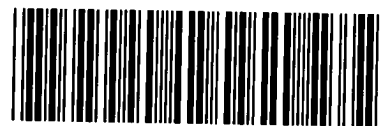


Registration number: 08536771

EDEN CARE SOLUTIONS LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

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COMPANIES HOUSE

EDEN CARE SOLUTIONS LIMITED

CONTENTS

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 8
Consolidated Profit and Loss Account	9
Consolidated Balance Sheet	10
Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Statement of Changes in Equity	13
Consolidated Statement of Cash Flows	14
Notes to the Financial Statements	15 to 31

EDEN CARE SOLUTIONS LIMITED

COMPANY INFORMATION

Directors	D A Berry
	S J Collier
	A P Dean
	A G Lennox
Registered office	Friary House 17A Friary Road Newark Nottinghamshire NG24 1LE
Bankers	Lloyds TSB Bank Plc Birmingham OSC Arial House 2138 Coventry road Sheldon Birmingham B26 3JW
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

EDEN CARE SOLUTIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their strategic report for the year ended 31 March 2019.

Principal activity

The principal activity of the company is that of a holding company.

The principal activity of the group is that of providing services for people with disabilities and support needs at all stages of their care pathway from supported living through to support under the Mental Health Act.

Fair review of the business

The results for the year, which are set out in the profit and loss account, show an operating profit of £680,389 (2018 - £500,932). At 31 March 2019, the group had intangible and tangible fixed assets valued in the financial statements at cost less amortisation / depreciation amounting to £6,800,986 (2018 - £7,783,917). The directors consider the results for the year and the financial position of the group at the year end to be satisfactory.

Trading during the year was impacted by the opening of 5 new sites which were at various stages of maturity during the year. This, along with wage increases principally in line with National Living Wage, adversely impacted Gross profit % of 31.7% (2018: 32.1%)

Key performance indicators

The financial KPIs that are principally used to monitor the business are EBITDA, Gross profit %, and Average weekly fee.

Non financial measures are principally occupancy and staffing.

In the year end March 2019 Average weekly fee increased to £900 (2018: £857) driven by a combination of local authority fee increases (average of c. 2.5%), a positive churn where service users who leave are replaced with service users yielding a higher AWF and the addition of five new developments which are designed to support service users with a higher acuity of needs. The five new developments consist of four blocks of apartments (35 apartments in total) and a block of eight bungalows. All new developments are purpose built or redeveloped with the needs of service users with either Learning Disabilities or Mental Health illnesses in mind.

Average occupancy in the year end March 2019 was 305 (2018: 295) the increase being driven by the new services opened in year.

Principal risks and uncertainties

Financial risk management

The group is funded by a combination of Shareholder loans and bank borrowings. As at 31 March 2019 borrowings include shareholder loans of £7.1m and bank borrowings of £6.0m.

The shareholder loans have a fixed rate of interest which is rolled up and paid quarterly. Any interest not paid is subject to default interest of 4% in addition to the fixed rate of interest. The bank borrowings are subject to a fixed margin plus LIBOR which is subject to market fluctuations. An element of bank interest is rolled up and paid on termination. Following an assessment of interest rates the Board has elected not to put hedging arrangements in place in relation to the variable bank interest but the Board will keep this policy under review.

Liquidity risk

The Group seeks to ensure that sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely. Cash flow is forecast on a daily basis to monitor the Group's liquidity position.

EDEN CARE SOLUTIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Approved by the Board on 26/7/2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A P Dean', written over a dotted line.

A P Dean
Director

EDEN CARE SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the for the year ended 31 March 2019.

Directors of the group

The directors who held office during the year were as follows:

D A Berry

S J Collier

A P Dean

A G Lennox

Financial instruments

Objectives and policies

The board constantly monitors the group's trading results and revise projections as appropriate to ensure that the group can meet its future obligations as they fall due.

Price risk, credit risk, liquidity risk and cash flow risk

The group is exposed to the usual credit and cash flow risks associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments are such that they are not subject to price risk or liquidity risk.

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The group has sufficient financial resources available and the directors have prepared forecasts for the next 12 months that indicate that this will continue to be the case. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Employment of disabled persons

The group's policy is to consider the recruitment of disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The group encourages the involvement of employees in its management through regular departmental meetings and company briefings from the executive directors.

