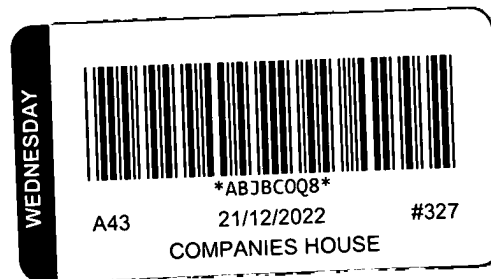


Company registration number 05087886 (England and Wales)

**MEADOWS CARE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MARCH 2022**



# MEADOWS CARE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J D Rigg J M Toner Mr N D Shelmerdine
<b>Secretary</b>	Mr J D Rigg
<b>Company number</b>	05087886
<b>Registered office</b>	Egerton House Wardle Road Rochdale Lancashire OL12 9EN
<b>Auditor</b>	Cowgill Holloway LLP Regency House 45-53 Chorley New Road Bolton BL1 4QR
<b>Bankers</b>	Allied Irish Bank (GB) Birmingham City 2nd Floor 63 Temple Row Birmingham B2 5LS

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# **MEADOWS CARE LIMITED**

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# MEADOWS CARE LIMITED

## STRATEGIC REPORT

### FOR THE PERIOD ENDED 31 MARCH 2022

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The directors present the strategic report for the Period ended 31 March 2022.

#### **Fair review of the business**

The profit and loss account for the financial year is set out on page 7, showing a profit before tax amounting to £405,184 (2020 - £620,064)

Like most companies Meadows Care faced significant challenges throughout the Covid-19 pandemic. During the period ending 31<sup>st</sup> March 2022 the directors took the decision to close two of our operational homes. This decision was made due to the staffing crisis that the sector faced. The two homes remain closed until staffing number can facilitate re-opening.

#### **Principal risks and uncertainties**

Meadows Care operates in a highly regulated sector which is subject to a minimum annual inspection from Ofsted of each individual home along with monthly independent regulation inspections. Failure to comply with the regulations could result in a home obtaining a poor rating which forces the closure of the home. The company mitigates this risk by ensuring a high level of quality care is provided, we use external auditors and internal quality assurance to monitor compliance. As a company we invest heavily in training to ensure our therapeutic approach is embedded in everything we do.

Most of the company's revenue comes from local authorities. Changes to local authorities funding could have a negative impact on occupancy. The company mitigates this risk by ensuring we are delivering a quality service with good Ofsted outcomes. We also ensure that we are, wherever possible well placed on the latest commissioning frameworks and maintain good working relationships with key local authorities and attend regular review meetings.

#### **Key performance indicators**

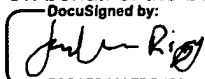
Meadows Care considers Ofsted ratings to be a key performance indicator for the company. This in it self-shows the quality of therapeutic care we deliver to our young people. At the end of our financial year, we had 100% of our operational homes rated as good or outstanding, which is well above the national average.

Due to the national crisis and staffing shortage within the sector, we have adopted available staffing hours as one of our key performance indicators. This helps us monitor the staffing more closely, therefore we can identify any potential shortfalls quickly and react in advance.

As a company we consider occupancy to be another key performance indicator. We measure the number of placements we currently have against the total number of operational beds we have available.

We also measure monitor the average fee price, constantly reviewing and uplifting wherever possible to ensure profitability.

On behalf of the board

DocuSigned by:  
  
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J D Rigg  
Director

Date: 16/12/2022 | 3:29 PM GMT

# **MEADOWS CARE LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE PERIOD ENDED 31 MARCH 2022***

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The directors present their annual report and financial statements for the Period ended 31 March 2022.

#### **Principal activities**

The principal activity of the company continued to be that of the operation of children's care homes.

#### **Results and dividends**

The results for the Period are set out on page 7.

Ordinary dividends were paid amounting to £30,100. The directors do not recommend payment of a further dividend.

