,037
Care Services	79,173	66,122
Luxury safari experiences	1,392	1,541
Net operating assets before net debt and goodwill	91,021	74,700
Net debt	(46,458)	(41,833)
Goodwill	10,695	9,962
Net assets	55,258	42,829

Note:

(1) Goodwill relates to the following segments:

	2018 £000	As re-stated 2017 £000
Care Services	9,595	8,793
Luxury safari experiences	1,100	1,169
	10,695	9,962

Notes to the financial statements *(continued)*

3 Profit on ordinary activities before taxation

	2018 £000	As re-stated 2017 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit related assurance services	15	15
Tax compliance	2	2
Other non-audit services	70	22
Depreciation and other amounts written off tangible fixed assets:		
Owned	2,586	2,556
Leased	367	365
Impairment of tangible fixed assets recognised in the profit and loss account	2,532	300
(Profit)/loss on disposal of tangible fixed assets	(94)	6
Amortisation of intangible assets	560	528
Rentals under operating leases:		
Hire of plant and machinery	2,517	2,710
Other operating leases	910	1,146
	<u>2,517</u>	<u>2,710</u>
	<u>910</u>	<u>1,146</u>

The audit fee relating to the Company was £4,000 (2017: £4,000).

A cost of £758,000 (2017: £21,000 credit) was recognised during the year in relation to a corporate finance project of the Group.

The impairment charges have been recognised within administrative expenses.

4 Remuneration of directors

The Directors' aggregate emoluments in respect of qualifying services were as follows:

	2018 £000	As re-stated 2017 £000
Aggregate emoluments	430	605
Company contributions to money purchase pension schemes	7	18
	<u>430</u>	<u>605</u>
	<u>7</u>	<u>18</u>

The emoluments of the highest paid director were £279,000 (2017: £291,000) and company pension contributions of £nil (2017: £18,000) were made to a money purchase scheme on their behalf.

Retirement benefits are accruing to one (2017: one) director of the company under money purchase schemes.

Notes to the financial statements *(continued)*

5 Staff numbers

The average number of persons employed by the group (including directors) during the year, analysed by activity, was as follows:

	Number of employees	
	2018	As re-stated 2017
Management Services	5	9
Care Services	2,242	2,160
Luxury safari experiences	22	17
	<u>2,269</u>	<u>2,186</u>

The aggregate payroll costs of these persons were as follows:

	2018	As re-stated 2017
	£000	£000
Wages and salaries	38,363	37,119
Social security costs	2,843	2,654
Other pension costs	448	407
	<u>41,654</u>	<u>40,180</u>

The Company had two employees during the current year (2017: four).

6 Pension commitments

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans. The company has no further payment obligations once the contributions have been paid. The Group's pension costs for the year was £448,000 (2017: £407,000). The outstanding contributions at 28 February 2018 were £49,000 (2017: £45,000).

7 Investment income

	2018	As re-stated 2017
	£000	£000
Income from other fixed asset investments	262	164
Interest receivable and similar income		
Interest receivable on bank deposits	105	110
Foreign exchange gains	-	31
Gains on current asset investments	-	34
	<u>105</u>	<u>175</u>

Notes to the financial statements (continued)

8 Interest payable and similar charges

	2018 £000	As re-stated 2017 £000
On bank loans and overdrafts	1,934	2,760
Amortisation of loan issue costs	846	846
Losses on current asset investments	303	-
	<u>3,083</u>	<u>3,606</u>

9 Other gains and losses

Other gains and losses were as follows:

	2018 £000	As re-stated 2017 £000
Profit on disposal of elderly domiciliary care business	11	941
Profit on disposal of supported living freehold interest	684	5,427
	<u>695</u>	<u>6,368</u>

During the year, the Group disposed of the supported living freehold interest in eight properties. During the prior year, the Group disposed of the elderly domiciliary care business and the supported living freehold in twenty-four properties.

