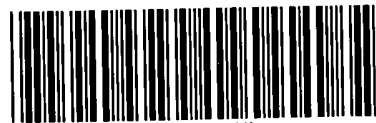


COMPANY REGISTRATION NUMBER: 07745826

**Tanglewood Care Homes Limited**  
**Financial Statements**  
**For the year ended**  
**31 January 2017**

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# **Tanglewood Care Homes Limited**

## **Financial Statements**

**Year ended 31 January 2017**

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# **Tanglewood Care Homes Limited**

## **Officers and Professional Advisers**

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

# **Tanglewood Care Homes Limited**

## **Strategic Report**

**Year ended 31 January 2017**

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.

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

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Turnover	<b>10,524,532</b>	10,047,945	9,657,288	9,069,742
Turnover growth (%)	<b>5</b>	4	6	12
Gross profit margin (%)	<b>50</b>	49	48	49
Profit before tax	<b>1,573,644</b>	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**

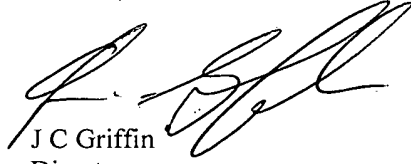
At the year end, the group had bank loans and overdrafts amounting to £13,769,503 (2016 - £12,700,625) due within 1 year. This includes Libor loans of £12,000,000 from National Westminster Bank Plc, facilities which are subject to an annual renewal. The directors have confirmed that these facilities 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 2017**

This report was approved by the board of directors on .....14/7/17..... and signed on behalf of the board by:

  
J C Griffin  
Director

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

# **Tanglewood Care Homes Limited**

## **Directors' Report**

**Year ended 31 January 2017**

The directors present their report and the financial statements of the group for the year ended 31 January 2017.

### **Directors**

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

J C Griffin  
M Shelbourn  
T A Shelbourn

### **Dividends**

The directors do not recommend the payment of a dividend.

### **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.

# **Tanglewood Care Homes Limited**

## **Directors' Report** *(continued)*

**Year ended 31 January 2017**

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.


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 .....14/17/17..... and signed on behalf of the board by:

  
J C Griffin  
Director

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

# **Tanglewood Care Homes Limited**

## **Independent Auditor's Report to the Members of Tanglewood Care Homes Limited**

**Year ended 31 January 2017**

We have audited the financial statements of Tanglewood Care Homes Limited for the year ended 31 January 2017 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 the 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 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.

### **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 2017 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.



## **Tanglewood Care Homes Limited**

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

**Year ended 31 January 2017**

#### **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.

#### **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 accountant & statutory auditor  
Tower House  
Lucy Tower Street  
Lincoln  
LN1 1XW

14/7/17

**Tanglewood Care Homes Limited**  
**Consolidated Statement of Comprehensive Income**  
**Year ended 31 January 2017**

	Note	2017 £	2016 £
<b>Turnover</b>	<b>4</b>	<b>10,524,532</b>	10,047,945
Cost of sales		<u>(5,291,168)</u>	<u>(5,120,620)</u>
<b>Gross profit</b>		<b>5,233,364</b>	4,927,325
Administrative expenses		<u>(3,336,213)</u>	<u>(3,106,988)</u>
<b>Operating profit</b>	<b>5</b>	<b>1,897,151</b>	1,820,337
Interest payable and similar expenses	<b>9</b>	<u>(323,507)</u>	<u>(326,113)</u>
<b>Profit before taxation</b>		<b>1,573,644</b>	1,494,224
Tax on profit	<b>10</b>	<u>(418,076)</u>	<u>(292,535)</u>
<b>Profit for the financial year</b>		<b><u>1,155,568</u></b>	<b><u>1,201,689</u></b>
Tax relating to components of other comprehensive income		<u>262,486</u>	<u>372,714</u>
<b>Total comprehensive income for the year</b>		<b><u>1,418,054</u></b>	<b><u>1,574,403</u></b>

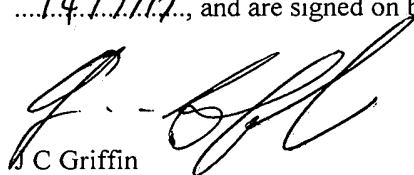
All the activities of the group are from continuing operations.

The notes on pages 14 to 27 form part of these financial statements.