#### **Directors**

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

J D Rigg  
J M Toner  
Mr N D Shelmerdine

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Employee involvement**

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

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

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

#### **Auditor**

The auditors, Cowgill Holloway LLP were appointed during the year and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

## MEADOWS CARE LIMITED

### DIRECTORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 MARCH 2022**

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#### Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

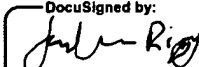
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

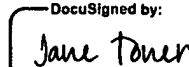
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

#### Statement of disclosure to auditor

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

On behalf of the board

DocuSigned by:  
  
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J D Rigg  
Director

DocuSigned by:  
  
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J M Toner  
Director

Date: ..... 16/12/2022 | 3:29 PM GMT

# MEADOWS CARE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MEADOWS CARE LIMITED

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#### Opinion

We have audited the financial statements of Meadows Care Limited (the 'company') for the Period ended 31 March 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including 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 company's affairs as at 31 March 2022 and of its profit for the Period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

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 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.

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's 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.

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

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

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

## **MEADOWS CARE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF MEADOWS CARE LIMITED**

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

##### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

##### **Auditor's responsibilities for the audit of the financial statements**

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

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.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussions with the directors (as required by auditing standards) and discussed with the directors the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: laws related to health and safety, employment laws, gender pay gap and consumer protection and Ofsted regulations.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Through these procedures we did not become aware of any actual or suspected non-compliance.

## MEADOWS CARE LIMITED

### INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MEADOWS CARE LIMITED

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Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing noncompliance and cannot be expected to detect non-compliance with all laws and regulations.

We design procedures in line with our responsibilities, outlined below to detect material misstatement due to fraud:

- Matters are discussed amongst the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud
- Identifying and assessing the design and effectiveness of controls that management have in place to prevent and detect fraud
- Detecting and responding to the risks of fraud following discussions with management and enquiring as to whether management have knowledge of any actual, suspected or alleged fraud

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Other matters which we are required to address

The financial statements of the company for the year ended 30 September 2020 were not audited, as an exemption from audit was claimed under s382 of the Companies Act 2006.

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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**Nilesk Modhvadia**

**Senior Statutory Auditor**

**For and on behalf of Cowgill Holloway LLP**

Date: 16/12/2022 | 5:04 PM GMT

**Chartered Accountants**

**Statutory Auditor**

Regency House  
45-53 Chorley New Road  
Bolton  
BL1 4QR

**MEADOWS CARE LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD ENDED 31 MARCH 2022**

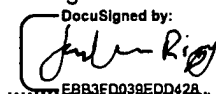
		<b>Period ended 31 March 2022 £</b>	<b>Year ended 30 September 2020 £</b>
	<b>Notes</b>		
<b>Turnover</b>	<b>3</b>	16,022,929	10,610,162
Cost of sales		(12,462,170)	(7,787,642)
<b>Gross profit</b>		3,560,759	2,822,520
Administrative expenses		(3,130,914)	(2,235,505)
Other operating income		178,789	73,328
<b>Operating profit</b>	<b>4</b>	608,634	660,343
Interest payable and similar expenses	<b>7</b>	(203,450)	(40,279)
<b>Profit before taxation</b>		405,184	620,064
Tax on profit	<b>8</b>	(65,886)	(135,872)
<b>Profit for the financial Period</b>		339,298	484,192

The profit and loss account has been prepared on the basis that all operations are continuing operations.

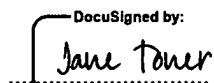
**MEADOWS CARE LIMITED****BALANCE SHEET****AS AT 31 MARCH 2022**

	Notes	2022 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	10		2,533,714		2,331,150
<b>Current assets</b>					
Debtors	11	1,630,988		1,277,326	
Cash at bank and in hand		660,134		132,129	
		2,291,122		1,409,455	
<b>Creditors: amounts falling due within one year</b>	12	(2,205,448)		(1,582,601)	
<b>Net current assets/(liabilities)</b>			85,674		(173,146)
<b>Total assets less current liabilities</b>			2,619,388		2,158,004
<b>Creditors: amounts falling due after more than one year</b>	13		(1,217,427)		(1,067,654)
<b>Provisions for liabilities</b>					
Deferred tax liability	15	15,057		12,644	
			(15,057)		(12,644)
<b>Net assets</b>			1,386,904		1,077,706
<b>Capital and reserves</b>					
Called up share capital	17		100		100
Share premium account			24,990		24,990
Capital redemption reserve			33		33
Profit and loss reserves			1,361,781		1,052,583
<b>Total equity</b>			1,386,904		1,077,706

