Registered number: 04430975

BLUE MOUNTAIN HOMES LTD.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

BLUE MOUNTAIN HOMES LTD.

COMPANY INFORMATION

Directors	K J R Manaktala P K Manaktala S J R Manaktala
Company secretary	P K Manaktala
Registered number	04430975
Registered office	17 Leeland Mansions Leeland Road West Ealing London W13 9HE
Independent auditors	Dains LLP Statutory Auditor & Chartered Accountants Suite 2, Albion House 2 Etruria Office Village Forge Lane Stoke on Trent Staffordshire ST1 5RQ

BLUE MOUNTAIN HOMES LTD.

CONTENTS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The directors are pleased to present their strategic report of the Group for the year ended 31 March 2019.

The consolidated results of the group are also for the same period.

Business review

The Group provides residential care for young people with complex needs.

Turnover of the Group for the year was £7,901,131 (2018: £7,143,635) and the Group made a profit of £1,469,490 before tax (2018: £1,763,077).

The Group continues to grow with the opening of another home during the year. The Group has acquired a number of other suitable properties and over the coming periods it is anticipated that a number of these shall be adopted for the provision of residential care.

Principal risks and uncertainties

Provision of care of young people with complex needs and the wider associated risks associated in manging these high and complex needs of the residents together with working within the regulatory framework of Ofsted and the placing authorities and meeting the strict guidelines of the safeguarding board remains the main risk.

Financial key performance indicators

The Group prepares quarterly management accounts and maintains monthly occupancy statistics to monitor its key financial numbers.

The Group has a weekly strategic review of the development of each young person with the core team to monitor the "key performance" that is directly more relevant to its "care team". The directors are very pleased to report the high level of satisfaction and positive feedback the managers received from the young people and the placement authorities during the year.

Development and performance

The Group continues to have a policy of continual training and development in putting the development of the young people and the development of our most valuable resource, being our staff at the centre of our development plans.

This approach has resulted in us having very positive relations with our regulatory authorities who are invited to speak to our wider management team for the sharing of values and visions with a view to further improvements.

The directors take great pride and have immense gratitude towards the dedication of the Group staff who sacrificially care and mentor the young people with complex needs placed with us.

The Group has appointed one area manager, a qualified counsellor and has expanded its education provision during this reporting period.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

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

P K Manaktala P.K.Manaktala
Director

Date: 18th December 2019

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Principal activity

The Group's and Company's principal activity during the year continued to be that of providing residential care for young people with complex needs.

Directors

The directors who served during the year were:

K J R Manaktala
P K Manaktala
S J R Manaktala

Results and dividends

The profit for the year, after taxation, amounted to £1,094,579 *(2018 - £1,410,023).*

During the year dividends of £nil (2018: £125,000) have been declared.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments 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 will continue in business.

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

Post balance sheet events

After the year end, the Group has purchased two properties and has opened an additional care centre.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019

Disclosure of information to auditors

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

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

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

P K Manaktala P.K. Manaktala
Director

Date: 18th December 2019

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLUE MOUNTAIN HOMES LTD.

Opinion

We have audited the financial statements of Blue Mountain Homes Ltd. (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise the Group Statement of income and retained earnings, the Group and Company Balance sheets, the Group Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2019 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLUE MOUNTAIN HOMES LTD. (CONTINUED)

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 Auditors' 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.

Opinion 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 Group 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 Group 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 Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BLUE MOUNTAIN HOMES LTD. (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, 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.

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

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

Other matters

The financial statements of the Group and Company for the prior year from 1 April 2017 to 31 March 2018 were not audited as the Group was exempt from audit and therefore the corresponding figures are unaudited.

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 Auditors' 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.

Dains LLP

Simon Hawkins (Senior statutory auditor)
for and on behalf of
Dains LLP
Statutory Auditor
Chartered Accountants
Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Stoke on Trent
Staffordshire
ST1 5RQ
Date: 19.12.19

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	*Unaudited Restated 2018* *£*
Turnover	4	**7,901,131**	*7,143,635*
Cost of sales		**(611,146)**	*(655,056)*
Gross profit		**7,289,985**	*6,488,579*
Administrative expenses		**(5,736,633)**	*(4,661,091)*
Operating profit	5	**1,553,352**	*1,827,488*
Interest receivable and similar income	9	**2,480**	*153*
Interest payable and expenses	10	**(86,342)**	*(64,564)*
Profit before tax		**1,469,490**	*1,763,077*
Tax on profit	11	**(374,911)**	*(353,054)*
Profit after tax		**1,094,579**	*1,410,023*
Retained earnings at the beginning of the year		**3,081,124**	*1,796,101*
		3,081,124	*1,796,101*
Profit for the year attributable to the owners of the parent		**1,094,579**	*1,410,023*
Dividends declared and paid		**-**	*(125,000)*
Retained earnings at the end of the year		**4,175,703**	*3,081,124*

There were no recognised gains and losses for 2019 or 2018 other than those included in the consolidated statement of income and retained earnings.

