

Registered number: 04430975

Blue Mountain Homes Ltd

Directors' Report and Financial Statements

For the Year Ended 31 March 2021



DAINS
ACCOUNTANTS

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

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Introduction

The directors are pleased to present their strategic report of the Group for the year ended 31 March 2021.

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 £13,231,888 (2020: £9,565,619) and the Group made a profit before tax of £3,679,457 (2020: £2,014,783).

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 managing 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.

Blue Mountain Homes Ltd

**Group Strategic Report (continued)
For the Year Ended 31 March 2021**

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 have carried on increasing the internal management in order to continue to manage efficiently. This includes an additional area manager and a placements co-ordinator.

Covid-19

Due to the level of 'One to One' residential care as well as taking into consideration the vulnerability of looked after young people, we have had to continue their working practices uninterrupted.

Senior management of the Group issued a Covid-19 continuity plan and risk assessment which were sent to all relevant parties and were followed closely by staff.

The correct level of PPE and testing kits were readily made available by management as well as adhering to any tests needed if symptoms were present. We are pleased with how the Group came together to unite against the pandemic.

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



P K Manaktala
Director

Date: 22 December 2021

**Directors' Report
For the Year Ended 31 March 2021**

The directors present their report and the financial statements for the year ended 31 March 2021.

Principal activity

The principal activity of the Group and Company 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 £2,912,019 (2020 - £1,563,037).

During the year dividends of £Nil (2020: £Nil) 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.

Blue Mountain Homes Ltd

**Directors' Report (continued)
For the Year Ended 31 March 2021**

Engagement with employees

Throughout the past year we as directors have updated our employees using our Payroll Cloud System. This system gives us the ability to send letters to update staff on matters of concern. This has been particularly helpful when updating them on our internal COVID policies, which are adapted regularly.

The directors engage employees by visiting the homes. The salient information is then fed back in our monthly management meetings. Any collaborative views or discussion points are raised in these management meetings.

The company is rewarding staff, with emphasis on OFSTED performance. Other adhoc schemes are then shared with our staff. For instance when any of our children's homes obtains a Good or an Outstanding in OFSTED they receive a budgeted meal out as a team.

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
Director

Date: 22 December 2021

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 2021, 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 2021 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditors' Report to the Members of Blue Mountain Homes Ltd (continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out 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.

Independent Auditors' Report to the Members of Blue Mountain Homes Ltd (continued)

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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with directors and other management, and from our commercial knowledge and experience of the residential care sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 3 to the financial statements were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, relevant regulators and the group's legal advisors; and
- reviewing correspondence with Ofsted, including monitoring reports.

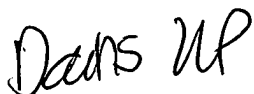
Independent Auditors' Report to the Members of Blue Mountain Homes Ltd (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

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.



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

22 December 2021

Blue Mountain Homes Ltd

Consolidated Statement of Income and Retained Earnings
For the Year Ended 31 March 2021

	Note	2021 £	2020 £
Turnover	4	13,231,888	9,565,619
Cost of sales		(7,560,237)	(5,792,357)
Gross profit		5,671,651	3,773,262
Administrative expenses		(1,874,666)	(1,644,649)
Other operating income	5	33,340	-
Operating profit	6	3,830,325	2,128,613
Interest receivable and similar income	10	1,357	4,144
Interest payable and expenses	11	(152,225)	(117,974)
Profit before tax		3,679,457	2,014,783
Tax on profit	12	(767,438)	(451,746)
Profit after tax		2,912,019	1,563,037
Retained earnings at the beginning of the year		5,738,740	4,175,703
		5,738,740	4,175,703
Profit for the year attributable to the owners of the parent		2,912,019	1,563,037
Retained earnings at the end of the year		8,650,759	5,738,740

