

COMPANY REGISTRATION NUMBER: 07745826

Tanglewood Care Homes Limited

Financial Statements

For the year ended

31 January 2016

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Tanglewood Care Homes Limited

Financial Statements

Year ended 31 January 2016

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Tanglewood Care Homes Limited

Officers and Professional Advisers

The board of directors	J C Griffin M Shelbourn T A Shelbourn
Registered office	2 Endeavour Park Wyberton Boston Lincolnshire PE21 7TQ
Auditor	Streets Audit LLP Chartered accountants & statutory auditor Tower House Lucy Tower Street Lincoln LN1 1XW
Bankers	National Westminster Bank Plc 225 High Street Lincoln Lincolnshire LN2 1AZ
Solicitors	Sills and Betteridge 46 Silver Street Lincoln Lincolnshire LN2 1ED

Tanglewood Care Homes Limited

Strategic Report

Year ended 31 January 2016

The directors are pleased with the performance during the year and believe that the Tanglewood Care Homes Limited group continues to be in a strong position to meet the changing demands of the independent care sector. During this financial year the group has seen record occupancy levels and has delivered cost savings whilst improving the experience for residents.

The directors believe the key performance indicators to be as follows:

	2016	2015	2014
Turnover	10,082,261	9,657,288	9,069,742
Turnover growth	4%	6%	12%
Gross profit margin	49%	48%	49%
Profit before tax	1,494,224	554,215	573,935

Principal risks and uncertainties

Risks

The group uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risks arising from the group's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous years.

Interest rate risk

The group finances its operations through a mixture of retained profits, bank borrowings and hire purchase agreements. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Liquidity risk

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through loans. Short term flexibility is achieved by overdraft facilities.

Going Concern

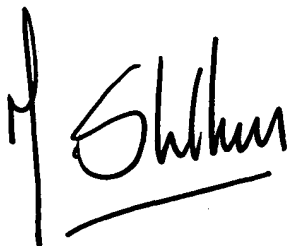
At the year end, the group had bank loans and overdrafts amounting to £12,700,625 (2015 - £13,148,977) due within 1 year. This includes Libor loans of £12,000,000 from National Westminster Bank Plc, facilities which are subject to an annual renewal. The directors have confirmed that these facilities have been renewed since the year end and therefore the directors assert that the group is a going concern.

Tanglewood Care Homes Limited

Strategic Report *(continued)*

Year ended 31 January 2016

This report was approved by the board of directors on 18 August 2016 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'M. Shelbourn', with a horizontal line underneath.

M Shelbourn
Director

Registered office:
2 Endeavour Park
Wyberton
Boston
Lincolnshire
PE21 7TQ

Tanglewood Care Homes Limited

Directors' Report

Year ended 31 January 2016

The directors present their report and the financial statements of the group for the year ended 31 January 2016.

Directors

The directors who served the company during the year were as follows:

M Shelbourn

T A Shelbourn

J C Griffin

(Appointed 16 September 2015)

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Employment of disabled persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is given to retrain them in order that their employment with the company may continue.

It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

Employee involvement

The group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company.

This is achieved through consultations with employee representatives, general staff meetings, regular visits by the directors, home specific newsletters and encouraging employees to follow the company on social media.

Disclosure of information in the strategic report

Information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 has been included in the Strategic Report.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

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

Tanglewood Care Homes Limited

Directors' Report *(continued)*

Year ended 31 January 2016

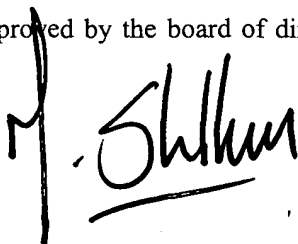
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

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 group and 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 group and the company's auditor is aware of that information.

This report was approved by the board of directors on 18 August 2016 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to read 'M. Shelbourn', is written over a horizontal line.