10 Tax on profit on ordinary activities

	2018 £000	As re-stated 2017 £000
Current taxation		
Current tax charge	2,196	1,215
Adjustment in respect of previous periods	18	(34)
Total current tax	<u>2,214</u>	<u>1,181</u>
Deferred tax		
Origination and reversal of timing differences	258	1,185
Adjustment in respect of previous periods	241	(262)
Effect of changes in tax rates	(49)	(203)
Total deferred tax debit	<u>450</u>	<u>720</u>
Total tax on profit	<u>2,664</u>	<u>1,901</u>

Notes to the financial statements (continued)

10 Tax on profit on ordinary activities (continued)

	2018 £000	As re-stated 2017 £000
Factors affecting current tax charge for the year		
Profit on ordinary activities before tax	8,107	15,543
	<u>8,107</u>	<u>15,543</u>
At standard rate of 19.08% (2017: 20%)	1,547	3,108
Effects of:		
Expenses not deductible for tax purposes	1,028	1,578
Adjustments from previous year	259	(296)
Income not taxable for tax purposes	(66)	(2,257)
Deferred tax previously not recognised	-	(750)
Tax rate change	(184)	(203)
Effect of gains	80	721
	<u>2,664</u>	<u>1,901</u>
Total tax charge for the year	<u>2,664</u>	<u>1,901</u>

11 Dividends on equity shares

Amounts recognised as distributions paid to equity shareholder during the year were as follows:

	2018 £000	As re-stated 2017 £000
Dividends paid	6,000	-
	<u>6,000</u>	<u>-</u>

Notes to the financial statements *(continued)*

12 Intangible assets

	Positive goodwill £000	Negative Goodwill £000	As re-stated Total £000
Group			
Cost			
At 1 March 2017	10,985	(212)	10,773
Additions (see note 28)	1,293	-	1,293
	<hr/>	<hr/>	<hr/>
At 28 February 2018	12,278	(212)	12,066
	<hr/>	<hr/>	<hr/>
Amortisation			
At 1 March 2017	840	(29)	811
Charge for the year	570	(10)	560
	<hr/>	<hr/>	<hr/>
At 28 February 2018	1,410	(39)	1,371
	<hr/>	<hr/>	<hr/>
Net book value			
At 28 February 2018	10,868	(173)	10,695
	<hr/>	<hr/>	<hr/>
At 29 February 2017	10,145	(183)	9,962
	<hr/>	<hr/>	<hr/>

The Goodwill arising is being amortised over a period of 20 years on a straight-line basis. This is the period over which the directors estimate that the value of the underlying business will exceed the value of the underlying assets.

Additions are comprised of the trade and asset purchase of Amber Residential Care Homes Limited (Earlmount House) on 10 April 2017 and the acquisition of Homes Caring for Autism Limited on 28 February 2018.

Notes to the financial statements (continued)

13 Investments in subsidiary undertakings

Company	£000
Cost	
At 1 March 2017	3,417
Additions	640
	<hr/>
At 28 February 2018	4,057
	<hr/>
Provisions	
At 1 March 201 and 28 February 2018	-
	<hr/>
Net book value	
At 28 February 2018	4,057
	<hr/>
At 29 February 2017	3,417
	<hr/>

During the year, the Company acquired 789 A Ordinary Shares of £0.01 in CMG Holdco Limited together with the minority share of Angarha Experience (Pty) Ltd.

The subsidiary undertakings in which the company's direct interests at the year-end are more than 20% are as follows:

	Principal activities	Class and percentage of share held
Court Cavendish Healthcare Management Services Limited *	Provision of management and consulting services	100% ordinary
Angarha Experience (Pty) Ltd *	Luxury safari experiences	60% ordinary
CMG Holdco Limited *	Holding Company	61.97% ordinary
Care Management Group (Acquisition) Limited	Holding Company	100% ordinary
Care Management Group (UK) Limited	Dormant Company	100% ordinary
Care Management Group (Holdings) Limited	Dormant Company	100% ordinary
Care Management Group Limited	Running Care Homes	100% ordinary
Care Management Group (Southern) Limited	Dormant Company	100% ordinary
CMG Homes Limited	Agency services for Parent Company	100% ordinary
Care Management Group (Cymru) Limited	Running Care Homes	100% ordinary
Blocklin House Limited	Dormant Company	100% ordinary
Care Management Group Trustees Limited	Dormant Company	100% ordinary
Victoria House (UK) Limited	Dormant Company	100% ordinary
Wherewellive Limited	Dormant Company	100% ordinary
Wherewellive Care Group Limited	Dormant Company	100% ordinary
Solent Residential Homes Limited	Dormant Company	100% ordinary
Pathways (Trebanos) Limited	Dormant Company	100% ordinary
Farisean Limited	Dormant Company	100% ordinary
Alderwood LLA Limited	Dormant Company	100% ordinary
CMG (Enfield) Limited	Dormant Company	100% ordinary
Helene Care Limited	Dormant Company	100% ordinary
Sevilles Limited	Dormant Company	100% ordinary
Philori Care Limited	Dormant Company	100% ordinary
Homes Caring for Autism Limited	Dormant Company	100% ordinary
Somerset HCA Limited	Dormant Company	100% ordinary