**Tanglewood Care Homes Limited**  
**Consolidated Statement of Financial Position**  
**31 January 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	12	28,124,824	28,551,297
<b>Current assets</b>			
Stocks	14	55,261	45,825
Debtors	15	1,555,374	1,740,359
Cash at bank and in hand		369,874	1,121,057
		<u>1,980,509</u>	<u>2,907,241</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(14,934,814)</u>	<u>(16,048,797)</u>
<b>Net current liabilities</b>		<b>(12,954,305)</b>	<b>(13,141,556)</b>
<b>Total assets less current liabilities</b>		<b>15,170,519</b>	<b>15,409,741</b>
<b>Creditors: amounts falling due after more than one year</b>	18	<b>(544,968)</b>	<b>(1,947,092)</b>
<b>Provisions</b>			
Taxation including deferred tax	20	<u>(2,014,401)</u>	<u>(2,269,553)</u>
<b>Net assets</b>		<b><u>12,611,150</u></b>	<b><u>11,193,096</u></b>
<b>Capital and reserves</b>			
Called up share capital	24	100	100
Share premium account	25	7,287,193	7,287,193
Revaluation reserve	25	5,009,095	4,833,671
Profit and loss account	25	<u>314,762</u>	<u>(927,868)</u>
<b>Members funds</b>		<b><u>12,611,150</u></b>	<b><u>11,193,096</u></b>

These financial statements were approved by the board of directors and authorised for issue on 14/1/17, and are signed on behalf of the board by:

  
C Griffin  
Director

Company registration number: 07745826

The notes on pages 14 to 27 form part of these financial statements.

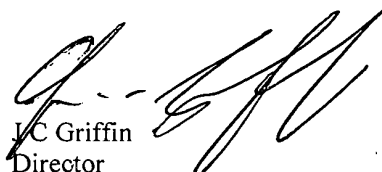
**Tanglewood Care Homes Limited**  
**Company Statement of Financial Position**

**31 January 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Investments	13	14,574,387	14,574,387
<b>Current assets</b>			
Debtors	15	—	707,977
Cash at bank and in hand		1,499	25,008
		<u>1,499</u>	<u>732,985</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(7,253,324)</u>	<u>(7,974,238)</u>
<b>Net current liabilities</b>		<u>(7,251,825)</u>	<u>(7,241,253)</u>
<b>Total assets less current liabilities</b>		<u>7,322,562</u>	<u>7,333,134</u>
<b>Net assets</b>		<u>7,322,562</u>	<u>7,333,134</u>
<b>Capital and reserves</b>			
Called up share capital	24	100	100
Share premium account	25	7,287,193	7,287,193
Profit and loss account	25	35,269	45,841
<b>Members funds</b>		<u>7,322,562</u>	<u>7,333,134</u>

The loss for the financial year of the parent company was £10,572 (2016: £16,685 profit).

These financial statements were approved by the board of directors and authorised for issue on 14/7/17, and are signed on behalf of the board by:

  
I.C. Griffin  
Director

Company registration number: 07745826

The notes on pages 14 to 27 form part of these financial statements.

**Tanglewood Care Homes Limited**  
**Consolidated Statement of Changes in Equity**  
**Year ended 31 January 2017**

	Called up share capital £	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
<b>At 1 February 2015</b>	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 <b>10</b>	—	—	372,714	—	372,714
<b>Total comprehensive income for the year</b>	—	—	285,652	1,288,751	1,574,403
<b>At 31 January 2016</b>	100	7,287,193	4,833,671	(927,868)	11,193,096
Profit for the year				1,155,568	1,155,568
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 <b>10</b>	—	—	262,486	—	262,486
<b>Total comprehensive income for the year</b>	—	—	175,424	1,242,630	1,418,054
<b>At 31 January 2017</b>	<u>100</u>	<u>7,287,193</u>	<u>5,009,095</u>	<u>314,762</u>	<u>12,611,150</u>

The notes on pages 14 to 27 form part of these financial statements.

**Tanglewood Care Homes Limited**  
**Company Statement of Changes in Equity**  
**Year ended 31 January 2017**

	Called up share capital £	Share premium account £	Profit and loss account £	<b>Total £</b>
<b>At 1 February 2015</b>	100	7,287,193	29,156	7,316,449
Profit for the year	—	—	16,685	16,685
<b>Total comprehensive income for the year</b>	—	—	16,685	16,685
<b>At 31 January 2016</b>	100	7,287,193	45,841	<b>7,333,134</b>
Profit for the year	—	—	(10,572)	<b>(10,572)</b>
<b>Total comprehensive income for the year</b>	—	—	(10,572)	<b>(10,572)</b>
<b>At 31 January 2017</b>	<u>100</u>	<u>7,287,193</u>	<u>35,269</u>	<u><b>7,322,562</b></u>

The notes on pages 14 to 27 form part of these financial statements.