There were no recognised gains and losses for 2021 or 2020 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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	8,146,189	7,443,340
Investment property	15	1,114,556	1,114,556
		<u>9,260,745</u>	<u>8,557,896</u>
Current assets			
Debtors	16	1,532,496	1,364,637
Cash at bank and in hand		4,354,792	2,227,283
		<u>5,887,288</u>	<u>3,591,920</u>
Creditors: amounts falling due within one year	17	(2,104,094)	(1,337,372)
Net current assets		<u>3,783,194</u>	<u>2,254,548</u>
Total assets less current liabilities		<u>13,043,939</u>	<u>10,812,444</u>
Creditors: amounts falling due after more than one year	18	(4,307,063)	(5,027,725)
Provisions for liabilities			
Deferred taxation	21	(76,117)	(35,979)
		<u>(76,117)</u>	<u>(35,979)</u>
Net assets		<u>8,660,759</u>	<u>5,748,740</u>
Capital and reserves			
Called up share capital	22	10,000	10,000
Profit and loss account	23	8,650,759	5,738,740
		<u>8,660,759</u>	<u>5,748,740</u>

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: 22 December 2021

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 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	13	6,590,315	6,270,220
Investments	14	1,460,796	1,069,420
		<u>8,051,111</u>	<u>7,339,640</u>
Current assets			
Debtors	16	1,332,193	1,406,572
Cash at bank and in hand		4,005,489	2,024,455
		<u>5,337,682</u>	<u>3,431,027</u>
Creditors: amounts falling due within one year	17	(1,906,005)	(1,166,361)
Net current assets		<u>3,431,677</u>	<u>2,264,666</u>
Total assets less current liabilities		<u>11,482,788</u>	<u>9,604,306</u>
Creditors: amounts falling due after more than one year	18	(3,225,826)	(4,050,702)
Provisions for liabilities			
Deferred taxation	21	(76,117)	(35,979)
		<u>(76,117)</u>	<u>(35,979)</u>
Net assets		<u>8,180,845</u>	<u>5,517,625</u>
Capital and reserves			
Called up share capital	22	10,000	10,000
Profit and loss account brought forward		5,507,625	4,138,624
Profit for the year		2,663,220	1,369,001
Profit and loss account carried forward		8,170,845	5,507,625
		<u>8,180,845</u>	<u>5,517,625</u>

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: 22 December 2021

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

Blue Mountain Homes Ltd

**Consolidated Statement of Cash Flows
For the Year Ended 31 March 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	2,912,019	1,563,037
Adjustments for:		
Depreciation of tangible assets	667,587	594,850
Loss on disposal of tangible assets	23,335	23,483
Interest paid	152,225	117,974
Interest received	(1,357)	(4,144)
Taxation charge	767,438	451,746
(Increase) in debtors	(167,859)	(20,827)
(Decrease)/increase in creditors	(37,092)	234,352
Corporation tax (paid)	(454,815)	(335,881)
Net cash generated from operating activities	<u>3,861,481</u>	<u>2,624,590</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,393,771)	(3,028,812)
Purchase of investment properties	-	(1,114,556)
Interest received	1,357	4,144
Net cash from investing activities	<u>(1,392,414)</u>	<u>(4,139,224)</u>
Cash flows from financing activities		
New secured loans	431,000	2,906,000
Repayment of loans	(421,224)	(265,493)
Repayment of other loans	(199,109)	-
Interest paid	(152,225)	(117,974)
Net cash used in financing activities	<u>(341,558)</u>	<u>2,522,533</u>
Net increase in cash and cash equivalents	<u>2,127,509</u>	<u>1,007,899</u>
Cash and cash equivalents at beginning of year	<u>2,227,283</u>	<u>1,219,384</u>
Cash and cash equivalents at the end of year	<u><u>4,354,792</u></u>	<u><u>2,227,283</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>4,354,792</u>	<u>2,227,283</u>
	<u><u>4,354,792</u></u>	<u><u>2,227,283</u></u>

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

Blue Mountain Homes Ltd

**Consolidated Analysis of Net Debt
For the Year Ended 31 March 2021**

	At 1 April 2020 £	Cash flows £	Other non- cash changes £	At 31 March 2021 £
Cash at bank and in hand	2,227,283	2,127,509	-	4,354,792
Debt due after 1 year	(5,027,725)	-	720,662	(4,307,063)
Debt due within 1 year	(579,477)	341,280	(872,609)	(1,110,806)
	<u>(3,379,919)</u>	<u>2,468,789</u>	<u>(151,947)</u>	<u>(1,063,077)</u>

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 is 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 Income and Retained Earnings 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: the Group as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

2.5 Operating leases: the Group as a lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.6 Government grants

Grants of a revenue nature are recognised in the Consolidated Statement of Income and Retained Earnings in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss 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.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.10 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 profit or loss 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)

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

2.12 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)

2.12 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 profit or loss.

