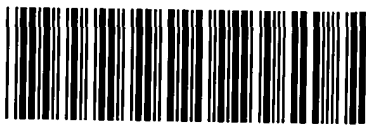


Action For Care Limited
Financial Statements
31 August 2017

THURSDAY



A18 *A7742PKW* 31/05/2018 #385
COMPANIES HOUSE

MCABA Limited t/a Mitchells
Chartered Accountants & Statutory Auditor
91-97 Saltergate
Chesterfield
Derbyshire
S40 1LA

Action For Care Limited

Financial Statements

Year Ended 31 August 2017

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Action For Care Limited

Officers and Professional Advisers

Director	Mr R Hadfield
Registered office	91-97 Saltergate Chesterfield Derbyshire S40 1LA
Auditor	MCABA Limited t/a Mitchells Chartered Accountants & Statutory Auditor 91-97 Saltergate Chesterfield Derbyshire S40 1LA
Bankers	Santander UK plc 2nd Floor 2 Clumber Street Nottingham NG1 3GA Royal Bank of Scotland 5 Church Street Sheffield S1 1HF

Action For Care Limited

Strategic Report

Year Ended 31 August 2017

The director presents their strategic report on the company for the year ended 31 August 2017.

Review of the business

The principal activity of the company during the year continued to be that of operating homes catering for residents with learning disabilities.

Results and performance

The results of the company for the year, as set out on pages 9 to 11 show a loss on ordinary activities before taxation of £467,269 (2016: profit before taxation of £189,668). The shareholders funds for the company are in deficit by £94,423 (2016: funds of £388,846). The company and industry place more reliance on Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA). The director was very satisfied with an EBITDA for the year of £516,334 (2016: £1,106,594).

Key performance indicators

The director monitors the progress of the company by reference to key performance indicators. The key performance indicators for the company are those that communicate the financial performance and strength of the company as a whole, being turnover and gross profit margin.

The company has continued to operate six homes that operated in the previous year, plus an additional home in the year to 31 August 2017. Turnover has increased to £4,385,953 (2016: £3,939,705) due to the expansion of the company over the last two years. The gross profit margin for the company has decreased to 33% (2016: 42%), with the gross profit being £1,425,478 (2016: £1,639,871). Although there has been a slight decrease in the gross profit margin the director is still happy with the company's performance. The company's expansion has led to increased staffing costs including staffing new homes before they are occupied. This has a short term detrimental effect on the gross profit margin.

Each of the homes has operated at, or near to, 100% occupancy consistently throughout the year.

Principal risks and uncertainties

The current principal risks and uncertainties to the ongoing performance of the company is the reputation with local authorities. Currently, Action For Care Limited has good relationships with these and hopes to build upon this for the future.

This report was approved by the board of directors on 30 May 2018 and signed on behalf of the board by:



Mr R Hadfield
Director

Action For Care Limited

Director's Report

Year Ended 31 August 2017

The director presents his report and the financial statements of the company for the year ended 31 August 2017.

Director

The director who served the company during the year was as follows:

Mr R Hadfield

Dividends

The director does not recommend the payment of a dividend.

Future developments

The company believes it has key staff and systems in place to further improve performance as well as actively looking to expand its operations. They are currently searching for homes to acquire and develop that fit the company brand and will enhance the company's future net worth.

Financial instruments

Financial risk management objectives and policies

The director has reviewed the financial risks facing the company and have devised systems and controls to mitigate these risks.

Interest rate risk

The company is exposed to volatility in interest rate movements on its debt. With interest rates low at present the company continues to review the bank debt on an ongoing basis and revises its performance targets when interest rates rises occur.

