

Company Registration No. 07984807 (England and Wales)

AVON LEE LODGE LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019
PAGES FOR FILING WITH REGISTRAR

AVON LEE LODGE LIMITED

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AVON LEE LODGE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Non-current assets					
Intangible assets	3	229,726		294,726	
Property, plant and equipment	4	1,437,329		1,375,281	
		<u>1,667,055</u>		<u>1,670,007</u>	
Current assets					
Inventories		1,040		1,020	
Trade and other receivables	5	194,026		100,854	
Cash and cash equivalents		35,960		99,581	
		<u>231,026</u>		<u>201,455</u>	
Current liabilities	6	(547,946)		(318,456)	
Net current liabilities			(316,920)		(117,001)
Total assets less current liabilities			<u>1,350,135</u>		<u>1,553,006</u>
Non-current liabilities	7	(996,275)		(1,221,237)	
Provisions for liabilities			<u>(10,212)</u>		<u>(10,674)</u>
Net assets			<u><u>343,648</u></u>		<u><u>321,095</u></u>
Equity					
Called up share capital	8	100,000		100,000	
Retained earnings		243,648		221,095	
Total equity			<u><u>343,648</u></u>		<u><u>321,095</u></u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial year ended 31 March 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

AVON LEE LODGE LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 MARCH 2019

The financial statements were approved by the board of directors and authorised for issue on 23 December 2019 and are signed on its behalf by:

Mr L Kennedy
Director

Mrs T Kennedy
Director

Company Registration No. 07984807

AVON LEE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Avon Lee Lodge Limited is a private company limited by shares incorporated in England and Wales. The registered office and principal address is Preston Lane, Burton, Christchurch, Dorset, BH23 7JU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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

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

1.2 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the supply of care services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where payments are received from customers in advance of services provided the amounts are recorded as deferred income and included as part of payables due within one year.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

1.3 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

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

Freehold land and buildings	50 years straight line
Fixtures, fittings and equipment	20% reducing balance

Freehold land is not depreciated.

AVON LEE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

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

1.5 Impairment of non-current assets

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

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

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

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

1.6 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost is calculated using the weighted average method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

AVON LEE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Basic financial assets

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

Classification of financial liabilities

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

Basic financial liabilities

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

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

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

1.9 Equity instruments

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

1.10 Taxation

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

Current tax

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

AVON LEE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

(Continued)

Deferred tax

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

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

1.11 Employee benefits

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

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

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

1.12 Retirement benefits

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

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 28 (2018 - 28).

AVON LEE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

3 Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2018 and 31 March 2019	650,000
Amortisation and impairment	
At 1 April 2018	355,274
Amortisation charged for the year	65,000
At 31 March 2019	420,274
Carrying amount	
At 31 March 2019	229,726
At 31 March 2018	294,726

Goodwill with a carrying amount of £229,726 (2018: £294,726) have been pledged to secure liabilities of the company.

4 Property, plant and equipment

	Freehold land and buildings	Fixtures, fittings and equipment	Total
	£	£	£
Cost			
At 1 April 2018	1,371,920	153,677	1,525,597
Additions	85,051	11,919	96,970
At 31 March 2019	1,456,971	165,596	1,622,567
Depreciation and impairment			
At 1 April 2018	71,367	78,949	150,316
Depreciation charged in the year	17,593	17,329	34,922
At 31 March 2019	88,960	96,278	185,238
Carrying amount			
At 31 March 2019	1,368,011	69,318	1,437,329
At 31 March 2018	1,300,553	74,728	1,375,281

Property, plant and equipment with a carrying amount of £1,437,329 (2018 - £1,375,281) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings.

AVON LEE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

5 Trade and other receivables

	2019	2018
	£	£
Amounts falling due within one year:		
Trade receivables	81,342	84,813
Other receivables	102,689	2,387
Prepayments and accrued income	9,995	13,654
	<u>194,026</u>	<u>100,854</u>

The carrying amount of trade and other receivables includes £194,026 (2018: £100,854) pledged as security for liabilities.

6 Current liabilities

	2019	2018
	£	£
Bank loans	36,520	60,476
Obligations under finance leases	4,330	2,877
Other borrowings	218,195	13,632
Trade payables	23,312	14,034
Corporation tax	41,601	31,805
Other taxation and social security	2,818	2,460
Other payables	112,687	88,700
Accruals and deferred income	108,483	104,472
	<u>547,946</u>	<u>318,456</u>

7 Non-current liabilities

	2019	2018
Notes	£	£
Bank loans and overdrafts	973,271	984,439
Obligations under finance leases	23,004	26,801
Other payables	-	209,997
	<u>996,275</u>	<u>1,221,237</u>

The bank loans and overdrafts are secured by way of a first legal charge over the freehold buildings, a fixed and floating charge over all the assets of the company and a personal guarantee from the directors.

Amounts included above which fall due after five years are as follows:

Payable by instalments	<u>1,009,791</u>	<u>1,044,915</u>
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AVON LEE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

8 Called up share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
100,000 Ordinary shares of £1 each	100,000	100,000

9 Operating lease commitments

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

	2019 £	2018 £
Within one year	2,682	7,160
Between two and five years	1,832	-
	<u>4,514</u>	<u>7,160</u>

10 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Administrative expenses	
	2019 £	2018 £
Entities under common control	2,022	8,486
	<u>2,022</u>	<u>8,486</u>

The following amounts were outstanding at the reporting end date:

	2019 £	2018 £
Amounts due to related parties		
Entities under common control	75,244	61,324
Other related parties	218,195	223,629
	<u>293,439</u>	<u>284,953</u>

AVON LEE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

11 Directors' transactions

As at 31 March 2019 the directors owed the company £92,657 (2018: the company owed the directors £711).

Dividends totalling £137,000 (2018 - £158,000) were paid in the year in respect of shares held by the company's directors.

The loan from the directors is interest free and repayable on demand. When the directors owe the company, interest of 2.5% is charged.

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Directors' loan account	2.50	(711)	239,408	2,884	(148,924)	92,657
		<u>(711)</u>	<u>239,408</u>	<u>2,884</u>	<u>(148,924)</u>	<u>92,657</u>
		=====	=====	=====	=====	=====

12 Controlling party

The company is controlled by the directors by virtue of their ownership of 100% of the issued share capital.

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