* interests held directly by the company.

Registered number: 04290684

Notes to the financial statements *(continued)*

13 Investments in subsidiary undertakings *(continued)*

Court Cavendish Limited holds the entire issued share capital and voting rights of Court Cavendish Health Management Services Limited, 60% of Angarha Experience (Pty) Limited and 61.97% of CMG HoldCo Limited.

CMG Holdco Limited holds the entire issued share capital and voting rights of Care Management Group (Acquisition) Limited.

CMG Holdco Limited holds the entire issued share capital and voting rights of Care Management Group (Acquisition) Limited.

Care Management Group (Acquisition) Limited holds the entire issued share capital and voting rights of Care Management Group (UK) Limited.

Care Management Group (UK) Limited holds the entire issued share capital and voting rights of Care Management Group (Holdings) Limited and Care Management Group Trustees Limited.

Care Management Group (Holdings) Limited holds the entire issued share capital of Care Management Group Limited, which in turn holds the entire issued share capital of Care Management Group (Southern) Limited, CMG Homes Limited, Care Management Group (Cymru) Limited, Victoria House (UK) Limited, Wherewell Limited, Wherewell Care Group Limited, Solent Residential Homes Limited, Pathways (Trebanos) Limited, Alderwood LLA Limited, Farisean Limited, Embrace Lifestyles (C) Limited, Helene Care Limited, Sevilles Limited, Philori Care Limited, Blocklin Limited, Homes Caring for Autism Limited. Homes Caring for Autism Limited owns the entire share capital of Somerset HCA Limited.

Court Cavendish Healthcare Management Services Limited is registered in England and Wales with the same registered office as that of the company (Riverbridge House, Guildford Road, Leatherhead, Surrey, KT22 9AD). All other subsidiaries are registered in England and Wales at Q1, The Square, Randalls Way, Leatherhead, Surrey, KT22 7TW except for Angarha Experience (Pty) Limited which is registered in South Africa. All companies are included in the consolidated financial statements.

14 Sale of subsidiary undertaking

In the prior year, the Group sold its 100 per cent interest in the ordinary share capital of CMG (Domiciliary Care Investment) Limited which included investments in Care Your Way Limited, Convivium Care Limited, Eve Personnel Homecare Limited, Care & Company Limited, Starr Care Limited, Rainbow Care Limited and Belgravia Nursing & Care Bureau Limited "The Disposal Group".

The deferred payment of £84,000 was settled in cash by the Company on 10 August 2017.

There were no disposals of subsidiaries in 2018.

Notes to the financial statements *(continued)*

15 Tangible assets

	Freehold property £'000	Fixtures and fittings Property portfolio £'000	Fixtures and fittings Other £'000	Motor vehicles/ plane £'000	Property improve- ments £'000	Leasehold improve- ments £'000	Re-stated Total £'000
Group							
Cost/valuation							
At 1 March 2017	63,421	4,317	1,304	431	11,256	7,245	87,974
Exchange adjustment	(9)	(2)	-	(1)	-	-	(12)
Businesses acquired	12,303	258	-	98	-	983	13,642
Additions	2,345	1,074	3	-	3,404	-	6,826
Revaluation	24,764	(485)	-	-	(2,646)	(4,349)	17,284
Disposals	(10,153)	(103)	-	(350)	(1,059)	-	(11,665)
At 28 February 2018	92,671	5,059	1,307	178	10,955	3,879	114,049
Accumulated depreciation							
At 1 March 2017	2,710	1,125	523	333	1,376	1,179	7,246
Exchange adjustment	(5)	(2)	-	(1)	-	-	(8)
Charge for the year	1,366	474	110	23	613	367	2,953
Impairment	2,482	-	-	50	-	-	2,532
Disposals	(1,447)	(22)	-	(350)	(39)	-	(1,858)
At 28 February 2018	5,106	1,575	633	55	1,950	1,546	10,865
Net book value							
At 28 February 2018	87,565	3,484	674	123	9,005	2,333	103,184
At 29 February 2017	60,711	3,192	781	98	9,880	6,066	80,728