The notes on pages 14 to 33 form part of these financial statements.

BLUE MOUNTAIN HOMES LTD.
REGISTERED NUMBER:04430975

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2019

	Note		2019 £		*Unaudited Restated 2018* *£*
Fixed assets					
Tangible assets	13		**5,032,861**		*4,562,878*
			5,032,861		*4,562,878*
Current assets					
Debtors: amounts falling due within one year	15	**1,343,810**		*1,359,524*	
Cash at bank and in hand		**1,219,384**		*684,801*	
		2,563,194		*2,044,325*	
Creditors: amounts falling due within one year	17	**(546,132)**		*(577,214)*	
Net current assets			**2,017,062**		*1,467,111*
Total assets less current liabilities			**7,049,923**		*6,029,989*
Creditors: amounts falling due after more than one year	18		**(2,818,499)**		*(2,938,865)*
Provisions for liabilities					
Deferred taxation	21	**(45,721)**		-	
			(45,721)		-
Net assets			**4,185,703**		*3,091,124*
Capital and reserves					
Called up share capital	22		**10,000**		*10,000*
Profit and loss account	23		**4,175,703**		*3,081,124*
Equity attributable to owners of the parent Company			**4,185,703**		*3,091,124*
			4,185,703		*3,091,124*

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

P K Manaktala P.K. Manaktala
Director

Date: 18th December 2019

The notes on pages 14 to 33 form part of these financial statements.

BLUE MOUNTAIN HOMES LTD.
REGISTERED NUMBER:04430975

COMPANY BALANCE SHEET
AS AT 31 MARCH 2019

	Note		2019 £		*Unaudited Restated 2018 £*
Fixed assets					
Tangible assets	13		**4,210,006**		*3,985,731*
Investments	14		**530,314**		*530,314*
			4,740,320		*4,516,045*
Current assets					
Debtors: amounts falling due within one year	15	**1,558,633**		*1,356,315*	
Cash at bank and in hand		**1,151,685**		*683,514*	
		2,710,318		*2,039,829*	
Creditors: amounts falling due within one year	17	**(505,819)**		*(564,741)*	
Net current assets			**2,204,499**		*1,475,088*
Total assets less current liabilities			**6,944,819**		*5,991,133*
Creditors: amounts falling due after more than one year	18		**(2,750,474)**		*(2,868,717)*
Provisions for liabilities					
Deferred taxation	21	**(45,721)**		-	
			(45,721)		-
Net assets			**4,148,624**		*3,122,416*
Capital and reserves					
Called up share capital	22		**10,000**		*10,000*
Profit and loss account brought forward	23	**3,112,416**		*1,806,646*	
Profit for the year	23	**1,026,208**		*1,430,770*	
Other changes in the profit and loss account	12	-		*(125,000)*	
Profit and loss account carried forward			**4,138,624**		*3,112,416*
			4,148,624		*3,122,416*

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

P K Manaktala P.K.Manaktala
Director

Date: 18th December 2019

The notes on pages 14 to 33 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	2019 £	*Unaudited* *2018* *£*
Cash flows from operating activities		
Profit for the financial year	**1,094,579**	*1,410,023*
Adjustments for:		
Depreciation of tangible assets	**401,870**	*341,524*
Impairments of fixed assets	**50,927**	*-*
Interest paid	**86,342**	*64,564*
Interest received	**(2,480)**	*(153)*
Taxation charge	**374,911**	*353,054*
Decrease/(increase) in debtors	**15,595**	*(1,144,087)*
(Decrease)/increase in creditors	**(37,388)**	*182,876*
Corporation tax (paid)	**(352,940)**	*(181,616)*
Net cash generated from operating activities	**1,631,416**	*1,026,185*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(922,780)**	*(894,351)*
Interest received	**2,480**	*153*
Net cash from investing activities	**(920,300)**	*(894,198)*
Cash flows from financing activities		
New secured loans	**96,000**	*577,895*
Repayment of loans	**(186,196)**	*(159,965)*
Dividends paid	**-**	*(125,000)*
Interest paid	**(86,342)**	*(64,564)*
Net cash used in financing activities	**(176,538)**	*228,366*
Net increase in cash and cash equivalents	**534,578**	*360,353*
Cash and cash equivalents at beginning of year	**684,801**	*324,448*
Cash and cash equivalents at the end of year	**1,219,379**	*684,801*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**1,219,379**	*684,801*
	1,219,379	*684,801*

The notes on pages 14 to 33 form part of these financial statements.

