

Registration number: 08555035

Highpoint Care Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2021

Barlow Andrews LLP
Chartered Accountants and Statutory Auditor
Carlyle House
78 Chorley New Road
Bolton
BL1 4BY



Highpoint Care 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 10
Statement of Income and Retained Earnings	11
Statement of Comprehensive Income	12
Balance Sheet	13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Notes to the Financial Statements	16 to 29

Highpoint Care Limited

Company Information

Directors	Dr Hemant Kumar Patel Dr Katherine Mary Patel
Registered office	161 Clipsley Lane Haydock, St Helens Merseyside WA11 0JG
Auditors	Barlow Andrews LLP Chartered Accountants and Statutory Auditor Carlyle House 78 Chorley New Road Bolton BL1 4BY

Highpoint Care Limited

Strategic Report for the Year Ended 30 September 2021

The directors present their strategic report for the year ended 30 September 2021.

Principal activity

The principal activity of the company is a care home.

Fair review of the business

The turnover of the business has continued to increase. The company has, once again, generated a profit before taxation during the year, despite all the issues caused by Covid-19.

The company, in line with other care homes around the country, continued to receive grants from the council during the year to assist with staffing and other costs during Covid-19 restrictions. In addition, the company also took advantage, where appropriate, of assistance provided by the Government's job retention scheme for staff who had been furloughed following the need to abide by health guidelines issued by the UK Government.

The latter part of 2021 continued to be a challenging time as the Omicron variant impacted the country. However, early in 2022, as conditions improved and booster vaccinations enabled relaxation of restrictions, improvements in trading could be seen.

The company's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2021	2020
Turnover	£	2,056,135	2,017,032
Nursing Staff + Purchases as % of Turnover	%	56	49

Principal risks and uncertainties

The directors see the key business risk being the level of funding provided by Councils compared to the increase in costs required to ensure the requisite level of care continues to be provided. The company is looking to move toward private resident funding rather than local authority funding. The directors believe that as local authorities will increasingly be limited to small annual increases in the weekly rates they are able to pay care providers, that such a strategy will substantially lessen the price risk.

Staffing required for the home has increased in risk in the last couple of years partly as a result of fewer available staff in the sector as a result of the pandemic and then as a result of the requirement for all staff to be fully vaccinated as from late 2021. The government has now announced consultation as to whether this latter requirement is to be withdrawn. The company had minimal staff affected by this mandate. These factors have, however, caused some pressure on employment costs. With increased day to day involvement of the owners in the running of the business, the company is keeping a close watch on these matters and looking to mitigate the increased costs by increased private patients and also moving the home to full capacity.

The business took advantage in the previous year of the Coronavirus Business Interruption Loan Scheme (CBILS) which has a set repayment schedule and fixed interest rate to mitigate risks in financing. Repayments of this loan commenced in early 2021 and the company has been able make the repayments as required without requiring an extension.

Due to this CBILS funding and the monies invested in the business by the directors, it is considered that the credit risk is lower than might otherwise be the case, but there is still a risk due to potential increases in bank base rates. The directors have sought to manage this risk by formalising the bank loans across the group and have fixed rate loans for the next 3-5 years, which will assist with managing cash-flow risk, during which time the bank should have greater security on their loans, which should reduce the cost of future borrowing.

Notes on financial instruments have been dealt with in the Directors Report.

Highpoint Care Limited

Strategic Report for the Year Ended 30 September 2021

Approved by the Board on 2 September 2022 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'K.M. Patel', written in a cursive style.

Dr Katherine Mary Patel
Director

Highpoint Care Limited

Directors' Report for the Year Ended 30 September 2021

The directors present their report and the financial statements for the year ended 30 September 2021.

Director of the company

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

Dr Hemant Kumar Patel

Dr Katherine Mary Patel

Financial instruments

Objectives and policies

The company income derives partly from the private funds of the residents and partly from councils providing funding for care. The company is aware that with budget cuts, the amounts received from councils is unlikely to keep up with inflation and are actively looking to attract residents with private funding. Billing is done on a regular cycle both to the residents and to the councils and amounts outstanding are pursued.

Regular management figures are prepared to assess the profitability of the business and review cashflow.

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

The price risk stems from the weekly funding levels set by councils for residents who are not totally self-funding. The company is attempting to manage this risk by having more self-funding residents due to the high level of care they seek to provide.

The credit risk is the risk of a council or resident being unable or refusing to settle a debt with the company. Regular checks and reconciliations are made with regard to amounts owed and amounts owing are pursued as appropriate to minimise this risk.

Liquidity and cash-flow risks are managed by regular review of financial information and future income streams to ensure that the business is profitable and debts are being paid on time. Insurance costs are regularly reviewed to ensure that all assets are properly insured in the event of any catastrophe. Ongoing staff training and overview are undertaken to further enhance the business' reputation thus ensuring future income streams.

Going concern

Despite the ongoing difficulties caused by Covid-19, the company has again made pre-tax profits during the accounting period. Forecasts indicate that this situation is going to continue with the outlook improving for the second half of the year as the home moves to full capacity.

Accordingly, the accounts are still prepared on the going concern basis.