2.13 Impairment of fixed assets

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 such an indication, the carrying value of the asset (or cash-generating unit (CGU) 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 its 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.

2.14 Investment property

Investment property is carried at fair value determined annually by directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Income and Retained Earnings.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 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. Accounting policies (continued)

2.17 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.

2.18 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.

2.19 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 profit or loss 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. Accounting policies (continued)

2.20 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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.

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 liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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 disclosure in the financial statements.

Notes to the Financial Statements
For the Year Ended 31 March 2021

4. Turnover

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

	2021 £	2020 £
Residential care of young people	13,231,888	9,565,619
	<u>13,231,888</u>	<u>9,565,619</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Government grants receivable	23,340	-
Other operating income	10,000	-
	<u>33,340</u>	<u>-</u>

Government grants receivable relates to claims made under the UK government's Coronavirus Job Retention Scheme.

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation on tangible fixed assets	667,587	594,850
Government grants	23,340	-
Loss on disposal of fixed assets	23,335	27,904
Employer's pension contributions	<u>106,342</u>	<u>80,896</u>

Notes to the Financial Statements
For the Year Ended 31 March 2021

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	11,000	10,850
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	2,000	1,500
All other services	1,700	1,600
	3,700	3,100

8. Employees

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	6,087,061	4,592,106	5,833,616	4,406,241
Social security costs	545,020	402,614	521,598	385,784
Cost of defined contribution scheme	106,342	80,896	101,232	77,888
	6,738,423	5,075,616	6,456,446	4,869,913

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

	Group 2021 No.	Group 2020 No.	Company 2021 No.	Company 2020 No.
Administration and support staff	12	10	12	10
Maintenance staff	11	10	11	10
Care and support staff	230	171	220	163
	253	191	243	183

9. Directors' and key management remuneration

	2021 £	2020 £
Directors' emoluments	101,333	83,572
	101,333	83,572

Notes to the Financial Statements
For the Year Ended 31 March 2021

10. Interest receivable

	2021 £	2020 £
Other interest receivable	1,357	4,144
	<u>1,357</u>	<u>4,144</u>

11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	152,225	117,974
	<u>152,225</u>	<u>117,974</u>

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	727,300	454,797
Adjustments in respect of previous periods	-	6,691
	<u>727,300</u>	<u>461,488</u>
Total current tax	<u>727,300</u>	<u>461,488</u>
Deferred tax		
Origination and reversal of timing differences	40,138	(9,742)
Total deferred tax	<u>40,138</u>	<u>(9,742)</u>
Taxation on profit on ordinary activities	<u>767,438</u>	<u>451,746</u>

Notes to the Financial Statements
For the Year Ended 31 March 2021

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>3,679,457</u>	<u>2,014,783</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	699,097	382,809
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	29,490	52,398
Unrelieved tax losses carried forward	6,858	-
Other differences leading to an increase in the tax charge	127	4,673
Deferred taxation not previously recognised	31,866	11,866
Total tax charge for the year	<u><u>767,438</u></u>	<u><u>451,746</u></u>