1. General information

Blue Mountain Homes Ltd. is a private company, limited by shares and incorporated in England and Wales. Its registered office 17 Leeland Mansions, Leeland Road, West Ealing, London, W13 9HE.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of income and retained earnings in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2. Accounting policies (continued)

2.4 Operating leases

Rentals paid under operating leases are charged to the Consolidated statement of income and retained earnings on a straight line basis over the lease term.

2.5 Interest income

Interest income is recognised in the Consolidated statement of income and retained earnings using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Consolidated statement of income and retained earnings over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of income and retained earnings in the year in which they are incurred.

2.8 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2. Accounting policies (continued)

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of income and retained earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Premises costs	- 4% reducing balance basis
Equipment, fixtures and fittings	- 15 - 20% reducing balance basis
Motor vehicles	- 20% reducing balance basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of income and retained earnings.

2.11 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2. Accounting policies (continued)

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of income and retained earnings in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.17 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of income and retained earnings.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an 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.

2. Accounting policies (continued)

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilties 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 ay differ from these estimates.

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

There are currently no estimates or assumptions that require disclosing in the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019	*Unaudited 2018*
	£	*£*
Residential care of young people	**7,901,131**	*7,143,635*
	7,901,131	*7,143,635*

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2019	*Unaudited 2018*
	£	*£*
Depreciation on tangible assets	**401,870**	*333,161*
Impairment of tangible assets	**50,927**	-

6. Auditors' remuneration

	2019	*Unaudited* *2018*
	£	*£*
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**8,000**	-

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019	*Unaudited Group 2018*	**Company 2019**	*Unaudited Company 2018*
	£	*£*	**£**	*£*
Wages and salaries	**4,066,759**	*3,390,621*	**3,994,348**	*3,390,621*
Social security costs	**361,586**	*296,480*	**361,586**	*296,480*
Cost of defined contribution scheme	**42,379**	*40,838*	**42,379**	*40,838*
	4,470,724	*3,727,939*	**4,398,313**	*3,727,939*

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2019	*Unaudited Group 2018*	**Company 2019**	*Unaudited Company 2018*
	No.	*No.*	**No.**	*No.*
Administration and support staff	**9**	*7*	*9*	*7*
Maintenance staff	**7**	*7*	*7*	*7*
Care staff	**161**	*136*	*156*	*136*
	177	*150*	*172*	*150*

8. Directors' and key management remuneration

	2019	*Unaudited* *2018*
	£	*£*
Directors' emoluments	**36,794**	*36,050*
	36,794	*36,050*

9. Interest receivable

	2019	*Unaudited* *2018*
	£	*£*
Other interest receivable	**2,480**	*153*
	2,480	*153*

10. Interest payable and similar expenses

	2019	*Unaudited* *2018*
	£	*£*
Bank interest payable	**86,342**	*64,564*
	86,342	*64,564*

11. Taxation

	2019	*Unaudited* *2018*
	£	*£*
Corporation tax		
Current tax on profits for the year	**329,190**	*353,054*
	329,190	*353,054*
Total current tax	**329,190**	*353,054*
Deferred tax		
Origination and reversal of timing differences	**(15,789)**	-
Deferred taxation not posted in previous years	**61,510**	-
Total deferred tax	**45,721**	-
Taxation on profit on ordinary activities	**374,911**	*353,054*

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2018 - higher than)* the standard rate of corporation tax in the UK of 19% *(2018 - 19%)*. The differences are explained below:

	2019 £	*Unaudited 2018 £*
Profit on ordinary activities before tax	**1,469,490**	*1,763,077*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**279,203**	*334,985*
Effects of:		
Non-taxable consolidation adjustments	**(19)**	*-*
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**26,849**	*20,028*
Depreciation for year in excess of capital allowances	**2,525**	*3,942*
Other differences leading to an increase in the tax charge	**4,843**	*-*
Deferred taxation not previously recognised	**61,510**	*(5,901)*
Total tax charge for the year	**374,911**	*353,054*