Director's responsibilities statement

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

Action For Care Limited

Director's Report *(continued)*

Year Ended 31 August 2017

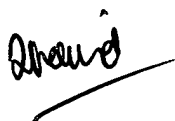
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Auditor

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

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

This report was approved by the board of directors on 30 May 2018 and signed on behalf of the board by:



Mr R Hadfield
Director

Action For Care Limited

Independent Auditor's Report to the Members of Action For Care Limited

Year Ended 31 August 2017

Opinion

We have audited the financial statements of Action For Care Limited (the 'company') for the year ended 31 August 2017 which comprise the statement of income and retained earnings, statement of financial position, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Action For Care Limited

Independent Auditor's Report to the Members of Action For Care Limited

(continued)

Year Ended 31 August 2017

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 director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Action For Care Limited

Independent Auditor's Report to the Members of Action For Care Limited (continued)

Year Ended 31 August 2017

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.

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Action For Care Limited

Independent Auditor's Report to the Members of Action For Care Limited *(continued)*

Year Ended 31 August 2017

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Tony Hornsby BA(Hons) FCA (Senior Statutory Auditor)

For and on behalf of
MCABA Limited t/a Mitchells
Chartered Accountants & Statutory Auditor
91-97 Saltergate
Chesterfield
Derbyshire
S40 1LA

24 May 2018

Action For Care Limited
Statement of Income and Retained Earnings
Year Ended 31 August 2017

	Note	2017 £	2016 £
Turnover	4	4,385,953	3,939,705
Cost of sales		<u>2,960,475</u>	<u>2,299,834</u>
Gross Profit		1,425,478	1,639,871
Administrative expenses		<u>1,742,365</u>	<u>1,342,522</u>
Operating (Loss)/Profit	5	(316,887)	297,349
Other interest receivable and similar income	9	685	1,143
Interest payable and similar expenses	10	<u>151,067</u>	<u>108,824</u>
(Loss)/Profit Before Taxation		(467,269)	189,668
Tax on (loss)/profit	11	<u>16,000</u>	<u>17,696</u>
(Loss)/Profit for the Financial Year and Total Comprehensive Income		(483,269)	<u>171,972</u>
Retained Earnings at the Start of the Year		388,746	216,774
Retained (Losses)/Earnings at the End of the Year		(94,523)	<u>388,746</u>

All the activities of the company are from continuing operations.

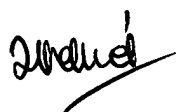
The notes on pages 12 to 22 form part of these financial statements.

Action For Care Limited
Statement of Financial Position
31 August 2017

	Note	2017 £	2016 £
Fixed Assets			
Intangible assets	12	605,000	1,265,000
Tangible assets	13	<u>9,327,887</u>	<u>8,198,527</u>
		9,932,887	9,463,527
Current Assets			
Stocks	14	3,000	3,000
Debtors	15	632,751	613,226
Cash at bank and in hand		<u>444,505</u>	<u>776,911</u>
		1,080,256	1,393,137
Creditors: amounts falling due within one year	16	<u>1,007,666</u>	<u>3,429,524</u>
Net Current Assets/(Liabilities)		72,590	(2,036,387)
Total Assets Less Current Liabilities		10,005,477	7,427,140
Creditors: amounts falling due after more than one year	17	10,039,900	6,994,294
Provisions			
Taxation including deferred tax	19	<u>60,000</u>	<u>44,000</u>
Net (Liabilities)/Assets		<u>(94,423)</u>	<u>388,846</u>
Capital and Reserves			
Called up share capital	22	100	100
Profit and loss account	23	<u>(94,523)</u>	<u>388,746</u>
Shareholders (Deficit)/Funds		<u>(94,423)</u>	<u>388,846</u>

These financial statements were approved by the board of directors and authorised for issue on 30 May 2018, and are signed on behalf of the board by:

Mr R Hadfield
Director



Company registration number: 06679336

The notes on pages 12 to 22 form part of these financial statements.