The financial statements were approved by the board of directors and authorised for issue on 16/12/2022 | 3:29 PM GMT and are signed on its behalf by:

DocuSigned by:  
  
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J D Rigg  
 Director

DocuSigned by:  
  
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 J M Toner  
 Director

Company Registration No. 05087886

**MEADOWS CARE LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE PERIOD ENDED 31 MARCH 2022**

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 October 2019</b>		100	24,990	33	600,644	625,767
<b>Year ended 30 September 2020:</b>						
Profit and total comprehensive income for the year		-	-	-	484,192	484,192
Dividends	9	-	-	-	(32,253)	(32,253)
<b>Balance at 30 September 2020</b>		100	24,990	33	1,052,583	1,077,706
<b>Period ended 31 March 2022:</b>						
Profit and total comprehensive income for the period		-	-	-	339,298	339,298
Dividends	9	-	-	-	(30,100)	(30,100)
<b>Balance at 31 March 2022</b>		100	24,990	33	1,361,781	1,386,904

# MEADOWS CARE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 MARCH 2022

	Notes	2022 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	21	891,597		451,293	
Interest paid		(203,450)		(40,279)	
Income taxes paid		(43,247)		-	
<b>Net cash inflow from operating activities</b>		644,900		411,014	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(409,652)		(1,876,883)	
Proceeds from disposal of tangible fixed assets		21,124		1,878	
Repayment of loans		19,999		12,254	
<b>Net cash used in investing activities</b>		(368,529)		(1,862,751)	
<b>Financing activities</b>					
Proceeds from new bank loans		281,734		1,133,654	
Dividends paid		(30,100)		(32,253)	
<b>Net cash generated from financing activities</b>		251,634		1,101,401	
<b>Net increase/(decrease) in cash and cash equivalents</b>		528,005		(350,336)	
Cash and cash equivalents at beginning of Period		132,129		482,465	
<b>Cash and cash equivalents at end of Period</b>		660,134		132,129	

# MEADOWS CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED 31 MARCH 2022

---

#### 1 Accounting policies

##### Company information

Meadows Care Limited is a private company limited by shares incorporated in England and Wales. The registered office is Egerton House, Wardle Road, Rochdale, Lancashire, OL12 9EN.

##### 1.1 Reporting period

The accounting period has been extended to an 18 month period ending 31 March 2022, this is to bring the company in line with the industry standard. The prior period represents a 12 month period and therefore the results are not directly comparable.

##### 1.2 Accounting convention

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

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

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

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

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Meadows Care Holdco Limited. These consolidated financial statements are available from its registered office, Egerton House, Wardle Road, Rochdale, Lancashire, United Kingdom, OL12 9EN

##### 1.3 Going concern

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

The directors have prepared forecasts which demonstrate the company has adequate resources to continue to operate for the foreseeable future, in addition after date results have continued to be strong.

All banking and loan facilities remain in place with repayments being made as and when they fall due after the reporting date.

# MEADOWS CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2022

#### 1 Accounting policies

(Continued)

##### 1.4 Turnover

Turnover comprises the fair value of the consideration received or receivable for the provision of the services rendered in providing care home facilities, education and therapy in accordance with the contracts in place.

The services provided are exempt from Value Added Tax.

##### 1.5 Tangible fixed assets

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

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

Property improvements	2% straight line & 20% p.a. reducing balance basis
Leasehold property	2% p.a. straight line basis
Plant and machinery	20% p.a. reducing balance basis
Fixtures and fittings	20% p.a. reducing balance basis
Office equipment	20% p.a. reducing balance basis
Motor vehicles	25% p.a. reducing balance basis

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

##### 1.6 Impairment of fixed assets

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

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

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

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

# MEADOWS CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2022

#### 1 Accounting policies

(Continued)

##### 1.7 Financial instruments

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

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

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

##### **Basic financial assets**

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

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **Impairment of financial assets**

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

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

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

##### **Derecognition of financial assets**

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

##### **Classification of financial liabilities**

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

# MEADOWS CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2022

#### 1 Accounting policies

(Continued)

##### **Basic financial liabilities**

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

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

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

##### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

##### **Derecognition of financial liabilities**

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

#### 1.8 Equity instruments

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

#### 1.9 Taxation

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

##### **Current tax**

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

# MEADOWS CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2022

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#### 1 Accounting policies

(Continued)

##### **Deferred tax**

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

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

##### **1.10 Employee benefits**

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

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

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

##### **1.11 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

##### **1.12 Leases**

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

##### **1.13 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# MEADOWS CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2022

#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Provision of bad and doubtful debt

The provision is calculated on an ad hoc basis and also based on customers where debt has been outstanding longer than the credit terms. Management review trade debtors monthly, ensuring the provision is accurate.