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

12. Dividends

	2019 £	*Unaudited 2018 £*
Ordinary shares	-	*125,000*
	-	*125,000*

13. Tangible fixed assets (Restated)

Group

	Premises costs £	Equipment, fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2018	**4,305,742**	**1,382,656**	**231,200**	**5,919,598**
Additions	**504,850**	**328,348**	**89,582**	**922,780**
At 31 March 2019	**4,810,592**	**1,711,004**	**320,782**	**6,842,378**
Depreciation				
At 1 April 2018	**543,571**	**724,257**	**88,892**	**1,356,720**
Charge for the year on owned assets	**168,667**	**189,901**	**43,302**	**401,870**
Impairment charge	**-**	**-**	**50,927**	**50,927**
At 31 March 2019	**712,238**	**914,158**	**183,121**	**1,809,517**
Net book value				
At 31 March 2019	**4,098,354**	**796,846**	**137,661**	**5,032,861**
At 31 March 2018	*3,762,171*	*658,399*	*142,308*	*4,562,878*

The 2018 values are unaudited.

13. Tangible fixed assets (Restated) (continued)

Company

	Premises costs £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2018	3,766,373	1,300,059	224,000	5,290,432
Additions	285,241	255,222	89,582	630,045
At 31 March 2019	4,051,614	1,555,281	313,582	5,920,477
Depreciation				
At 1 April 2018	518,882	700,441	85,378	1,304,701
Charge for the year on owned assets	141,310	170,968	42,565	354,843
Impairment charge	-	-	50,927	50,927
At 31 March 2019	660,192	871,409	178,870	1,710,471
Net book value				
At 31 March 2019	3,391,422	683,872	134,712	4,210,006
At 31 March 2018	*3,247,491*	*599,618*	*138,622*	*3,985,731*

The 2018 values are unaudited.

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2018	**530,314**
At 31 March 2019	**530,314**

The 2018 values are unaudited.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Blue Mountain Properties Limited	Property rental	Ordinary	100%
Axiom Supported Living Limited	Residential care for young people	Ordinary	100%
Blue Mountain Education Company Limited	Dormant	Ordinary	100%
Aquila Therapeutic Centre Limited	Dormant	Ordinary	100%

The aggregate of the share capital and reserves as at 31 March 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Blue Mountain Properties Limited *	**483,222**	**(15,900)**
Axiom Supported Living Limited **	**84,266**	**103,302**
Blue Mountain Education Company Limited	**1**	**-**
Aquila Therapeutic Centre Limited	**100**	**-**

* Blue Mountain Properties Limited (07067391) is exempt from audit by virtue of Section 479A of the Companies Act 2006.

** Axiom Supported Living Limited (11186227) is exempt from audit by virtue of Section 479A of the Companies Act 2006.

15. Debtors

	Group 2019 £	*Unaudited Group 2018 £*	Company 2019 £	*Unaudited Company 2018 £*
Trade debtors	**1,054,144**	*1,116,649*	**955,047**	*1,116,649*
Amounts owed by group undertakings	-	-	**313,920**	-
Other debtors	**289,666**	*242,875*	**289,666**	*239,666*
	1,343,810	*1,359,524*	**1,558,633**	*1,356,315*

16. Cash and cash equivalents

	Group 2019 £	*Unaudited Group 2018 £*	Company 2019 £	*Unaudited Company 2018 £*
Cash at bank and in hand	**1,219,379**	*684,801*	**1,151,685**	*683,514*
	1,219,379	*684,801*	**1,151,685**	*683,514*

17. Creditors: Amounts falling due within one year

	Group 2019 £	*Group 2018 £*	Company 2019 £	*Company 2018 £*
Bank loans	**194,425**	*209,470*	**189,929**	*202,774*
Corporation tax	**329,190**	*353,054*	**310,059**	*353,054*
Other taxation and social security	**10,909**	-	-	-
Other creditors	**11,608**	*14,690*	**5,831**	*8,913*
	546,132	*577,214*	**505,819**	*564,741*

Creditors: Amounts falling due within one year (continued)

The first bank loan has a balance at 31 March 2019 of £232,004 (2018: £250,381) commenced on 3 September 2014 and is repayable over 180 monthly installments. The interest rate applicable is 2.41% above the Bank of England base rate.