All tangible fixed assets are pledged as security against the Group external loan. See note 22 for further details.

On 28 February 2018, Knight Frank (independent RICS qualified valuers) used the Royal Institution of Chartered Surveyors ('RICS') Appraisal and Valuation Manual (the 'Red Book') to value the property portfolio (on an aggregate basis) of the CMG Holdco Group of companies on a VPGA 4 basis at £93.2m.

Freehold properties would have a carrying value of £34.8m (2017: £27.9m) if properties had been carried under the historical cost model.

Impairments have been recognised on properties where they have been sold at a lower amount to the carrying value.

Notes to the financial statements (continued)

15 Tangible assets (continued)

Company	Land and buildings £000	Fixtures and fittings £000	Plane £000	Total £000
Cost				
At 1 March 2017	52	54	350	456
Additions	-	3	-	3
Disposals	-	-	(350)	(350)
At 28 February 2018	52	57	-	109
Accumulated depreciation				
At 1 March 2017	46	54	300	400
Charge for the year	5	1	-	6
Impairment	-	-	50	50
Disposals	-	-	(350)	(350)
At 28 February 2018	51	55	-	106
Net book value				
At 28 February 2018	1	2	-	3
At 29 February 2017	6	-	50	56

Notes to the financial statements (continued)

16 Other investments

Group and Company

	2018 £000	2017 £000
<i>Shares</i>		
Capital contribution in FC Skyfall Investors Parent LLC	1,825	1,825
Shares in Jazz FM Limited	22	86
Beaverbrook Golf Club	135	135
West Sunderland Farm Company Limited	700	500
Regeneration (UK) Limited	-	-
Red Rickshaw Limited	300	300
Executive Aircraft Engineering Limited	100	-
Digital Staff Solutions Limited	54	-
<i>Loans</i>		
Red Rickshaw Limited	300	-
Elevation Capital Partners LLP	108	-
Long Blockchain Corporation	1,438	-
	<u>4,982</u>	<u>2,846</u>

During the year, the Company recognised an impairment charge of £825,000 (2017: £nil) in respect of its investments.

17 Stocks

	2018 £000	Re-stated 2017 £000
Group		
Consumable supplies	47	41
	<u>47</u>	<u>41</u>

18 Debtors

	Group 2018 £000	Company 2018 £000	Re-stated Group 2017 £000	Re-stated Company 2017 £000
<i>Due within one year</i>				
Trade debtors	3,281	155	2,410	-
Amounts due from subsidiary undertakings	-	67	-	77
Other debtors	792	10	629	216
Prepayments and accrued income	3,047	9	3,047	109
	<u>7,120</u>	<u>241</u>	<u>6,086</u>	<u>402</u>
<i>Due after more than one year</i>				
Prepayments and accrued income	428	-	201	-
	<u>7,548</u>	<u>241</u>	<u>6,287</u>	<u>402</u>

Amounts owed by subsidiary undertakings are unsecured and interest free.