M Shelbourn
Director

Registered office:
2 Endeavour Park
Wyberton
Boston
Lincolnshire
PE21 7TQ

Tanglewood Care Homes Limited

Independent Auditor's Report to the Shareholders of Tanglewood Care Homes Limited

Year ended 31 January 2016

We have audited the financial statements of Tanglewood Care Homes Limited for the year ended 31 January 2016 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 January 2016 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 3 to the financial statements. Whilst the group and company balance sheets show net current liabilities, this note includes the confirmation received from the directors that continued financial support will be for the foreseeable future. The directors are therefore satisfied that the financial statements should be prepared on a going concern basis.

Tanglewood Care Homes Limited

Independent Auditor's Report to the Shareholders of Tanglewood Care Homes Limited *(continued)*

Year ended 31 January 2016

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Robert Anderson (Senior Statutory Auditor)

For and on behalf of
Streets Audit LLP
Chartered accountants & statutory auditor
Tower House
Lucy Tower Street
Lincoln
LN1 1XW

23 August 2016

Tanglewood Care Homes Limited
Consolidated Statement of Comprehensive Income
Year ended 31 January 2016

		2016	2015
	Note	£	£
Turnover	4	10,082,261	9,657,288
Cost of sales		<u>5,120,620</u>	<u>4,986,838</u>
Gross profit		4,961,641	4,670,450
Administrative expenses		<u>3,141,304</u>	<u>3,795,459</u>
Operating profit	5	1,820,337	874,991
Interest payable and similar charges	9	<u>326,113</u>	<u>320,776</u>
Profit on ordinary activities before taxation		1,494,224	554,215
Tax on profit on ordinary activities	10	<u>292,535</u>	<u>208,258</u>
Profit for the financial year		<u>1,201,689</u>	<u>345,957</u>
Tax relating to components of other comprehensive income		<u>372,714</u>	<u>119,473</u>
Total comprehensive income for the year		<u>1,574,403</u>	<u>465,430</u>

All the activities of the group are from continuing operations.

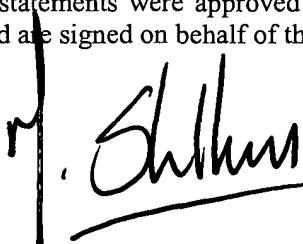
The notes on pages 14 to 28 form part of these financial statements.

Tanglewood Care Homes Limited
Consolidated Statement of Financial Position
31 January 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	14	28,551,297	28,172,343
Current assets			
Stocks	16	45,825	60,902
Debtors	17	1,740,359	2,383,086
Cash at bank and in hand	18	1,121,057	5,887
		<u>2,907,241</u>	<u>2,449,875</u>
Creditors: amounts falling due within one year	19	<u>16,048,797</u>	<u>14,873,781</u>
Net current liabilities		<u>13,141,556</u>	<u>12,423,906</u>
Total assets less current liabilities		<u>15,409,741</u>	<u>15,748,437</u>
Creditors: amounts falling due after more than one year	20	1,947,092	3,481,190
Provisions			
Taxation including deferred tax	23	<u>2,269,553</u>	<u>2,648,554</u>
Net assets		<u>11,193,096</u>	<u>9,618,693</u>
Capital and reserves			
Called up share capital	26	100	100
Share premium account	27	7,287,193	7,287,193
Revaluation reserve	27	4,833,671	4,548,019
Profit and loss account	27	(927,868)	(2,216,619)
Shareholders funds		<u>11,193,096</u>	<u>9,618,693</u>

These financial statements were approved by the board of directors and authorised for issue on 18 August 2016, and are signed on behalf of the board by:

M Shelbourn
Director



Company registration number: 07745826

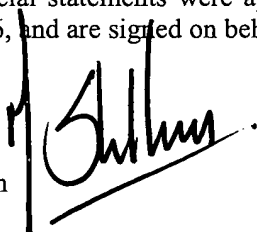
The notes on pages 14 to 28 form part of these financial statements.