The second bank loan has a balance at 31 March 2019 of £186,848 (2018: £200,691) commenced on 29 January 2015 and is repayable over 180 monthly installments. The interest rate applicable is 2.75% above the Bank of England base rate.

The third bank loan has a balance at 31 March 2019 of £172,689 (2018: £198,040) commenced on 11 March 2015 and is repayable over 120 monthly installments. The interest rate applicable is 2.50% above the Bank of England base rate.

The fourth bank loan has a balance at 31 March 2019 of £203,180 (2018: £216,393) commenced on 12 April 2016 and is repayable over 60 monthly installment.qs. The interest rate applicable is 2.57% above the Bank of England base rate.

The fifth bank loan has a balance at 31 March 2019 of £125,467 (2018: £132,585) commenced on 14 March 2017 and is repayable over 60 monthly installments. The interest rate applicable is 2.97% above the Bank of England base rate.

The sixth bank loan has a balance at 31 March 2019 of £310,940 (2018: £329,319) commenced on 31 January 2017 and is repayable over 60 monthly installments. The interest rate applicable is 2.55% above the Bank of England base rate.

The seventh bank loan has a balance at 31 March 2019 of £96,829 (2018: £106,472) commenced on 13 June 2017 and is repayable over 60 monthly installments. The interest rate applicable is 2.97% above the Bank of England base rate.

The eigth bank loan has a balance at 31 March 2019 of £470,557 (2018: £495,176) commenced on 13 October 2017 and is repayable over 60 monthly installments. The interest rate applicable is 2.97% above the Bank of England base rate.

The ninth bank loan has a balance at 31 March 2019 of £547,400 (2018: £598,109) commenced on 1 February 2018 and is repayable over 60 monthly installments. The interest rate applicable is 2.97% above the Bank of England base rate.

The tenth bank loan has a balance at 31 March 2019 of £95,379 (2018: £nil) commenced on 14 November 2018 and is repayable over 60 monthly installments. The interest rate applicable is 2.97% above the Bank of England base rate.

The eleventh bank loan has a balance at 31 March 2019 of £72,522 (2018: £76,844) commenced on 23 December 2016 and is repayable over 60 monthly installments. The interest rate applicable is 2.55% above the Bank of England base rate.

The bank loans are secured by a fixed legal charge over the properties of the Group.

18. Creditors: Amounts falling due after more than one year

	Group 2019 £	*Unaudited Group 2018 £*	Company 2019 £	*Unaudited Company 2018 £*
Bank loans	**2,319,390**	*2,394,541*	**2,251,365**	*2,324,393*
Other creditors	**499,109**	*544,324*	**499,109**	*544,324*
	2,818,499	*2,938,865*	**2,750,474**	*2,868,717*

The first bank loan has a balance at 31 March 2019 of £232,004 (2018: £250,381) commenced on 3 September 2014 and is repayable over 180 monthly installments. The interest rate applicable is 2.41% above the Bank of England base rate.

The second bank loan has a balance at 31 March 2019 of £186,848 (2018: £200,691) commenced on 29 January 2015 and is repayable over 180 monthly installments. The interest rate applicable is 2.75% above the Bank of England base rate.

The third bank loan has a balance at 31 March 2019 of £172,689 (2018: £198,040) commenced on 11 March 2015 and is repayable over 120 monthly installments. The interest rate applicable is 2.50% above the Bank of England base rate.

The fourth bank loan has a balance at 31 March 2019 of £203,180 (2018: £216,393) commenced on 12 April 2016 and is repayable over 60 monthly installments. The interest rate applicable is 2.57% above the Bank of England base rate.

The fifth bank loan has a balance at 31 March 2019 of £125,467 (2018: £132,585) commenced on 14 March 2017 and is repayable over 60 monthly installments. The interest rate applicable is 2.97% above the Bank of England base rate.

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The seventh bank loan has a balance at 31 March 2019 of £96,829 (2018: £106,472) commenced on 13 June 2017 and is repayable over 60 monthly installments. The interest rate applicable is 2.97% above the Bank of England base rate.

The eigth bank loan has a balance at 31 March 2019 of £470,557 (2018: £495,176) commenced on 13 October 2017 and is repayable over 60 monthly installments. The interest rate applicable is 2.97% above the Bank of England base rate.