Action For Care Limited

Statement of Cash Flows

Year Ended 31 August 2017

	2017 £	2016 £
Cash Flows from Operating Activities		
(Loss)/profit for the financial year	(483,269)	171,972
<i>Adjustments for:</i>		
Depreciation of tangible assets	173,221	149,247
Amortisation of intangible assets	660,000	659,998
Other interest receivable and similar income	(685)	(1,143)
Interest payable and similar expenses	151,067	108,824
Gains on disposal of tangible assets	(3,324)	(13,624)
Tax on (loss)/profit	16,000	17,696
Accrued expenses	25,702	–
<i>Changes in:</i>		
Stocks	–	(1,500)
Trade and other debtors	(19,525)	(316,069)
Trade and other creditors	109,830	847,922
Cash generated from operations	629,017	1,623,323
Interest paid	(151,067)	(108,824)
Interest received	685	1,143
Tax paid	(229)	–
Net cash from operating activities	<u>478,406</u>	<u>1,515,642</u>
Cash Flows from Investing Activities		
Purchase of tangible assets	(1,323,558)	(5,948,212)
Proceeds from sale of tangible assets	24,301	68,620
Net cash used in investing activities	<u>(1,299,257)</u>	<u>(5,879,592)</u>
Cash Flows from Financing Activities		
Proceeds from borrowings	7,373,500	3,325,754
Repayments of borrowings	(4,041,110)	(1,486,585)
Payments of finance lease liabilities	(48,990)	(29,333)
Increase/(decrease) in director's loan account	(595,675)	2,644,892
Net inflow/(outflow) from other long-term creditors	–	(60,688)
New finance lease liabilities	100,720	–
Increase/(decrease) in other creditors	(2,300,000)	674,246
Net cash from financing activities	<u>488,445</u>	<u>5,068,286</u>
Net (Decrease)/Increase in Cash and Cash Equivalents	(332,406)	704,336
Cash and Cash Equivalents at Beginning of Year	776,911	72,575
Cash and Cash Equivalents at End of Year	<u>444,505</u>	<u>776,911</u>

The notes on pages 12 to 22 form part of these financial statements.

Action For Care Limited
Notes to the Financial Statements
Year Ended 31 August 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 91-97 Saltergate, Chesterfield, Derbyshire, S40 1LA. The place of business is The Office, Brindwood House, Millthorpe Lane, Holmesfield, S18 7SA.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historic cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Financing costs

Bank fees incurred regarding the arrangement of long term loans are amorised over the term of the loans.

Action For Care Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2017

Judgements and key sources of estimation uncertainty

In the process of applying the company's accounting policies, the director is required to make certain estimates, judgements and assumptions that he believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Actual results may differ from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known.

The estimate and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful life and residual values

Intangible assets

The charge in respect of amortisation is derived after determining an estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as expected use of the acquired business, the expected useful life of the cash generating unit to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit the useful life and assumptions that market participants would consider in respect of similar businesses.

Tangible assets

The charge in respect of depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the company's assets may vary depending on several factors such as, technological innovation, maintenance programmes and future market conditions. They are determined by management at the time the asset is acquired and reviewed annually for appropriateness.

Depreciation of freehold property

There is no charge in respect of depreciation on freehold buildings for the period. In determining the residual value of freehold buildings, the director has considered the amount he would currently obtain from disposal of the asset if the asset were already of the age and condition expected at the end of its useful life, having regard to the factors mentioned above. As a result, the director estimates any depreciation charge to be immaterial and as such the depreciation charge is nil for the period.

Recoverability of trade debtors

The director makes provisions for doubtful debts based resulting from an assessment of the recoverability of trade debtors. Provisions are applied to trade debtors where events or changes in circumstances indicate that the carrying amounts may not be recoverable. This methodology is applied on a customer by customer basis.

Action For Care Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2017

Leases

Determining whether leases entered into by the company as a lessee are operating or finances leases requires judgement. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee based on the evaluation of the terms and conditions of the arrangements on a lease by lease basis.

Revenue recognition

The turnover shown in the profit and loss account represents residents' fees earned during the year.