Tanglewood Care Homes Limited
Company Statement of Financial Position
31 January 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	15	14,574,387	14,574,387
Current assets			
Debtors	17	707,977	1,050,476
Cash at bank and in hand	18	25,008	167
		<u>732,985</u>	<u>1,050,643</u>
Creditors: amounts falling due within one year	19	<u>7,974,238</u>	<u>6,021,388</u>
Net current liabilities		<u>7,241,253</u>	<u>4,970,745</u>
Total assets less current liabilities		<u>7,333,134</u>	<u>9,603,642</u>
Creditors: amounts falling due after more than one year	20	<u>–</u>	<u>2,287,193</u>
Net assets		<u><u>7,333,134</u></u>	<u><u>7,316,449</u></u>
Capital and reserves			
Called up share capital	26	100	100
Share premium account	27	7,287,193	7,287,193
Profit and loss account	27	45,841	29,156
Shareholders funds		<u><u>7,333,134</u></u>	<u><u>7,316,449</u></u>

These financial statements were approved by the board of directors and authorised for issue on 18 August 2016, and are signed on behalf of the board by:

M Shelbourn
Director



Company registration number: 07745826

The notes on pages 14 to 28 form part of these financial statements.

Tanglewood Care Homes Limited
Consolidated Statement of Changes in Equity
Year ended 31 January 2016

	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
At 1 February 2014	100	7,287,193	4,513,855	(2,047,885)	9,753,263
Profit for the year				345,957	345,957
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	–	–	(85,309)	85,309	–
Tax relating to components of other comprehensive income 10	–	–	119,473	–	119,473
Total comprehensive income for the year	–	–	34,164	431,266	465,430
Dividends paid and payable 12	–	–	–	(600,000)	(600,000)
Total investments by and distributions to owners	–	–	–	(600,000)	(600,000)
At 31 January 2015	100	7,287,193	4,548,019	(2,216,619)	9,618,693
Profit for the year				1,201,689	1,201,689
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account	–	–	(87,062)	87,062	–
Tax relating to components of other comprehensive income 10	–	–	372,714	–	372,714
Total comprehensive income for the year	–	–	285,652	1,288,751	1,574,403
At 31 January 2016	<u>100</u>	<u>7,287,193</u>	<u>4,833,671</u>	<u>(927,868)</u>	<u>11,193,096</u>

The notes on pages 14 to 28 form part of these financial statements.

Tanglewood Care Homes Limited
Company Statement of Changes in Equity
Year ended 31 January 2016

		Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 February 2014		100	7,287,193	219,151	7,506,444
Profit for the year		—	—	410,005	410,005
Total comprehensive income for the year		—	—	410,005	410,005
Dividends paid and payable	12	—	—	(600,000)	(600,000)
Total investments by and distributions to owners		—	—	(600,000)	(600,000)
At 31 January 2015		100	7,287,193	29,156	7,316,449
Profit for the year		—	—	16,685	16,685
Total comprehensive income for the year		—	—	16,685	16,685
At 31 January 2016		<u>100</u>	<u>7,287,193</u>	<u>45,841</u>	<u>7,333,134</u>

The notes on pages 14 to 28 form part of these financial statements.

Tanglewood Care Homes Limited

Consolidated Statement of Cash Flows

Year ended 31 January 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the financial year		1,201,689	345,957
<i>Adjustments for:</i>			
Depreciation of tangible assets		632,226	623,137
Interest payable and similar charges		326,113	320,776
(Gains)/loss on disposal of tangible assets		(2,873)	38,858
Tax on profit on ordinary activities		292,535	208,258
Accrued income		(299,330)	(411,781)
<i>Changes in:</i>			
Stocks		15,077	(5,168)
Trade and other debtors		(118,660)	(306,815)
Trade and other creditors		(345,421)	369,871
Cash generated from operations		<u>1,701,356</u>	<u>1,183,093</u>
Interest paid		(326,113)	(320,776)
Tax paid		(300,157)	(255,738)
Net cash from operating activities		<u>1,075,086</u>	<u>606,579</u>
Cash flows from investing activities			
Purchase of tangible assets		(206,970)	(1,137,149)
Proceeds from sale of tangible assets		18,500	235,000
Net cash used in investing activities		<u>(188,470)</u>	<u>(902,149)</u>
Cash flows from financing activities			
Proceeds from borrowings		363,000	867,444
Repayments of borrowings		(113,415)	(55,141)
Payment of hire purchase agreements		(24,729)	(24,650)
Dividends paid		–	(600,000)
Net cash from financing activities		<u>224,856</u>	<u>187,653</u>
Net increase/(decrease) in cash and cash equivalents		1,111,472	(107,917)
Cash and cash equivalents at beginning of year		(242,947)	(135,030)
Cash and cash equivalents at end of year	18	<u>868,525</u>	<u>(242,947)</u>

The notes on pages 14 to 28 form part of these financial statements.