Notes to the financial statements (continued)

19 Current asset investments

	Group 2018 £000	Company 2018 £000	Re-stated Group 2017 £000	Re-stated Company 2017 £000
Listed investments at fair value	<u>5,743</u>	<u>5,743</u>	<u>4,034</u>	<u>4,034</u>

20 Deferred tax asset

Group				£000
At 1 March 2017				435
Charged to the profit and loss account				(274)
At 28 February 2018				<u>161</u>
			2018 £000	2017 £000
Other short-term timing differences			<u>161</u>	<u>435</u>

21 Creditors: amounts falling due within one year

	Group 2018 £000	Company 2018 £000	Re-stated Group 2017 £000	Re-stated Company 2017 £000
Bank loans	5,194	-	4,600	-
Trade creditors	749	1	492	50
Amounts due to subsidiary undertakings	-	340	-	314
Corporation tax payable	1,092	35	484	124
Other taxes and social security	856	16	691	29
Other creditors	2,736	380	2,359	9
Accruals and deferred income	12,823	29	9,481	65
	<u>23,450</u>	<u>801</u>	<u>18,107</u>	<u>591</u>

Other creditors include a balance of £358,000 (2017: £nil) representing a deferred payment to the former shareholders of Homes Caring for Autism Limited, £nil (2017: £56,000) representing a deferred payment to the former shareholders of Philori Care Limited and £nil (2017: £32,000) representing a deferred payment to the former shareholders of Seviles Limited. The amount is not contingent on any terms and is payable within one year.

Amounts due to subsidiary undertakings are unsecured and interest free.

Notes to the financial statements (continued)

22 Creditors: amounts falling due after more than one year

	Group 2018 £000	Company 2018 £000	Re-stated Group 2017 £000	Re-stated Company 2017 £000
Bank loans	56,728	-	50,225	-
Analysis of debt:				
	Group 2018 £000	Company 2018 £000	Re-stated Group 2017 £000	Re-stated Company 2017 £000
Debt can be analysed as falling due:				
Less than one year	5,194	-	4,600	-
More than two years but not more than five years	59,077	-	53,420	-
More than five years	-	-	-	-
Un-amortised issue costs	(2,349)	-	(3,195)	-
	61,922	-	54,825	-

Interest charged on the bank loans is at a rate of 3% over base rate per annum. The bank loans comprise loans secured by floating charges over the assets of the Group.

23 Provisions for liabilities and charges

	Deferred tax £000	Property dilapidations £000	Group £000
At 1 March 2017	5,429	735	6,164
Additions	3,258	-	3,258
Acquisition of subsidiary undertaking	2,423	-	2,423
Utilised in the year	581	(38)	543
At 28 February 2018	11,691	697	12,388

Notes to the financial statements *(continued)*

23 Provisions for liabilities and charges *(continued)*

The deferred tax liability arises on the revaluation of investment property. Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group.

The property provision relates to the cost of bringing the properties back to the required state of repair at the end of the lease.

	2018 £000	Re-stated 2017 £000
At beginning of the financial year	4,994	5,788
Charged to the profit and loss account	209	982
Adjustment in respect of prior years charged/(credited) to profit and loss account	241	(262)
Arising on acquisitions (note 28)	2,423	2,562
Credited to other comprehensive income	3,664	(1,028)
Movement arising on the disposal of properties credited to other comprehensive income	-	(3,057)
Other	(1)	9
At end of the financial year	<u>11,530</u>	<u>4,994</u>
Analysed as:		
Deferred tax asset	(161)	(435)
Deferred tax liability	11,691	5,429
	<u>11,530</u>	<u>4,994</u>
	2018 £000	Re-stated 2017 £000
Fixed asset timing differences	2,056	541
Short term timing differences	(161)	(435)
On revaluation	9,635	4,888
	<u>11,530</u>	<u>4,994</u>

The Finance Act 2016 was substantively enacted on 6 September 2016, which provided for a reduction in the main rate of corporation tax to 17% effective from 1 April 2020. At 28 February 2018, the Group has not recognised a deferred tax asset of £945,000 (2017: £1,361,000) in respect of carried forward tax losses.

The closing deferred tax assets and liability as at 28 February 2018 has been calculated at 17% reflecting the tax rate at which the deferred tax asset is expected to be utilised in future years. The balance is not expected to move significantly unless there is a significant disposal or revaluation of one of the properties.