Taxation

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed five years.

Action For Care Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2017

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 5 years straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

All fixed assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Leasehold property	- 5 years straight line
Fixtures and fittings	- 15% reducing balance
Motor vehicles	- 33% reducing balance

Depreciation has not been provided for on freehold property. More information is given on this in the judgements and key sources of estimation uncertainty accounting policy shown above.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Action For Care Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2017

3. Accounting policies *(continued)*

Financial instruments

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 entity after deducting all of its financial liabilities.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Turnover

Turnover arises from:

	2017 £	2016 £
Rendering of services	<u>4,385,953</u>	<u>3,939,705</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2017 £	2016 £
Amortisation of intangible assets	660,000	659,998
Depreciation of tangible assets	173,221	149,247
Gains on disposal of tangible assets	(3,324)	(13,624)
Cost of stocks recognised as an expense	213,663	180,911
Impairment of trade debtors	<u>16,396</u>	<u>2,345</u>

6. Auditor's remuneration

	2017 £	2016 £
Fees payable for the audit of the financial statements	<u>8,000</u>	<u>7,800</u>

7. Staff costs

The average number of persons employed by the company during the year, including the director, amounted to:

	2017 No.	2016 No.
Nursing and administration staff (including directors)	<u>148</u>	<u>122</u>

Action For Care Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2017

7. Staff costs *(continued)*

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017	2016
	£	£
Wages and salaries	2,563,571	1,965,867
Social security costs	174,134	153,056
Other pension costs	179,106	—
	<u>2,916,811</u>	<u>2,118,923</u>

8. Director's remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	—	5,922
Company contributions to defined contribution pension plans	170,000	—
	<u>170,000</u>	<u>5,922</u>

9. Other interest receivable and similar income

	2017	2016
	£	£
Interest on cash and cash equivalents	685	1,143

10. Interest payable and similar expenses

	2017	2016
	£	£
Interest on banks loans and overdrafts	147,342	101,783
Interest on obligations under finance leases and hire purchase contracts	3,725	5,915
Other interest payable and similar charges	—	1,126
	<u>151,067</u>	<u>108,824</u>

11. Tax on (loss)/profit

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	—	229
Deferred tax:		
Origination and reversal of timing differences	16,000	17,467
Tax on (loss)/profit	<u>16,000</u>	<u>17,696</u>

Action For Care Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2017

11. Tax on (loss)/profit *(continued)*

Reconciliation of tax expense

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than (2016: lower than) the standard rate of corporation tax in the UK of 19% (2016: 20%).

	2017 £	2016 £
(Loss)/profit on ordinary activities before taxation	(467,269)	189,668
(Loss)/profit on ordinary activities by rate of tax	11,087	40,226
Effect of expenses not deductible for tax purposes	5,987	(1,370)
Effect of capital allowances and depreciation	(22,694)	(2,597)
Utilisation of tax losses	–	(36,030)
Unused tax losses	5,620	–
Movement of deferred tax provision	16,000	17,467
Tax on (loss)/profit	16,000	17,696

Factors that may affect future tax expense

The company has corporation tax losses to carry forward of approximately £490,000 (2016: £255,000).

12. Intangible assets

	Goodwill £
Cost	
At 1 September 2016 and 31 August 2017	<u>3,299,997</u>
Amortisation	
At 1 September 2016	2,034,997
Charge for the year	660,000
At 31 August 2017	<u>2,694,997</u>
Carrying amount	
At 31 August 2017	<u>605,000</u>
At 31 August 2016	<u>1,265,000</u>

Action For Care Limited

Notes to the Financial Statements (continued)