#### 3 Turnover and other revenue

	2022 £	2020 £
<b>Turnover analysed by class of business</b>		
Rendering of services	16,022,929	10,610,162

	2022 £	2020 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	16,022,929	10,610,162

	2022 £	2020 £
<b>Other revenue</b>		
Grants received	178,789	73,328

#### 4 Operating profit

	2022 £	2020 £
Operating profit for the period is stated after charging/(crediting):		
Government grants	(178,789)	(73,328)
Fees payable to the company's auditor for the audit of the company's financial statements	15,000	-
Depreciation of owned tangible fixed assets	172,838	102,217
Loss on disposal of tangible fixed assets	13,126	691
Operating lease charges	935,634	624,649

# MEADOWS CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2022

#### 4 Operating profit

(Continued)

The government grants relate to monies received from the Coronavirus Job Retention Scheme.

#### 5 Employees

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

2022 Number	2020 Number
270	256

Their aggregate remuneration comprised:

	2022 £	2020 £
Wages and salaries	10,509,131	6,482,264
Social security costs	699,909	510,268
Pension costs	230,011	141,748
	<u>11,439,051</u>	<u>7,134,280</u>

#### 6 Directors' remuneration

	2022 £	2020 £
Remuneration for qualifying services	<u>208,202</u>	<u>254,847</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2022 £	2020 £
Remuneration for qualifying services	<u>94,449</u>	<u>62,436</u>

#### 7 Interest payable and similar expenses

	2022 £	2020 £
Interest on bank overdrafts and loans	192,994	23,152
Other interest on financial liabilities	-	15,329
Other interest	10,456	1,798
	<u>203,450</u>	<u>40,279</u>

**MEADOWS CARE LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE PERIOD ENDED 31 MARCH 2022****8 Taxation**

	<b>2022</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	63,473	131,185
<b>Deferred tax</b>		
Origination and reversal of timing differences	2,413	4,687
<b>Total tax charge</b>	<b>65,886</b>	<b>135,872</b>

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

	<b>2022</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit before taxation	405,184	620,064
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	76,985	117,812
Tax effect of expenses that are not deductible in determining taxable profit	39,528	13,373
Change in unrecognised deferred tax assets	2,413	4,687
Group relief	(53,040)	-
<b>Taxation charge for the period</b>	<b>65,886</b>	<b>135,872</b>

**9 Dividends**

	<b>2022</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Final paid	30,100	32,253

**MEADOWS CARE LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 MARCH 2022****10 Tangible fixed assets**

	Property improvements £	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Office equipment £	Motor vehicles £	Total £
<b>Cost</b>							
At 1 October 2020	2,190,277	343,745	44,787	83,372	160,490	127,719	2,950,390
Additions	339,295	-	-	-	18,687	51,670	409,652
Disposals	-	-	-	(3,710)	-	(77,263)	(80,973)
At 31 March 2022	2,529,572	343,745	44,787	79,662	179,177	102,126	3,279,069
<b>Depreciation and impairment</b>							
At 1 October 2020	301,413	66,943	40,076	47,339	104,155	59,314	619,240
Depreciation charged in the Period	104,423	10,312	1,319	10,081	19,577	27,126	172,838
Eliminated in respect of disposals	-	-	-	(3,625)	-	(43,098)	(46,723)
At 31 March 2022	405,836	77,255	41,395	53,795	123,732	43,342	745,355
<b>Carrying amount</b>							
At 31 March 2022	2,123,736	266,490	3,392	25,867	55,445	58,784	2,533,714
At 30 September 2020	1,888,864	276,802	4,711	36,033	56,335	68,405	2,331,150

# MEADOWS CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2022

#### 11 Debtors

	2022	2020
	£	£
<b>Amounts falling due within one year:</b>		
Trade debtors	611,072	670,807
Amounts owed by group undertakings	879,620	336,400
Other debtors	31,476	63,648
Prepayments and accrued income	108,820	206,471
	<u>1,630,988</u>	<u>1,277,326</u>

#### 12 Creditors: amounts falling due within one year

	Notes	2022	2020
		£	£
Bank loans	14	197,961	66,000
Trade creditors		144,768	215,870
Corporation tax		261,056	240,830
Other taxation and social security		134,233	149,277
Other creditors		1,213,438	743,178
Accruals and deferred income		253,992	167,446
		<u>2,205,448</u>	<u>1,582,601</u>

Bank loans are secured on the assets of the company.