Tanglewood Care Homes Limited

Notes to the Financial Statements

Year ended 31 January 2016

1. 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'.

2. Company information

Tanglewood Care Homes Limited is a private company limited by shares and incorporated in England & Wales. The registered office is 2 Endeavour Way, Wyberton, Boston, Lincolnshire, PE21 7TQ. The principal activity of the group is the provision of care home services.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and freehold properties.

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

Going concern

Based on a review of forecasts and budgets, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that Tanglewood Care Homes Limited has more than sufficient resources and available facilities to continue in existence for the foreseeable future.

In particular, the directors acknowledge that the balance sheet shows net current liabilities. Included within creditors due in less than one year are bank loans of approximately £12m with a requirement for renewal on an annual basis. The directors have received confirmation that the facility has been renewed since the year-end.

In addition, the directors have reiterated their willingness to continue to support the group and its subsidiary companies.

For these reasons, the directors consider that the adoption of the going concern basis in preparing the financial statements is appropriate.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 February 2014. Details of how FRS 102 has affected the reported financial position and financial performance are given in note 33.

Consolidation

The financial statements consolidate the financial statements of Tanglewood Care Homes Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Tanglewood Care Homes Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The directors make estimates and assumptions about the future. These estimates and assumptions impact recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within financial year include:

Tangible fixed assets are recognised at cost or valuation, less accumulated depreciation and any impairment. Depreciation takes place over the estimated useful life, down to the assessed residual value. The carrying amount of the company's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

The recoverability of trade debtors and associated provisioning is considered on a regular basis. When calculating the debtor provision, the directors consider the age of the debts and the financial position of its customers.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for services rendered in the provision of care.

Revenue is recognised in the period in which the services are provided and comprises residents' fees and other ancillary services.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profits for the current and past periods. Current tax is measured at the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all material 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.

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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.

Tanglewood Care Homes Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

3. Accounting policies *(continued)*

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis.

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 - straight line over 20 years

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

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

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:

Freehold property	- 2% straight line
Fixtures and fittings	- 20% reducing balance
Motor vehicles	- 25% reducing balance

Tanglewood Care Homes Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

3. Accounting policies *(continued)*

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.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

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.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Tanglewood Care Homes Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

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

Investments in subsidiaries

Investments in subsidiaries are valued at cost less provision for impairment. The company statement of Financial Position shows the investment in group companies at fair value at the date of acquisition with the excess of fair value over nominal value shares issued on acquisition to the share premium account in accordance with section 610 of the Companies Act 2006.

4. Turnover

Turnover arises from:

	2016	2015
	£	£
Rendering of services	<u>10,082,261</u>	<u>9,657,288</u>

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

5. Operating profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Depreciation of tangible assets	632,226	623,137
(Gains)/loss on disposal of tangible assets	(2,873)	38,858
Defined contribution plans expense	<u>18,243</u>	<u>100,000</u>

The total costs incurred under operating leases during the year were:

	2016	2015
	£	£
Property	42,583	51,100
Equipment and Vehicles	47,625	48,632

6. Auditor's remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>15,250</u>	<u>14,875</u>

Tanglewood Care Homes Limited
Notes to the Financial Statements *(continued)*
Year ended 31 January 2016

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2016	2015
	No.	No.
Administrative staff	13	15
Management staff	14	13
Nursing staff, care assistants and other	485	484
	<u>512</u>	<u>512</u>