# Tanglewood Care Homes Limited

## Consolidated Statement of Cash Flows

Year ended 31 January 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Profit for the financial year		1,155,568	1,201,689
<i>Adjustments for:</i>			
Depreciation of tangible assets		577,668	632,226
Interest payable and similar expenses		323,507	326,113
Gains on disposal of tangible assets		–	(2,873)
Tax on profit		418,076	292,535
Accrued expenses/(income)		23,833	(299,330)
<i>Changes in:</i>			
Stocks		(9,436)	15,077
Trade and other debtors		(335,799)	(118,660)
Trade and other creditors		153,104	(345,421)
Cash generated from operations		2,306,521	1,701,356
Interest paid		(323,507)	(326,113)
Tax paid		(381,757)	(300,157)
Net cash from operating activities		<u>1,601,257</u>	<u>1,075,086</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets		(151,195)	(206,970)
Proceeds from sale of tangible assets		–	18,500
Cash receipts from the repayment of advances and loans		520,784	–
Net cash from/(used in) investing activities		<u>369,589</u>	<u>(188,470)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		–	363,000
Repayments of borrowings		(2,561,968)	(113,415)
Payment of hire purchase agreements		(29,236)	(24,729)
Net cash (used in)/from financing activities		<u>(2,591,204)</u>	<u>224,856</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(620,358)</b>	<b>1,111,472</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>868,525</b>	<b>(242,947)</b>
<b>Cash and cash equivalents at end of year</b>	<b>16</b>	<u><b>248,167</b></u>	<u><b>868,525</b></u>

The notes on pages 14 to 27 form part of these financial statements.

# **Tanglewood Care Homes Limited**

## **Notes to the Financial Statements**

**Year ended 31 January 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 2 Endeavour Park, Wyberton, Boston, Lincolnshire, PE21 7TQ.

### **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 historical cost basis, as modified by the revaluation of certain financial assets and liabilities.

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.

#### **Disclosure exemptions**

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

#### **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.



# **Tanglewood Care Homes Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 January 2017**

### **3. Accounting policies *(continued)***

#### **Consolidation *(continued)***

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.

#### **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 each financial year include:

Tangible fixed assets are recognised at cost, 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.

#### **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 statement of comprehensive income, 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 profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover 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 at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### **Operating leases**

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

# **Tanglewood Care Homes Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 January 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 - 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

#### **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

#### **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 the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

# **Tanglewood Care Homes Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 January 2017**

### **3. Accounting policies** *(continued)*

#### **Impairment of fixed assets** *(continued)*

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.

# Tanglewood Care Homes Limited

## Notes to the Financial Statements *(continued)*

**Year ended 31 January 2017**

### 3. Accounting policies *(continued)*

#### **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.

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.

### 4. Turnover

Turnover arises from:

	2017 £	2016 £
Rendering of services	<u>10,524,532</u>	<u>10,047,945</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:

	2017 £	2016 £
Depreciation of tangible assets	577,668	632,226
Gains on disposal of tangible assets	<u>—</u>	<u>(2,873)</u>

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

	2017 £	2016 £
Property	—	42,583
Equipment and Vehicles	44,603	47,625

# Tanglewood Care Homes Limited

## Notes to the Financial Statements *(continued)*

**Year ended 31 January 2017**

### 6. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	<u>15,250</u>	<u>15,250</u>

### 7. Staff costs

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

	2017	2016
	No.	No.
Administrative staff	11	13
Management staff	12	14
Nursing staff, care assistants and other	<u>482</u>	<u>485</u>
	<u>505</u>	<u>512</u>

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

	2017	2016
	£	£
Wages and salaries	5,532,184	5,217,384
Social security costs	318,556	277,638
Other pension costs	<u>20,331</u>	<u>18,243</u>
	<u>5,871,071</u>	<u>5,513,265</u>

### 8. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017	2016
	£	£
Remuneration	<u>429,420</u>	<u>267,720</u>

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

	2017	2016
	£	£
Aggregate remuneration	<u>225,450</u>	<u>168,683</u>

The directors are considered to be the key management personnel of the group.