#### 13 Creditors: amounts falling due after more than one year

	Notes	2022	2020
		£	£
Bank loans and overdrafts	14	<u>1,217,427</u>	<u>1,067,654</u>

Bank loans are secured on the assets of the company.

#### 14 Loans and overdrafts

	2022	2020
	£	£
Bank loans	<u>1,415,388</u>	<u>1,133,654</u>
Payable within one year	197,961	66,000
Payable after one year	<u>1,217,427</u>	<u>1,067,654</u>

# MEADOWS CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2022

#### 15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2020 £
<b>Balances:</b>		
Accelerated capital allowances	15,057	12,644
	<u>15,057</u>	<u>12,644</u>
<b>Movements in the Period:</b>		2022 £
Liability at 1 October 2020		12,644
Charge to profit or loss		2,413
		<u>15,057</u>
Liability at 31 March 2022		<u>15,057</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

#### 16 Retirement benefit schemes

	2022 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	230,011	141,748
	<u>230,011</u>	<u>141,748</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 17 Share capital

	2022 Number	2020 Number	2022 £	2020 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary of £1 each	100	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

# MEADOWS CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2022

#### 18 Operating lease commitments

##### Lessee

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

	2022 £	2020 £
Within one year	531,883	159,203
Between two and five years	1,101,154	312,445
In over five years	2,140,719	-
	<u>3,773,756</u>	<u>471,648</u>

#### 19 Directors' transactions

Description	% Rate	Opening balance £	Amounts repaid £	Closing balance £
Director's loan	-	20,000	(20,000)	-
		<u>20,000</u>	<u>(20,000)</u>	<u>-</u>

#### 20 Related party transactions

The company has taken advantage of the exemption available in accordance with FRS 102 1.12(e), not to disclose transactions entered into between two or more members of a group, as the company is wholly owned subsidiary undertaking of the group to which it is party to the transactions. The consolidated financial statements are available from the registered office of the parent, Egerton House, Wardle Road, Rochdale, Lancashire, OL12 9EN.

During the year, the company made rent payments of £149,400 (2020: £99,600) to Egerton Properties, which is under common control.

During the year, the company made rent payments of £118,800 (2020: £79,200) to Shelmerdine & Rigg, which is under common control.

# MEADOWS CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 MARCH 2022

#### 21 Cash generated from operations

	2022 £	2020 £
Profit for the Period after tax	339,298	484,192
<b>Adjustments for:</b>		
Taxation charged	65,886	135,872
Finance costs	203,450	40,279
Loss on disposal of tangible fixed assets	13,126	691
Depreciation and impairment of tangible fixed assets	172,838	102,217
<b>Movements in working capital:</b>		
Increase in debtors	(373,661)	(292,088)
Increase/(decrease) in creditors	470,660	(19,870)
<b>Cash generated from operations</b>	<b>891,597</b>	<b>451,293</b>

#### 22 Analysis of changes in net debt

	1 October 2020 £	Cash flows £	31 March 2022 £
Cash at bank and in hand	132,129	528,005	660,134
Borrowings excluding overdrafts	(1,133,654)	(281,734)	(1,415,388)
	<u>(1,001,525)</u>	<u>246,271</u>	<u>(755,254)</u>

#### 23 Ultimate controlling party

The parent company, Meadows Care Holdco Limited, registered in England and Wales, draws up group accounts of which Meadows Care Limited is a member, which can be requested from Egerton House, Wardle Road, Rochdale, Lancashire, OL12 9EN.

During the current and prior year, the company was controlled by Meadows Care Holdco Limited. The ultimate controlling party is J D Rigg, by virtue of his majority shareholding in Meadows Care Holdco Limited.