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

	2016	2015
	£	£
Wages and salaries	5,217,384	5,183,585
Social security costs	277,638	283,467
Other pension costs	18,243	100,000
	<u>5,513,265</u>	<u>5,567,052</u>

8. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	267,720	218,660
Company contributions to defined contribution pension plans	–	150,000
	<u>267,720</u>	<u>368,660</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2016	2015
	No.	No.
Defined contribution plans	<u>–</u>	<u>2</u>

Remuneration of the highest paid director in respect of qualifying services:

	2016	2015
	£	£
Aggregate remuneration	<u>168,683</u>	<u>218,660</u>

9. Interest payable and similar charges

	2016	2015
	£	£
Interest on banks loans and overdrafts	320,812	318,357
Interest on obligations under finance leases and hire purchase contracts	2,274	2,419
Other interest payable and similar charges	3,027	–
	<u>326,113</u>	<u>320,776</u>

Tanglewood Care Homes Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

10. Tax on profit on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	314,527	217,000
Adjustments in respect of prior periods	<u>(15,705)</u>	<u>(23,691)</u>
Total current tax	<u>298,822</u>	<u>193,309</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(6,287)</u>	<u>14,949</u>
Tax on profit on ordinary activities	<u>292,535</u>	<u>208,258</u>

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £(372,714) (2015: £(119,473)).

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 21.32%).

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>1,494,224</u>	<u>554,215</u>
Profit on ordinary activities by rate of tax	298,845	118,159
Adjustment to tax charge in respect of prior periods	(5,213)	(10,155)
Effect of expenses not deductible for tax purposes	4,944	112,735
Effect of different UK tax rates on some earnings	(6,265)	–
Utilisation of tax losses	224	(13,243)
Other timing difference leading to an increase in taxation	–	762
Tax on profit on ordinary activities	<u>292,535</u>	<u>208,258</u>

Factors that may affect future tax expense

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. These reductions will reduce the company's future current tax charge accordingly and reduce the deferred tax liability (which has been calculated based on the rate of 18% substantively enacted at the balance sheet date).

11. Profit for the year of the parent company

The profit for the financial year of the parent company was £16,685 (2015: £410,005).

Tanglewood Care Homes Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2016	2015
	£	£
Equity dividends on ordinary shares	–	600,000

13. Intangible assets

The group has no intangible assets.

The company has no intangible assets.

14. Tangible assets

Group	Freehold property £	Fixtures and fittings £	Motor vehicles £	Assets under development £	Total £
Cost / valuation					
At 1 Feb 2015	27,362,899	3,042,655	146,794	767,533	31,319,881
Additions	811,030	63,573	80,900	71,304	1,026,807
Disposals	–	–	(52,040)	–	(52,040)
At 31 Jan 2016	<u>28,173,929</u>	<u>3,106,228</u>	<u>175,654</u>	<u>838,837</u>	<u>32,294,648</u>
Depreciation					
At 1 Feb 2015	597,662	2,477,021	72,855	–	3,147,538
Charge for the year	459,238	148,479	24,509	–	632,226
Disposals	–	–	(36,413)	–	(36,413)
At 31 Jan 2016	<u>1,056,900</u>	<u>2,625,500</u>	<u>60,951</u>	<u>–</u>	<u>3,743,351</u>
Carrying amount					
At 31 Jan 2016	<u>27,117,029</u>	<u>480,728</u>	<u>114,703</u>	<u>838,837</u>	<u>28,551,297</u>
At 31 Jan 2015	<u>26,765,237</u>	<u>565,634</u>	<u>73,939</u>	<u>767,533</u>	<u>28,172,343</u>

The company has no tangible assets.

Tangible assets held at valuation

Freehold property was revalued to market value by GVA in the year ended 31 January 2014. The valuations have been prepared in accordance with the RICS Valuation - Professional Standards, incorporating the International Valuations Standards, Global and UK edition (March 2012).

The directors consider the fair value of the freehold land in the valuation to be £6,935,151 (2015 - £6,565,000). The historic cost is £2,104,466 (2015 - £1,734,315).