### 9. Interest payable and similar expenses

	2017	2016
	£	£
Interest on banks loans and overdrafts	317,244	323,839
Interest on obligations under finance leases and hire purchase contracts	5,815	2,274
Other interest payable and similar charges	<u>448</u>	<u>—</u>
	<u>323,507</u>	<u>326,113</u>

# Tanglewood Care Homes Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

### 10. Tax on profit

#### Major components of tax expense

	2017 £	2016 £
<b>Current tax:</b>		
UK current tax expense	410,912	314,527
Adjustments in respect of prior periods	(170)	(15,705)
Total current tax	<u>410,742</u>	<u>298,822</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	7,334	(6,287)
<b>Tax on profit</b>	<u>418,076</u>	<u>292,535</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 a credit of £262,486 (2016: credit of £372,714).

#### Reconciliation of tax expense

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

	2017 £	2016 £
Profit on ordinary activities before taxation	1,573,644	1,494,224
Profit on ordinary activities by rate of tax	314,728	298,845
Adjustment to tax charge in respect of prior periods	(170)	(5,213)
Effect of expenses not deductible for tax purposes	109,995	4,944
Effect of different UK tax rates on some earnings	(6,477)	(6,265)
Utilisation of tax losses	–	224
<b>Tax on profit</b>	<u>418,076</u>	<u>292,535</u>

#### Factors that may affect future tax expense

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

# Tanglewood Care Homes Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

### 11. Intangible assets

Group	Goodwill £
<b>Cost</b>	
At 1 Feb 2016 and 31 Jan 2017	<u>(1,279,997)</u>
<b>Amortisation</b>	
At 1 Feb 2016 and 31 Jan 2017	<u>(1,279,997)</u>
<b>Carrying amount</b>	
At 1 Feb 2016 and 31 Jan 2017	<u>—</u>

The company has no intangible assets.

### 12. Tangible assets

Group	Freehold property £	Fixtures and fittings £	Motor vehicles £	Assets under development £	Total £
<b>Cost</b>					
At 1 February 2016	28,173,929	3,106,228	175,654	838,837	<b>32,294,648</b>
Additions	3,518	132,265	—	15,412	<b>151,195</b>
<b>At 31 January 2017</b>	<u>28,177,447</u>	<u>3,238,493</u>	<u>175,654</u>	<u>854,249</u>	<u><b>32,445,843</b></u>
<b>Depreciation</b>					
At 1 February 2016	1,056,900	2,625,500	60,951	—	<b>3,743,351</b>
Charge for the year	459,237	88,809	29,622	—	<b>577,668</b>
<b>At 31 January 2017</b>	<u>1,516,137</u>	<u>2,714,309</u>	<u>90,573</u>	<u>—</u>	<u><b>4,321,019</b></u>
<b>Carrying amount</b>					
<b>At 31 January 2017</b>	<u>26,661,310</u>	<u>524,184</u>	<u>85,081</u>	<u>854,249</u>	<u><b>28,124,824</b></u>
At 31 January 2016	<u>27,117,029</u>	<u>480,728</u>	<u>114,703</u>	<u>838,837</u>	<u><b>28,551,297</b></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 £6,934,526 (2016 - £6,934,526). The historic cost is £2,103,841 (2016 - £2,103,841).

# Tanglewood Care Homes Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

### 12. Tangible assets *(continued)*

In respect of tangible assets held at valuation, aggregate cost, depreciation and 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 £
<b>At 31 January 2017</b>	
Aggregate cost	9,586,471
Aggregate depreciation	(864,825)
<b>Carrying value</b>	<u><u>8,721,646</u></u>
<b>At 31 January 2016</b>	
Aggregate cost	9,582,953
Aggregate depreciation	(720,164)
<b>Carrying value</b>	<u><u>8,862,789</u></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 £
<b>At 31 January 2017</b>	<u><u>54,728</u></u>
<b>At 31 January 2016</b>	<u><u>113,376</u></u>

### 13. Investments

The group has no investments.