Future developments

The external environment is expected to remain competitive going forward. However, the directors remain confident that the group will improve its current level of performance in the future and will continue to trade as a going concern.

Disclosure of information to the auditor

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

EDEN CARE SOLUTIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 26/7/2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'A P Dean', written over a dotted line.

A P Dean
Director

EDEN CARE SOLUTIONS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EDEN CARE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDEN CARE SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Eden Care Solutions Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2019 and of the group's loss 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

EDEN CARE SOLUTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EDEN CARE SOLUTIONS LIMITED

- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

.....
Martin Howard (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date 29 Jul 2019

EDEN CARE SOLUTIONS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Turnover	3	14,424,981	13,286,208
Cost of sales		<u>(9,845,556)</u>	<u>(9,026,982)</u>
Gross profit		4,579,425	4,259,226
Administrative expenses		(3,843,001)	(3,708,269)
Exceptional items	6	<u>(56,035)</u>	<u>(50,025)</u>
Operating profit	4	680,389	500,932
Other interest receivable and similar income	9	563,882	359,776
Interest payable and similar charges	10	<u>(2,024,236)</u>	<u>(1,769,066)</u>
Loss before tax		(779,965)	(908,358)
Taxation	11	<u>(134,334)</u>	<u>83,753</u>
Loss for the financial year		<u><u>(914,299)</u></u>	<u><u>(824,605)</u></u>

The above results were derived from continuing operations.

The notes on pages 15 to 31 form an integral part of these financial statements.

EDEN CARE SOLUTIONS LIMITED

(REGISTRATION NUMBER: 08536771)

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	12	6,727,337	7,654,055
Tangible assets	13	<u>73,649</u>	<u>129,862</u>
		<u>6,800,986</u>	<u>7,783,917</u>
Current assets			
Debtors : Amounts falling due within one year	15	1,434,066	1,521,776
Debtors : Amounts falling due after more than one year	15	8,948,709	5,307,400
Cash at bank and in hand		<u>880,004</u>	<u>2,390,216</u>
		11,262,779	9,219,392
Creditors: Amounts falling due within one year	16	<u>(1,774,674)</u>	<u>(6,779,473)</u>
Net current assets		<u>9,488,105</u>	<u>2,439,919</u>
Total assets less current liabilities		<u>16,289,091</u>	<u>10,223,836</u>
Creditors: Amounts falling due after more than one year	16	<u>20,303,156</u>	<u>13,323,602</u>
Capital and reserves			
Called up share capital	19	1,333	1,333
Retained earnings		<u>(4,015,398)</u>	<u>(3,101,099)</u>
Total equity		<u>(4,014,065)</u>	<u>(3,099,766)</u>
Total capital, reserves and long term liabilities		<u>16,289,091</u>	<u>10,223,836</u>

Approved and authorised by the Board on 26/7/2019 and signed on its behalf by:



A P Dean
Director

The notes on pages 15 to 31 form an integral part of these financial statements.

EDEN CARE SOLUTIONS LIMITED

(REGISTRATION NUMBER: 08536771)
BALANCE SHEET AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	14	<u>6,598,395</u>	<u>6,598,394</u>
Current assets			
Debtors: Amount falling due within one year	15	280,966	291,378
Debtors: Amounts falling due after more than one year	15	2,008,294	2,179,655
Cash at bank and in hand		<u>1,535</u>	<u>1,686</u>
		2,290,795	2,472,719
Creditors: Amounts falling due within one year	16	<u>(664,731)</u>	<u>(2,964,258)</u>
Net current assets/(liabilities)		<u>1,626,064</u>	<u>(491,539)</u>
Total assets less current liabilities		<u>8,224,459</u>	<u>6,106,855</u>
Creditors: Amounts falling due after more than one year	16	<u>13,339,585</u>	<u>9,874,700</u>
Capital and reserves			
Called up share capital	19	1,333	1,333
Retained earnings		<u>(5,116,459)</u>	<u>(3,769,178)</u>
Total equity		<u>(5,115,126)</u>	<u>(3,767,845)</u>
Total capital, reserves and long term liabilities		<u>8,224,459</u>	<u>6,106,855</u>

The company made a loss after tax for the financial year of £1,347,281 (2018 - loss of £1,221,654).