Tanglewood Care Homes Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

14. Tangible assets *(continued)*

In respect of tangible assets held at valuation, the comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

Group	Freehold property £
At 31 January 2016	<u>8,807,299</u>
At 31 January 2015	<u>8,139,736</u>

Finance leases and 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:

Group	Motor vehicles £
At 31 January 2016	<u>113,376</u>
At 31 January 2015	<u>53,872</u>

15. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 Feb 2015 and 31 Jan 2016	<u>14,574,387</u>
Impairment	
At 1 Feb 2015 and 31 Jan 2016	<u>—</u>
Carrying amount	
At 1 Feb 2015 and 31 Jan 2016	<u>14,574,387</u>

Tanglewood Care Homes Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

15. Investments *(continued)*

Details of the investments in subsidiary undertakings are as follows:

	Country of incorporation	Holding	Proportion of shares held	Nature of business
Tanglewood (Lincolnshire) Limited	England	Ordinary shares	100%	Operation of care homes
Tanglewood Properties (Lincolnshire) Limited	England	Ordinary shares	100%	Property holding company
Tanglewood (Lincoln) Limited	England	Ordinary shares	100%	Dormant

16. Stocks

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Catering, care home and other supplies	<u>45,825</u>	<u>60,902</u>	<u>—</u>	<u>—</u>

17. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	350,450	181,622	—	—
Amounts owed by group undertakings	—	—	707,977	1,050,476
Prepayments and accrued income	63,363	153,440	—	—
Amounts owed by related undertakings	1,326,546	2,013,487	—	—
Other debtors	—	34,537	—	—
	<u>1,740,359</u>	<u>2,383,086</u>	<u>707,977</u>	<u>1,050,476</u>

18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2016	2015
	£	£
Cash at bank and in hand	1,121,057	5,887
Bank overdrafts	<u>(252,532)</u>	<u>(248,834)</u>
	<u>868,525</u>	<u>(242,947)</u>

Tanglewood Care Homes Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

19. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	12,700,625	13,148,977	5,348,000	4,985,000
Trade creditors	215,432	217,145	—	—
Accruals and deferred income	405,506	704,836	157,676	496,340
Corporation tax	191,927	193,262	—	—
Social security and other taxes	50,788	394,752	16,102	354,411
Obligations under finance leases and hire purchase contracts	29,235	16,667	—	—
Director loan accounts	2,452,176	195,290	2,452,176	185,250
Other creditors	3,108	2,852	284	387
	<u>16,048,797</u>	<u>14,873,781</u>	<u>7,974,238</u>	<u>6,021,388</u>

Bank loans and overdrafts of £12,700,625 (2015 - £13,148,977) are secured by a fixed and floating charge over the assets of the group.

Hire purchase agreements are secured against the assets to which they relate.

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	1,916,187	1,184,245	—	—
Obligations under finance leases and hire purchase contracts	30,905	9,752	—	—
Other creditors	—	2,287,193	—	2,287,193
	<u>1,947,092</u>	<u>3,481,190</u>	<u>—</u>	<u>2,287,193</u>

Bank loans and overdrafts of £1,916,187 (2015 - £1,184,245) are secured by a fixed and floating charge over the assets of the group.

Hire purchase agreements are secured against the assets to which they relate.

21. Finance leases and hire purchase contracts

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Not later than 1 year	29,235	16,667	—	—
Later than 1 year and not later than 5 years	30,905	9,752	—	—
	<u>60,140</u>	<u>26,419</u>	<u>—</u>	<u>—</u>

Tanglewood Care Homes Limited
Notes to the Financial Statements *(continued)*
Year ended 31 January 2016

22. Deferred tax

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Included in provisions (note 23)	<u>2,269,553</u>	<u>2,648,554</u>	<u>—</u>	<u>—</u>

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accelerated capital allowances	79,302	85,589	—	—
Revaluation of tangible assets	<u>2,190,251</u>	<u>2,562,965</u>	<u>—</u>	<u>—</u>
	<u>2,269,553</u>	<u>2,648,554</u>	<u>—</u>	<u>—</u>

The deferred tax liability expected to reverse in 2016/17 is approximately £245,000 primarily due to the further enactment of a reduction in the main rate of corporation tax to 17%.