Company	Shares in group undertakings £
<b>Cost</b>	
<b>At 1 Feb 2016 and 31 Jan 2017</b>	<u><u>14,574,387</u></u>
<b>Impairment</b>	
<b>At 1 Feb 2016 and 31 Jan 2017</b>	<u><u>—</u></u>



# Tanglewood Care Homes Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

### 13. Investments *(continued)*

Company	Shares in group undertakings £
Carrying amount At 1 Feb 2016 and 31 Jan 2017	<u>14,574,387</u>

#### Subsidiaries, associates and other investments

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

### 14. Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Catering, care home and other supplies	<u>55,261</u>	<u>45,825</u>	<u>—</u>	<u>—</u>

### 15. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	683,093	350,450	—	—
Amounts owed by group undertakings	—	—	—	707,977
Prepayments and accrued income	66,519	63,363	—	—
Other debtors	805,762	1,326,546	—	—
	<u>1,555,374</u>	<u>1,740,359</u>	<u>—</u>	<u>707,977</u>

### 16. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2017	2016
	£	£
Cash at bank and in hand	369,874	1,121,057
Bank overdrafts	(121,707)	(252,532)
	<u>248,167</u>	<u>868,525</u>

# Tanglewood Care Homes Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

### 17. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	13,769,503	12,700,625	5,348,000	5,348,000
Trade creditors	285,757	215,432	–	–
Amounts owed to group undertakings	–	–	1,626,427	–
Accruals and deferred income	429,339	405,506	97,998	157,676
Corporation tax	220,912	191,927	16,857	–
Social security and other taxes	132,952	50,788	90,241	16,102
Obligations under finance leases and hire purchase contracts	19,483	29,235	–	–
Director loan accounts	73,145	2,452,176	73,145	2,452,176
Other creditors	3,723	3,108	656	284
	<u>14,934,814</u>	<u>16,048,797</u>	<u>7,253,324</u>	<u>7,974,238</u>

Bank loans and overdrafts of £13,769,503 (2016 - £12,700,625) 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.

### 18. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	533,547	1,916,187	–	–
Obligations under finance leases and hire purchase contracts	11,421	30,905	–	–
	<u>544,968</u>	<u>1,947,092</u>	<u>–</u>	<u>–</u>

Bank loans and overdrafts of £533,547 (2016 - £1,916,187) 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.

### 19. Finance leases and hire purchase contracts

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	19,483	29,235	–	–
Later than 1 year and not later than 5 years	11,421	30,905	–	–
	<u>30,904</u>	<u>60,140</u>	<u>–</u>	<u>–</u>

# Tanglewood Care Homes Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

### 20. Provisions

Group	Deferred tax (note 21) £
At 1 February 2016	2,269,553
Additions	7,334
Unused amounts reversed	(262,486)
<b>At 31 January 2017</b>	<b><u>2,014,401</u></b>

The company does not have any provisions.

### 21. Deferred tax

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Included in provisions (note 20)	<u>2,014,401</u>	<u>2,269,553</u>	<u>—</u>	<u>—</u>

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	86,636	79,302	—	—
Revaluation of tangible assets	<u>1,927,765</u>	<u>2,190,251</u>	<u>—</u>	<u>—</u>
	<u>2,014,401</u>	<u>2,269,553</u>	<u>—</u>	<u>—</u>

The deferred tax liability expected to reverse in 2016/17 is approximately £150,000 primarily due to the continued reduction in potential capital gains.

### 22. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £20,331 (2016: £18,243).

# Tanglewood Care Homes Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

### 23. Financial instruments

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

#### Financial assets that are debt instruments measured at amortised cost

	Group	
	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost	<u>1,488,855</u>	<u>1,676,996</u>

#### Financial liabilities measured at amortised cost

	Group	
	2017	2016
	£	£
Financial liabilities measured at amortised cost	<u>14,696,579</u>	<u>17,347,668</u>

### 24. Called up share capital

#### Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £0.001 each	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>

### 25. 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.

### 26. Operating leases

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Not later than 1 year	39,802	4,267	-	-
Later than 1 year and not later than 5 years	<u>114,612</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>154,414</u>	<u>4,267</u>	<u>-</u>	<u>-</u>

### 27. 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 £8,955,050 (2016 - £9,268,812).

# **Tanglewood Care Homes Limited**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 January 2017**

### **28. 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.

### **29. Related party transactions**

#### **Group**

#### **Other Related Parties**

The group has transactions and balances with companies under common control.

During the year, the group paid rent amounting to £nil (2016 - £11,750).

The group continues to have a loan to a company under common control. The balance at 31 January 2017 is £805,762 (2016 - £1,326,546) which is included in other debtors. The loan is interest free, unsecured and repayable on demand.

#### **Company**

No transactions with related parties were undertaken such as are required to be disclosed under FRS102.

### **30. Controlling party**

The company and group are controlled by M Shelbourn and T A Shelbourn due to their shareholding.