Approved and authorised by the Board on 26/7/2019 and signed on its behalf by:



A P Dean
Director

The notes on pages 15 to 31 form an integral part of these financial statements.

EDEN CARE SOLUTIONS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital £	Retained earnings £	Total £
At 1 April 2018	1,333	(3,101,099)	(3,099,766)
Loss for the year	-	(914,299)	(914,299)
At 31 March 2019	<u>1,333</u>	<u>(4,015,398)</u>	<u>(4,014,065)</u>

	Share capital £	Retained earnings £	Total £
At 1 April 2017	1,000	(2,276,494)	(2,275,494)
Loss for the year	-	(824,605)	(824,605)
New share capital subscribed	333	-	333
At 31 March 2018	<u>1,333</u>	<u>(3,101,099)</u>	<u>(3,099,766)</u>

The notes on pages 15 to 31 form an integral part of these financial statements.

EDEN CARE SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital £	Retained earnings £	Total £
At 1 April 2018	1,333	(3,769,178)	(3,767,845)
Loss for the year	-	(1,347,281)	(1,347,281)
At 31 March 2019	<u>1,333</u>	<u>(5,116,459)</u>	<u>(5,115,126)</u>

	Share capital £	Retained earnings £	Total £
At 1 April 2017	1,000	(2,547,524)	(2,546,524)
Loss for the year	-	(1,221,654)	(1,221,654)
New share capital subscribed	333	-	333
At 31 March 2018	<u>1,333</u>	<u>(3,769,178)</u>	<u>(3,767,845)</u>

The notes on pages 15 to 31 form an integral part of these financial statements.

EDEN CARE SOLUTIONS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss for the year		(914,299)	(824,605)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	981,010	950,932
Profit on disposal of property plant and equipment		(2,428)	-
Finance income	9	(563,882)	(359,776)
Finance costs	10	2,024,236	1,769,066
Corporation tax expense	11	134,334	(83,753)
		<u>1,658,971</u>	<u>1,451,864</u>
Working capital adjustments			
Increase in trade and other receivables	15	(3,608,719)	(382,875)
Increase in trade and other payables	16	<u>1,090,136</u>	<u>1,294,369</u>
Cash generated from operations		(859,612)	2,363,358
Income taxes paid	11	<u>(94,469)</u>	<u>(139,739)</u>
Net cash flow from operating activities		<u>(954,081)</u>	<u>2,223,619</u>
Cash flows from investing activities			
Interest received		563,882	359,776
Acquisitions of property plant and equipment		(7,152)	(10,806)
Proceeds from sale of property plant and equipment		<u>11,501</u>	<u>-</u>
Net cash flows from investing activities		<u>568,231</u>	<u>348,970</u>
Cash flows from financing activities			
Interest paid	10	(4,056,237)	(584,313)
Repayment of bank borrowing		(2,600,454)	(1,008,136)
Proceeds from other borrowing draw downs		6,000,000	-
Repayment of other borrowing		(30,000)	-
Issue of shares		-	333
Financing costs paid on new loans		<u>(437,671)</u>	<u>-</u>
Net cash flows from financing activities		<u>(1,124,362)</u>	<u>(1,592,116)</u>
Net (decrease)/increase in cash and cash equivalents		(1,510,212)	980,473
Cash and cash equivalents at 1 April		<u>2,390,216</u>	<u>1,409,743</u>
Cash and cash equivalents at 31 March		<u><u>880,004</u></u>	<u><u>2,390,216</u></u>

The notes on pages 15 to 31 form an integral part of these financial statements.

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Friary House
17A Friary Road
Newark
Nottinghamshire
NG24 1LE

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2019.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern

The directors have reviewed the trading and cash flow forecasts and considered the facilities and support available to the group. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and, as such, continue to prepare the financial statements on a going concern basis.

Judgements and estimation uncertainty

The directors consider that there are no key areas of judgement or estimation uncertainty to be disclosed in these financial statements.