23. Provisions

Group	Deferred tax (note 22) £
At 1 February 2015	2,648,554
Unused amounts reversed	<u>(379,001)</u>
At 31 January 2016	<u>2,269,553</u>

The company does not have any provisions.

24. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £18,243 (2015: £100,000).

25. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2016	2015
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>1,676,996</u>	<u>2,229,646</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>(17,347,668)</u>	<u>(17,062,121)</u>

Tanglewood Care Homes Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

26. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.001 each	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>

27. Reserves

Revaluation reserve - this reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Share premium account - this reserve records the nominal value of shares repurchased by the company.

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

28. Operating leases

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Not later than 1 year	4,267	94,467	—	—
Later than 1 year and not later than 5 years	—	4,267	—	—
	<u>4,267</u>	<u>98,734</u>	<u>—</u>	<u>—</u>

29. Contingencies

Tanglewood Care Homes Limited has a cross guarantee over the bank borrowings of Tanglewood (Lincolnshire) Limited. The amount outstanding at the balance sheet date was £9,268,812 (2015 - £9,348,222).

30. Directors' advances, credits and guarantees

No advances or credits have been made to the directors and the directors have made no guarantees during the year.

Tanglewood Care Homes Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

31. Related party transactions

Group

D'Arcy International Limited

D'Arcy International Limited is a company under the control of M. Shelbourn and T A Shelbourn, directors of the group.

During the year, the group paid rent to D'Arcy International Limited amounting to £11,750 (2015 - £23,500). The group was also recharged costs of £nil (2015 - £39,823). In addition, the company purchased property from D'Arcy International Limited for £761,387. There is no balance owing to D'Arcy International Limited at the either year end.

The group continues to have a loan to D'Arcy International Limited. The balance at 31 January 2016 is £1,326,546 (2015 - £2,013,487) which is included in debtors. The loan is interest free and unsecured.

Company

The Directors

During the year, dividends of £nil (2015 - £600,000) were paid to M Shelbourn, a director.

32. Controlling party

During the previous year, the company and group were under the control of M Shelbourn due to his majority shareholding. During the current year, the company and group have become controlled by both M Shelbourn and T A Shelbourn following a transfer of shares.

33. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1 February 2014.

Tanglewood Care Homes Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2016

33. Transition to FRS 102 *(continued)*

Reconciliation of equity

Group	1 February 2014			31 January 2015		
	As previously stated £	Effect of FRS 102 (as transition £	restated) £	As previously stated £	Effect of FRS 102 (as transition £	restated) £
Fixed assets	27,932,189	–	27,932,189	28,172,343	–	28,172,343
Current assets	2,334,689	–	2,334,689	2,449,875	–	2,449,875
Creditors: amounts falling due within one year	(14,075,134)	–	(14,075,134)	(14,873,781)	–	(14,873,781)
Net current liabilities	(11,740,445)	–	(11,740,445)	(12,423,906)	–	(12,423,906)
Total assets less current liabilities	16,191,744	–	16,191,744	15,748,437	–	15,748,437
Creditors: amounts falling due after more than one year	(3,685,403)	–	(3,685,403)	(3,481,190)	–	(3,481,190)
Provisions	(70,640)	(2,682,438)	(2,753,078)	(85,589)	(2,562,965)	(2,648,554)
Net assets	12,435,701	(2,682,438)	9,753,263	12,181,658	(2,562,965)	9,618,693
Capital and reserves	12,435,701	(2,682,438)	9,753,263	12,181,658	(2,562,965)	9,618,693

Reconciliation of equity

No transitional adjustments were required for the company.

Reconciliation of profit or loss for the year

No transitional adjustments were required.

Deferred taxation

Revaluation of land and buildings - Deferred tax of £2,682,438 has been recognised at 20% on the calculated chargeable gain on transition at 1 February 2014 to the revaluation reserve. In the year ended 31 January 2015, the group recognised a debit in the revaluation reserve of £119,473 in respect of the reduction in the calculated chargeable gain.