The ninth bank loan has a balance at 31 March 2019 of £547,400 (2018: £598,109) commenced on 1 February 2018 and is repayable over 60 monthly installments. The interest rate applicable is 2.97% above the Bank of England base rate.

The tenth bank loan has a balance at 31 March 2019 of £95,379 (2018: £nil) commenced on 14 November 2018 and is repayable over 60 monthly installments. The interest rate applicable is 2.97% above the Bank of England base rate.

Creditors: Amounts falling due after more than one year (continued)

The eleventh bank loan has a balance at 31 March 2019 of £72,522 (2018: £76,844) commenced on 23 December 2016 and is repayable over 60 monthly installments. The interest rate applicable is 2.55% above the Bank of England base rate.

The bank loans are secured by a fixed legal charge over the properties of the Group.

19. Loans

	Group 2019 £	*Unaudited Group 2018 £*	**Company 2019 £**	*Unaudited Company 2018 £*
Amounts falling due within one year				
Bank loans	**194,425**	*209,470*	**189,929**	*202,774*
	194,425	*209,470*	**189,929**	*202,774*
Amounts falling due 1-2 years				
Bank loans	**1,573,350**	*1,059,277*	**1,555,365**	*989,129*
	1,573,350	*1,059,277*	**1,555,365**	*989,129*
Amounts falling due after more than 5 years				
Bank loans	**746,040**	*1,335,264*	**696,000**	*1,335,264*
	746,040	*1,335,264*	**696,000**	*1,335,264*
	2,513,815	*2,604,011*	**2,441,294**	*2,527,167*

20. Financial instruments

	Group 2019 £	*Unaudited Group 2018 £*	Company 2019 £	*Unaudited Company 2018 £*
Financial assets				
Financial assets that are debt instruments measured at amortised cost	**1,343,810**	*1,359,524*	**1,558,633**	*1,356,315*
Financial liabilities				
Financial liabilities measured at amortised cost	**(3,024,532)**	*(3,163,025)*	**(2,946,234)**	*(3,080,404)*

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors and amounts due from related parties.

Financial liabilities measured at amortised cost comprise bank loans and other creditors.

21. Deferred taxation

Group

	2019 £
Charged to profit or loss	**(45,721)**
At end of year	**(45,721)**

21. Deferred taxation (continued)

Company

	2019 £
Charged to profit or loss	(45,721)
At end of year	**(45,721)**

	Group 2019 £	Company 2019 £
Accelerated capital allowances	(45,721)	(45,721)
	(45,721)	(45,721)

22. Share capital

	2019 £	*Unaudited 2018 £*
Allotted, called up and fully paid		
10,000 *(2018 - 10,000)* Ordinary Shares shares of £1.00 each	**10,000**	*10,000*

The ordinary shares have full rights in the company with respect to voting, dividends and capital distribution.

23. Reserves

Profit and loss account

The profit and loss reserve represents cumulative profit or losses, net of dividends paid and other adjustments.

24. *Prior year adjustment*

Premises costs at 31 March 2018 incorrectly excluded a property of £204,232. A prior period adjustment has been made to increase the premises cost and directors loan account balance brought forward by £221,606 and increase the accumalated depreciation by £17,374 and reduce the accumalated profit and loss reserves by £17,374.

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund amounted to £42,379 (2018: £40,838). There were contributions totalling £nil (2018: £3,209) payable at the year end.

26. Commitments under operating leases

The Group and the Company had no commitments under the non-cancellable operating leases as at the balance sheet date.

27. Directors' personal guarantees

The director has provided a personal guarantee, limited to £35,000, for the loans within the Group.

28. Related party transactions

The Group has taken advantage of the exemption allowed under FRS 102 Section 33 (paragraph 33.2) not to disclose transations with other group companies.

As at the 31 March 2019, the Group is owed £189,666 (2018: £239,666) from E.C. Products Limited, a company which is connected due to P Manaktala being a director and shareholder in both. During the year, the company received £50,000 from E.C. Products Limited.

As at the 31 March 2019, the Group is owed £100,000 (2018: £nil) from Manaktala & Co Limited, a company which is connected due to P Manaktala being a director and shareholder in both. During the year, the company transferred £100,000 to Manaktala & Co Limited.

The above loans are interest free and repayable on demand.

29. Post balance sheet events

After the year end, the Group has purchased two properties and has opened an additional care centre.

30. Controlling party

P K Manaktala, a director, together with members of his close family control the company by virtue of a controlling interest (directly or indirectly) of 100% of the issued share capital.