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

Notes to the Financial Statements
For the Year Ended 31 March 2021

13. Tangible fixed assets

Group

	Premises costs £	Equipment, fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2020	6,925,046	2,519,197	371,947	9,816,190
Additions	870,424	383,948	139,399	1,393,771
Disposals	-	-	(75,327)	(75,327)
At 31 March 2021	<u>7,795,470</u>	<u>2,903,145</u>	<u>436,019</u>	<u>11,134,634</u>
Depreciation				
At 1 April 2020	950,663	1,225,919	196,268	2,372,850
Charge for the year on owned assets	273,793	335,445	58,349	667,587
Disposals	-	-	(51,992)	(51,992)
At 31 March 2021	<u>1,224,456</u>	<u>1,561,364</u>	<u>202,625</u>	<u>2,988,445</u>
Net book value				
At 31 March 2021	<u>6,571,014</u>	<u>1,341,781</u>	<u>233,394</u>	<u>8,146,189</u>
At 31 March 2020	<u>5,974,383</u>	<u>1,293,278</u>	<u>175,679</u>	<u>7,443,340</u>

Notes to the Financial Statements
For the Year Ended 31 March 2021

13. Tangible fixed assets (continued)

Company

	Premises costs £	Equipment, fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation				
At 1 April 2020	5,892,905	2,221,487	360,047	8,474,439
Additions	421,868	340,688	139,399	901,955
Disposals	-	-	(75,327)	(75,327)
At 31 March 2021	<u>6,314,773</u>	<u>2,562,175</u>	<u>424,119</u>	<u>9,301,067</u>
Depreciation				
At 1 April 2020	869,501	1,141,425	193,293	2,204,219
Charge for the year on owned assets	217,811	284,150	56,564	558,525
Disposals	-	-	(51,992)	(51,992)
At 31 March 2021	<u>1,087,312</u>	<u>1,425,575</u>	<u>197,865</u>	<u>2,710,752</u>
Net book value				
At 31 March 2021	<u>5,227,461</u>	<u>1,136,600</u>	<u>226,254</u>	<u>6,590,315</u>
At 31 March 2020	<u>5,023,404</u>	<u>1,080,062</u>	<u>166,754</u>	<u>6,270,220</u>

Notes to the Financial Statements
For the Year Ended 31 March 2021

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	1,069,420
Additions	391,376
At 31 March 2021	<u>1,460,796</u>

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Blue Mountain Properties Limited	Property rental	Ordinary	100%
Axiom Supported Living Limited	Residential support for young people	Ordinary	100%
Blue Mountain Properties Southern Limited	Property rental	Ordinary	100%
Blue Mountain Education Company Limited	Dormant	Ordinary	100%
Aquila Therapeutic Centre Limited	Dormant	Ordinary	100%
Blue Mountain Adventures Limited	Dormant	Ordinary	100%

Notes to the Financial Statements
For the Year Ended 31 March 2021

14. Fixed asset investments (continued)

Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 March 2021 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 *	816,026	(43,920)
Axiom Supported Living Limited **	608,450	296,100
Blue Mountain Properties Southern Limited ***	539,553	(3,381)
Blue Mountain Education Company Limited	1	-
Aquila Therapeutic Centre Limited	100	-
Blue Mountain Adventures Limited	1	-

* 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.

*** Blue Mountain Properties Southern Limited (12159305) is exempt from audit by virtue of Section 479A of the Companies Act 2006.

Notes to the Financial Statements
For the Year Ended 31 March 2021

15. Investment property

Group

	Freehold investment property £
Valuation	
At 1 April 2020	1,114,556
At 31 March 2021	1,114,556

The fair value of the property has been arrived at on the basis of a valuation carried out by Mr P Manaktala, a director of the company who is not a qualified valuer. The valuation was arrived at by reference to market evidence of transactions for similar properties in its location.

Company

The Company does not have any investment properties.

16. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	1,360,844	1,232,470	1,262,017	1,104,976
Amounts owed by group undertakings	-	-	5,510	169,430
Other debtors	171,652	132,167	64,666	132,166
	1,532,496	1,364,637	1,332,193	1,406,572

Notes to the Financial Statements
For the Year Ended 31 March 2021

17. Creditors: Amounts falling due within one year

	Group 2021	<i>Group 2020</i>	Company 2021	<i>Company 2020</i>
	£	£	£	£
Bank loans	1,091,532	560,203	979,372	463,917
Amounts owed to group undertakings	-	-	1	-
Corporation tax	727,282	454,797	656,163	394,718
Other taxation and social security	-	298	-	-
Other creditors	285,280	271,465	270,469	257,117
Accruals and deferred income	-	50,609	-	50,609
	<u>2,104,094</u>	<u>1,337,372</u>	<u>1,906,005</u>	<u>1,166,361</u>

The Group has a number of bank loans which are repayable by monthly instalments across periods ranging from 60 to 180 months. Interest is charged on these loans at rates ranging between 2.41% and 2.97% 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 2021	<i>Group 2020</i>	Company 2021	<i>Company 2020</i>
	£	£	£	£
Bank loans	4,072,566	4,594,119	2,991,329	3,617,096
Other creditors	234,497	433,606	234,497	433,606
	<u>4,307,063</u>	<u>5,027,725</u>	<u>3,225,826</u>	<u>4,050,702</u>

The Group has a number of bank loans which are repayable by monthly instalments across periods ranging from 60 to 180 months. Interest is charged on these loans at rates ranging between 2.41% and 2.97% above the Bank of England base rate.

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

Notes to the Financial Statements
For the Year Ended 31 March 2021

19. Loans

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due within one year				
Bank loans	1,091,532	560,203	979,372	463,917
Amounts falling due 1-2 years				
Bank loans	3,681,155	2,397,756	2,734,813	1,844,016
Amounts falling due after more than 5 years				
Bank loans	391,411	2,196,363	256,516	1,773,080
	<u>5,164,098</u>	<u>5,154,322</u>	<u>3,970,701</u>	<u>4,081,013</u>

20. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>1,532,496</u>	<u>1,364,637</u>	<u>1,332,193</u>	<u>1,406,572</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(5,683,875)</u>	<u>(5,953,002)</u>	<u>(4,475,668)</u>	<u>(4,865,345)</u>

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.

Notes to the Financial Statements
For the Year Ended 31 March 2021

21. Deferred taxation

Group

	2021 £	2020 £
At beginning of year	(35,979)	(45,721)
(Charged) / Credited to profit or loss	(40,138)	9,742
At end of year	(76,117)	(35,979)

Company

	2021 £	2020 £
At beginning of year	(35,979)	(45,721)
(Charged) / Credited to profit or loss	(40,138)	9,742
At end of year	(76,117)	(35,979)

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Accelerated capital allowances	(76,117)	(35,979)	(76,117)	(35,979)
	(76,117)	(35,979)	(76,117)	(35,979)

22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
10,000 (2020 - 10,000) Ordinary 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.

**Notes to the Financial Statements
For the Year Ended 31 March 2021**

23. Reserves

Profit and loss account

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

24. Capital commitments

At 31 March 2021 the Group and Company had capital commitments as follows:

	Group 2021 £	<i>Group 2020 £</i>
Contracted for but not provided	763,400	-
	763,400	-

Company

The Company does not have any capital commitments.

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 £106,342 (2020: £80,896). There were contributions totalling £Nil (2020: £Nil) payable at the year end.

26. Commitments under operating leases

The Group and Company as a lessee

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

The Group and Company as a lessor

At 31 March 2021 the Group had future minimum lease payments due as a lessor under non-cancellable operating leases for each of the following periods:

	Group 2021 £	<i>Group 2020 £</i>
Not later than 1 year	23,800	23,800
	23,800	23,800

The Company does not have any operating lease commitments.

**Notes to the Financial Statements
For the Year Ended 31 March 2021**

27. Directors' personal guarantees

A 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 provided in Financial Reporting Standard 102, Section 33 'Related Party Disclosures'. Disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

As at the 31 March 2021, the Group is owed £64,666 (2020: £132,166) 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 £67,500 (2020: £57,500) from E.C. Products Limited.

As at the 31 March 2021, the Group owes £250,000 (2020: £250,000) to Manaktala & Co Limited, a company which is connected due to P Manaktala being a director and shareholder in both. During the year, the company received £Nil (2020: £350,000) from Manaktala & Co Limited.

The above loans are interest free and repayable on demand.

29. 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.