Year Ended 31 August 2017

13. Tangible assets

	Freehold property £	Leasehold property £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 September 2016	7,646,730	35,646	611,460	195,920	8,489,756
Additions	1,010,484	934	98,557	213,583	1,323,558
Disposals	—	—	(8,087)	(52,109)	(60,196)
At 31 August 2017	8,657,214	36,580	701,930	357,394	9,753,118
Depreciation					
At 1 September 2016	—	8,356	183,616	99,257	291,229
Charge for the year	—	7,176	69,089	96,956	173,221
Disposals	—	—	(1,335)	(37,884)	(39,219)
At 31 August 2017	—	15,532	251,370	158,329	425,231
Carrying amount					
At 31 August 2017	8,657,214	21,048	450,560	199,065	9,327,887
At 31 August 2016	7,646,730	27,290	427,844	96,663	8,198,527

Obligations under hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Fixtures and fittings £	Motor vehicles £	Total £
At 31 August 2017	57,218	71,965	129,183
At 31 August 2016	67,315	—	67,315

14. Stocks

	2017 £	2016 £
Finished goods	3,000	3,000

15. Debtors

	2017 £	2016 £
Trade debtors	430,269	491,296
Prepayments and accrued income	164,334	101,282
Other debtors	38,148	20,648
	632,751	613,226

Action For Care Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2017

16. Creditors: amounts falling due within one year

	2017	2016
	£	£
Bank loans	83,184	178,242
Trade creditors	177,195	105,056
Accruals and deferred income	255,222	187,677
Corporation tax	—	229
Social security and other taxes	58,007	50,942
Obligations under finance leases and hire purchase contracts	45,825	29,333
Director loan accounts	279,504	458,099
Other creditors	108,729	2,419,946
	<u>1,007,666</u>	<u>3,429,524</u>

Total liabilities disclosed under creditors falling due within one year secured by the company are 2017: £129,010 (2016: £207,575).

17. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Bank loans	7,075,706	3,821,758
Obligations under finance leases and hire purchase contracts	47,562	12,324
Director loan accounts	2,916,632	3,160,212
	<u>10,039,900</u>	<u>6,994,294</u>

Royal Bank of Scotland holds a fixed and floating charge over the undertaking and all the property and assets of the company.

Total liabilities disclosed under creditors falling due in more than one year secured by the company are 2017: £7,123,268 (2016: £3,834,082).

Included within creditors amounts falling due after more than one year is an amount of £Nil (2016: £3,075,900) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

18. Obligations under hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2017	2016
	£	£
Not later than 1 year	45,825	29,333
Later than 1 year and not later than 5 years	47,562	12,324
	<u>93,387</u>	<u>41,657</u>

Action For Care Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2017

19. Provisions

	Deferred tax (note 20) £
At 1 September 2016	44,000
Additions	16,000
At 31 August 2017	<u>60,000</u>

20. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £	2016 £
Included in provisions (note 19)	<u>60,000</u>	<u>44,000</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017 £	2016 £
Accelerated capital allowances	114,178	56,373
Unused tax losses	<u>(54,178)</u>	<u>(12,373)</u>
	<u>60,000</u>	<u>44,000</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £179,106 (2016: £Nil).

22. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

23. Reserves

Called up share capital - this represents the nominal value of the shares that have been issued.

Profit and loss account - this reserve records retained earnings and accumulated losses.

Action For Care Limited

Notes to the Financial Statements *(continued)*

Year Ended 31 August 2017

24. Operating leases

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

	2017	2016
	£	£
Not later than 1 year	3,000	4,225
Later than 1 year and not later than 5 years	4,500	7,500
	<u>7,500</u>	<u>11,725</u>

25. Director's advances, credits and guarantees

There were no advances, credits or guarantees requiring disclosure during the current or preceeding year.

There is a loan amounting to £3,196,136 (2016: £3,618,311) due to R Hadfield from the company.

26. Related party transactions

Any key management personnel remuneration is disclosed in note 8 to the accounts.

During the year, the director of the company leased property to the company at a rate of £3,000 per year.

A vehicle owned by the director has been used as part of the security given under a finance agreement entered into during the year by the company.