Notes to the financial statements (continued)

24 Financial instruments

The carrying amount of the Group's financial assets and liabilities are summarised by category below:

	Group 2018 £000	Re-stated Group 2017 £000
Financial assets		
<i>Measured at fair value</i>		
Current asset listed investments	5,743	4,034
<i>Measured at undiscounted amount receivable</i>		
Trade and other debtors	6,733	5,528
	<u>12,476</u>	<u>9,562</u>
Financial liabilities		
<i>Measured at amortised cost</i>		
Bank loans	61,922	54,825
<i>Measured at undiscounted amount payable</i>		
Trade and other creditors	17,729	13,143
	<u>79,651</u>	<u>67,968</u>

The Group's income, expenses, gains and losses in respect of financial instruments are summarised below:

	Group 2018 £000	Re-stated Group 2017 £000
Interest income and expense		
Total interest expense for financial liabilities at amortised cost	2,780	3,715

25 Called up share capital

	Number of shares	2018 £000	Number of shares	2017 £000
Alotted, called up and fully paid				
Ordinary shares of £1 each	277,778	278	277,778	278

The ordinary shares carry one vote per share. Each share is entitled pari-passu to dividend payments or any other distributions. Each share is entitled pari-passu to participate in a distribution arising from a winding up of the company. Each share is non-redeemable.

Notes to the financial statements *(continued)*

26 Reconciliation of net cash flow to movement in net debt

	2018 £000	Re-stated 2017 £000
Increase in cash in the year	2,472	2,431
Cash flow from movement in net debt	(6,251)	17,311
Change in net debt resulting from cash flows	(3,779)	19,742
Capitalised interest	-	(370)
Amortisation of debt issue costs	(846)	(846)
Movement in net debt	(4,625)	18,526
Net debt at the beginning of the year	(41,833)	(60,359)
Net debt at the end of the year	(46,458)	(41,833)

27 Analysis of net debt

	At 1 Mar 2017 £000	Cash flow £000	Capitalised debt issue costs £000	At 28 Feb 2018 £000
Cash in hand, at bank	12,992	2,472	-	15,464
Bank debts	(54,825)	(6,251)	(846)	(61,922)
	(41,833)	3,779	(846)	(46,458)

Notes to the financial statements (continued)

28 Acquisition of businesses

Impact to turnover and profits

None of the acquisitions contributed a material amount to revenue or profits due to timing of acquisitions, but in aggregate contributed an additional £339,000 of turnover and £180,000 of profit.

a) Acquisition of Homes Caring for Autism Limited

The acquisition of Homes Caring for Autism Limited including its subsidiary, Somerset HCA Limited, being 100% acquired shareholding, was completed on 28 February 2018. The fair value of the total consideration was £12.2 million.

	£'000
Cash consideration	12,183
Acquisition costs	293
	<hr/>
Total consideration	12,476
Fair value of net assets acquired	(11,638)
	<hr/>
Goodwill	838
	<hr/>

The provisional fair value and book value of net assets acquired are broken down as follows:

Fixed assets	13,642
Debtors	571
Cash	1,000
Creditors	(890)
Corporation tax	(262)
Deferred tax	(2,423)
	<hr/>
	11,638
	<hr/>

Net cash outflow as a result of the acquisition comprised:

Consideration	12,078
Cash at bank and in hand acquired	(1,000)
	<hr/>
	11,078
	<hr/>

Subsequent to the acquisition and on the same day, the business of Homes Caring for Autism Limited was hived up into Care Management Group Limited as part of a Group Reconstruction transaction. Merger accounting was used in the hive up as allowed under FRS 102.

Notes to the financial statements *(continued)*

28 Acquisition of businesses *(continued)*

b) Acquisition of the trading assets of Amber Residential Care Limited

The acquisition of the trade of Amber Care Limited was completed on 10 April 2017. The fair value of the total consideration was £435,413.

	£'000
Cash consideration	400
Acquisition costs	35
	<hr/>
Total consideration	435
Provisional fair value of net assets acquired	-
	<hr/>
Goodwill	435
	<hr/> <hr/>

Net cash outflow as a result of the acquisition comprised:

Consideration	435
Cash at bank and in hand acquired	-
	<hr/>
	435
	<hr/> <hr/>

Notes to the financial statements (continued)

28 Acquisition of businesses (continued)

c) Measure period adjustments to provisional acquisition accounting for Seviles Limited

Provisional acquisition accounting was presented in the 2017 financial statements. In the year subsequent to acquisition, we have finalised the acquisition accounting which is shown in the table below.