Revenue recognition

Turnover represents the amounts receivable during the year for the provision of care services. Where the amount received relates to a period which covers the balance sheet date, that amount is apportioned over the period to which it relates.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	nil
Plant and machinery	10 - 20% reducing balance
Fixtures and fittings	10 - 33% reducing balance and 20% on cost
Motor vehicles	25 - 35% reducing balance

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line over 20 years
Contracts	Straight line over 5 years
Brand	Straight line over 10 years

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All debtors are repayable within one year and are hence included at the undiscounted amount of the cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Provisions

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classed as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the profit and loss account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a 'CGU' is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

3 Revenue

The total turnover of the group for the year has been derived from rendering of services of its principal activity wholly undertaken in the United Kingdom.

4 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	54,292	24,213
Amortisation expense	926,718	926,719
Operating lease expense - other assets	391,193	397,784
Profit on disposal of property, plant and equipment	<u>(2,428)</u>	<u>-</u>

5 Auditors' remuneration

	2019 £	2018 £
Audit of these financial statements	<u>9,200</u>	<u>12,500</u>
Other fees to auditors		
All other non-audit services	<u>8,200</u>	<u>10,350</u>

6 Exceptional items

	2019 £	2018 £
Exceptional administrative expenses	<u>56,035</u>	<u>50,025</u>

Exceptional items in the current year consist of professional services of £42,644, redundancy fees of £7,335 and non recurring repairs of £6,056.

Exceptional items in the current year consist of professional services of £20,729, redundancy fees of £21,296 and recruitment fees of £8,000.

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	9,591,271	8,833,968
Social security costs	713,626	645,178
Pension costs, defined contribution scheme	137,923	101,340
	<u>10,442,820</u>	<u>9,580,486</u>

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Care and support	542	514
Management and administration	21	15
	<u>563</u>	<u>529</u>

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	247,150	296,941
Contributions paid to money purchase schemes	9,508	31,843
	<u>256,658</u>	<u>328,784</u>

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	131,653	110,835
Company contributions to money purchase pension schemes	12,414	16,276

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

9 Other interest receivable and similar income

	2019	2018
	£	£
Interest income on bank deposits	-	153
Interest from connected companies	<u>563,882</u>	<u>359,623</u>
	<u>563,882</u>	<u>359,776</u>

10 Interest payable and similar expenses

	2019	2018
	£	£
Interest on bank overdrafts and borrowings	285,726	142,611
Interest expense on loan notes	1,019,062	1,029,467
Other finance costs adjacent to interest	197,115	155,322
Interest payable to connected companies	<u>522,333</u>	<u>441,666</u>
	<u>2,024,236</u>	<u>1,769,066</u>

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

11 Taxation

Tax charged/(credited) in the profit and loss account

	2019 £	2018 £
Current taxation		
UK corporation tax	70,027	49,991
UK corporation tax adjustment to prior periods	<u>57,645</u>	<u>-</u>
	127,672	49,991
Deferred taxation		
Arising from origination and reversal of timing differences	<u>6,662</u>	<u>(133,744)</u>
Tax expense/(receipt) in the income statement	<u>134,334</u>	<u>(83,753)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Loss before tax	<u>(779,965)</u>	<u>(908,358)</u>
Corporation tax at standard rate	(148,193)	(172,588)
Effect of expense not deductible in determining taxable profit (tax loss)	209,809	176,079
UK deferred tax expense relating to changes in tax rates or laws	8,363	-
Increase in UK and foreign current tax from adjustment for prior periods	57,645	-
Tax increase from effect of capital allowances and depreciation	6,710	2,905
Tax decrease from other short-term timing differences	<u>-</u>	<u>(90,149)</u>
Total tax charge/(credit)	<u>134,334</u>	<u>(83,753)</u>

Deferred tax

Group

Deferred tax assets and liabilities

2019	Asset £
Accelerated capital allowances	(5,390)
Losses	266,793
Short term timing differences	16,975
Arising on intangible assets	<u>(277,206)</u>
	<u>1,172</u>

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	Asset £
2018	
Accelerated capital allowances	(6,071)
Losses	13,111
Short term timing differences	278,000
Arising on intangible assets	<u>(277,206)</u>
	<u>7,834</u>

Company

Deferred tax assets and liabilities

	Asset £
2019	
Losses	16,975
Short term timing differences	<u>263,991</u>
	<u>280,966</u>

	Asset £
2018	
Losses	13,111
Short term timing differences	<u>278,000</u>
	<u>291,111</u>

12 Intangible assets

Group	Goodwill £	Contracts £	Brand £	Total £
Cost				
At 1 April 2018 and at 31 March 2019	<u>7,920,372</u>	<u>2,144,979</u>	<u>1,017,044</u>	<u>11,082,395</u>
Amortisation				
At 1 April 2018	1,572,738	1,465,736	389,866	3,428,340
Amortisation charge	<u>396,019</u>	<u>428,995</u>	<u>101,704</u>	<u>926,718</u>
At 31 March 2019	<u>1,968,757</u>	<u>1,894,731</u>	<u>491,570</u>	<u>4,355,058</u>
Carrying amount				
At 31 March 2019	<u>5,951,615</u>	<u>250,248</u>	<u>525,474</u>	<u>6,727,337</u>
At 31 March 2018	<u>6,347,634</u>	<u>679,243</u>	<u>627,178</u>	<u>7,654,055</u>

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

13 Property, plant and equipment

Group

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2018	46,469	227,162	36,951	310,582
Additions	-	7,152	-	7,152
Disposals	(46,469)	-	(36,951)	(83,420)
At 31 March 2019	-	234,314	-	234,314
Depreciation				
At 1 April 2018	11,367	142,990	26,363	180,720
Charge for the year	35,102	17,675	1,515	54,292
Eliminated on disposal	(46,469)	-	(27,878)	(74,347)
At 31 March 2019	-	160,665	-	160,665
Carrying amount				
At 31 March 2019	-	73,649	-	73,649
At 31 March 2018	35,102	84,172	10,588	129,862

Included within the net book value of land and buildings above is £nil (2018 - £35,102) in respect of leasehold improvements.

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

14 Investments

Company

	2019 £	2018 £
Investments in subsidiaries	<u>6,598,395</u>	<u>6,598,394</u>

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Essential Futures Limited	England and Wales	Ordinary	100%	100%
HASS Holdings Lincs Limited	England and Wales	Ordinary	100%	100%
Housing and Support Solutions Limited	England and Wales	Ordinary	100%	100%
ECS Debtco Limited	England and Wales	Ordinary	100%	100%
Supported Homes Limited	England and Wales	Ordinary	100%	100%
Eden Care Solution Trustees Limited	England and Wales	Ordinary	100%	100%
Eden Care Solutions Midco Limited	England and Wales	Ordinary	100%	0%

The principal activity of Essential Futures Limited is the provision of supported living services. This company is held indirectly via ECS Debtco Limited.

The principal activity of HASS Holdings Lincs Limited is that of a dormant holding company. This company is held indirectly via ECS Debtco Limited.

The principal activity of Housing and Support Solutions Limited is the provision of supported living services. This company is held indirectly via HASS Holdings Lincs Limited.

The principal activity of ECS Debtco Limited is that of a financing company. This company is indirectly held via Eden Care Solutions Midco Limited.

The principal activity of Supported Homes Limited is the provision of supported living services. This company is held indirectly via ECS Debtco Limited.

The principal activity of Eden Care Solution Trustees Limited is that of corporate trustee for an Employee Benefit Trust.

The principal activity of Eden Care Solutions Midco Limited is that of a holding company.

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

15 Debtors

	Note	Group		Company	
		2019 £	2018 £	2019 £	2018 £
Trade debtors		861,174	628,909	-	-
Amounts owed by connected companies		8,948,709	5,307,400	2,008,294	2,179,655
Other debtors		43,552	70,519	-	267
Prepayments and accrued income		444,222	682,110	-	-
Corporation tax asset	11	83,946	132,404	-	-
Deferred tax assets	11	1,172	7,834	280,966	291,111
		10,382,775	6,829,176	2,289,260	2,471,033
Less non-current portion		<u>(8,948,709)</u>	<u>(5,307,400)</u>	<u>(2,008,294)</u>	<u>(2,179,655)</u>
Total current trade and other debtors		<u>1,434,066</u>	<u>1,521,776</u>	<u>280,966</u>	<u>291,378</u>

Details of non-current trade and other debtors

Group

£8,948,709 (2018 - £5,307,400) of amounts owed by connected companies is classified as non-current.