	As provisionally stated £000	Measure- ment period adjustments £000	Final £000
Cash consideration	419	-	419
Acquisition costs	58	20	78
	<hr/>	<hr/>	<hr/>
Total consideration	477	20	497
Fair value of net assets acquired	(45)	-	(45)
	<hr/>	<hr/>	<hr/>
Goodwill	432	20	452
	<hr/>	<hr/>	<hr/>
Debtors	102	-	102
Cash	3	-	3
Creditors	(60)	-	(60)
	<hr/>	<hr/>	<hr/>
	45	-	45
	<hr/>	<hr/>	<hr/>

29 Contingent liabilities

Guarantees

CMG Holdco Limited (a subsidiary company) is party to cross guarantees for the bank debts due on all companies within the CMG Holdco Group. Total amounts due as at 28 February 2017 amounted to £64,271,000 (2017: £58,020,000).

At the year end, CMG Holdco Limited had pledged financial support to Care Management Group (UK) Limited.

Notes to the financial statements (continued)

30 Lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018		2017	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Group				
Operating leases which expire:				
Within one year	2,606	856	1,993	744
In two to five years	7,871	1,134	6,874	988
After five years	10,024	3	8,061	-
	<u>20,501</u>	<u>1,993</u>	<u>16,927</u>	<u>1,732</u>

31 Prior year adjustment

In the prior year there was a mis-allocation between Goodwill and Non-Controlling Interests. The comparative figures in the primary statements and notes have been re-stated to correct the allocation in the prior year. The effect of the prior year adjustment is summarised below:

	Year ended 28 February 2017		
	As previously reported £000	Adjustment £000	As re-stated £000
Changes to the profit and loss account			
Administrative expenses	(17,749)	(49)	(17,798)
Profit for the financial year	13,691	(49)	13,642
Total comprehensive income	2,943	(49)	2,894

	As at 28 February 2017		
	As previously reported £000	Adjustment £000	As re-stated £000
Changes to the balance sheet			
Intangible assets	9,125	837	9,962
Net assets	41,992	837	42,829
Capital and reserves			
Profit and loss account	21,400	(91)	21,309
Non-controlling interests	8,523	928	9,451

Notes to the financial statements (continued)

32 Related party disclosures

The company is exempt under the terms of FRS 102 Section 33 Paragraph 1A from disclosing related party transactions with entities that are part of the Court Cavendish Limited Group.

Dr CB Patel is a director of both CMG Holdco Limited and HC-One Limited. During the year ended 28 February 2018, transactions between CMG Holdco Limited and its subsidiaries and HC-One Limited totalled £352,000 (2017: £155,000). At 28 February 2018, the balance due from HC-One was £19,000 (2017: £nil).

Dr CB Patel is also a director of NHP Securities No. 3 Limited and NHP Securities No. 5 Limited. During the year ended 28 February 2018, transactions between CMG Holdco Limited, NHP Securities No. 3 Limited and NHP Securities No. 5 Limited totalled £766,000 (2017: £1,171,000). As at 28 February 2018, amounts accrued for lease costs not yet paid were £121,000 (2017: £202,000).

Dr CB Patel's family trust has a 10.7% share in the members' capital of FC Skyfall Investors Parent LLC (a Delaware Limited Liability Company). During the year ended 28 February 2018, transaction and asset management fees of £3,361,000 (2017: £2,345,000) were charged to FC Skyfall Holdings SPV Ltd (a wholly owned subsidiary of FC Skyfall Investors Parent LLC which is incorporated in the Cayman Islands). As at 28 February 2018, transaction and asset management fees of £428,000 (2017: £201,000) were due from FC Skyfall Holdings SPV – this amount has been disclosed in prepayments and accrued income. In addition, dividends of £273,000 (2017: £164,000) were received.

At the 28 February 2017, Dr CB Patel had an interest-bearing loan of £213,000 on which interest of £3,000 had been accrued. This balance was repaid in full on 30 June 2017.

33 Ultimate controlling party

The company was under the control of Dr CB Patel throughout the current year and the prior period by virtue of his 90% interest in the issued share capital of the company.