Company

£2,008,294 (2018 - £2,179,655) of amounts owed by connected companies is classified as non current.

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

16 Creditors

		Group		Company	
	Note	2019	2018	2019	2018
		£	£	£	£
Due within one year					
Loans and borrowings	17	-	2,528,091	-	-
Trade creditors		37,606	42,830	-	-
Social security and other taxes		187,693	162,670	-	-
Outstanding defined contribution pension costs		12,122	-	-	-
Other creditors		361,602	534,602	10,981	44,948
Accrued expenses		1,118,651	3,439,025	653,750	2,919,310
Corporation tax liability	11	57,000	72,255	-	-
		<u>1,774,674</u>	<u>6,779,473</u>	<u>664,731</u>	<u>2,964,258</u>
Due after one year					
Loans and borrowings	17	12,735,763	7,105,262	7,143,713	7,105,262
Amounts owed to connected companies		<u>7,567,393</u>	<u>6,218,340</u>	<u>6,195,872</u>	<u>2,769,438</u>
		<u>20,303,156</u>	<u>13,323,602</u>	<u>13,339,585</u>	<u>9,874,700</u>

Group

£7,567,393 (2018 - £6,218,340) was owed to connected companies under common control.

Company

£6,195,872 (2018 - £2,769,438) was owed to group undertakings.

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

17 Loans and borrowings

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Current loans and borrowings				
Bank borrowings	-	2,528,091	-	-

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Non-current loans and borrowings				
Loan notes	7,143,713	7,105,262	7,143,713	7,105,262
Other loan	5,592,050	-	-	-
	<u>12,735,763</u>	<u>7,105,262</u>	<u>7,143,713</u>	<u>7,105,262</u>

Included in loan notes are £6,643,642 (2018 - £6,643,642) of A loan notes (gross of unamortised debt costs of £249,929 (2018 - £318,380)). The loan notes are secured. Interest is charged at a fixed rate of 10% and the loan notes are repayable in full on 31 May 2025.

Also included in other loans are management (or former management) loan notes of £750,000 (2018 - £780,000). The management loan notes are unsecured. Interest is charged at a fixed rate of 10% and the loan notes are repayable in full on 31 May 2025.

In November 2018 the group entered into a facilities agreement with a new lender. The loan is secured by way of a fixed and floating charge over the company and the group. The rate of interest charged on this loan is 6% above LIBOR plus 3% interest which is capitalised onto the loan balance at the end of each quarter. The loan is to be repaid in full by November 2024.

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

18 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	64,988	63,400
Later than one year and not later than five years	122,063	186,225
	<u>187,051</u>	<u>249,625</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £391,193 (2018 - £397,784).

19 Share capital

Allotted, called up and fully paid shares

	2019 No.	£	2018 No.	£
Ordinary A shares of £0.01	86,500	865	86,500	865
Ordinary B shares of £0.01	10,851	109	10,851	109
Ordinary C shares of £0.01	2,649	26	2,649	26
Ordinary D shares of £0.01	33,330	333	33,330	333
	<u>133,330</u>	<u>1,333</u>	<u>133,330</u>	<u>1,333</u>

Rights, preferences and restrictions

All shares carry equal voting rights and rank pari passu in all respects, other than dividend rights.

20 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £137,923 (2018 - £101,340).

21 Related party transactions

During the year, loan note interest of £1,143,982 (2018 - £840,581) was accrued on loan notes owed to the group's controlling party.

At 31 March 2019, the group was owed £1,381,317 (2018 - owed £910,940) by Eden Care & Support Group Limited and subsidiary companies, a group which is controlled by funds managed by Sovereign Capital Partners LLP. Interest was charged on the loan at 8%. A management charge of £609,880 (2018 - £1,534,449) was made in the year for services provided by Eden Care & Support Group Limited and subsidiary companies to the group.

All of the above transactions were carried out on an arms length basis.

EDEN CARE SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

22 Parent and ultimate parent undertaking

The ultimate controlling party is Sovereign Capital Partnership III, a limited partnership registered in England and Wales.