Future developments

Now that residents and staff are vaccinated and care homes are allowed to accept visitors, it is envisaged that the residents activities and similar will fully resume in due course. There are no plans to further develop the care home (after adding 2 rooms in the last year). As the care home returns to full capacity, the directors are looking to increase the private paying residents to help profitability.

Highpoint Care Limited

Directors' Report for the Year Ended 30 September 2021


Disclosure of information to the auditors

Each director has taken 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 auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Barlow Andrews LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 2 September 2022 and signed on its behalf by:



Dr Katherine Mary Patel
Director

Highpoint Care Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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 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 and in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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.

Highpoint Care Limited

Independent Auditor's Report to the Members of Highpoint Care Limited

Opinion

We have audited the financial statements of Highpoint Care Limited (the 'company') for the year ended 30 September 2021, which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the 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 company's affairs as at 30 September 2021 and of its 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 responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Highpoint Care Limited

Independent Auditor's Report to the Members of Highpoint Care Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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
- the strategic report and the 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 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, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the care sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and the Care Quality Commission;

Highpoint Care Limited

Independent Auditor's Report to the Members of Highpoint Care Limited

- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

Highpoint Care Limited

Independent Auditor's Report to the Members of Highpoint Care Limited

Alison Cornes (Senior Statutory Auditor)
For and on behalf of Barlow Andrews LLP

Chartered Accountants and Statutory Auditor
Carlyle House
78 Chorley New Road
Bolton
BL1 4BY

2 September 2022

Highpoint Care Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 30 September 2021

	Note	2021 £	2020 £
Turnover	3	2,056,135	2,017,032
Cost of sales		<u>(1,159,313)</u>	<u>(990,100)</u>
Gross profit		896,822	1,026,932
Administrative expenses		(886,975)	(917,299)
Other operating income	4	<u>153,393</u>	<u>162,876</u>
Operating profit	5	<u>163,240</u>	<u>272,509</u>
Other interest receivable and similar income	6	3	6
Interest payable and similar charges	7	<u>(138,320)</u>	<u>(187,484)</u>
		<u>(138,317)</u>	<u>(187,478)</u>
Profit before tax		24,923	85,031
Taxation	11	<u>(34,156)</u>	<u>(16,899)</u>
(Loss)/profit for the financial year		(9,233)	68,132
Retained earnings brought forward		<u>163,140</u>	<u>95,008</u>
Retained earnings carried forward		<u><u>153,907</u></u>	<u><u>163,140</u></u>

The notes on pages 16 to 29 form an integral part of these financial statements.

Highpoint Care Limited

Statement of Comprehensive Income for the Year Ended 30 September 2021

	2021 £	2020 £
(Loss)/profit for the year	<u>(9,233)</u>	<u>68,132</u>
Surplus on property, plant and equipment revaluation	2,791,257	-
Deferred tax charge on revaluation	<u>(238,581)</u>	<u>-</u>
	2,552,676	-
Total comprehensive income for the year	<u>2,543,443</u>	<u>68,132</u>

The notes on pages 16 to 29 form an integral part of these financial statements.

Highpoint Care Limited
(Registration number: 08555035)
Balance Sheet as at 30 September 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	12	6,443,213	3,674,264
Current assets			
Debtors	13	1,398,162	1,419,885
Cash at bank and in hand		<u>13,868</u>	<u>245,116</u>
		1,412,030	1,665,001
Creditors: Amounts falling due within one year	16	<u>(1,184,956)</u>	<u>(977,403)</u>
Net current assets		<u>227,074</u>	<u>687,598</u>
Total assets less current liabilities		6,670,287	4,361,862
Creditors: Amounts falling due after more than one year	16	(3,725,023)	(4,198,622)
Provisions for liabilities	17	<u>(238,581)</u>	<u>-</u>
Net assets		<u><u>2,706,683</u></u>	<u><u>163,240</u></u>
Capital and reserves			
Called up share capital		100	100
Revaluation reserve	20	2,552,676	-
Profit and loss account		<u>153,907</u>	<u>163,140</u>
Shareholders' funds		<u><u>2,706,683</u></u>	<u><u>163,240</u></u>

Approved and authorised for issue by the Board on 2 September 2022 and signed on its behalf by:



Dr Hemant Kumar Patel

Director



Dr Katherine Mary Patel

Director

The notes on pages 16 to 29 form an integral part of these financial statements.

Highpoint Care Limited

Statement of Changes in Equity for the Year Ended 30 September 2021

	Share capital	Revaluation reserve	Profit and loss account	Total
	£	£	£	£
At 1 October 2020	100	-	163,140	163,240
Loss for the year	-	-	(9,233)	(9,233)
Surplus on property, plant and equipment revaluation	-	2,791,257	-	2,791,257
Deferred tax charge on revaluation	-	(238,581)	-	(238,581)
Total comprehensive income	-	2,552,676	(9,233)	2,543,443
At 30 September 2021	100	2,552,676	153,907	2,706,683

	Share capital	Profit and loss account	Total
	£	£	£
At 1 October 2019	100	95,008	95,108
Profit for the year	-	68,132	68,132
Total comprehensive income	-	68,132	68,132
At 30 September 2020	100	163,140	163,240

The notes on pages 16 to 29 form an integral part of these financial statements.

Highpoint Care Limited

Statement of Cash Flows for the Year Ended 30 September 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
(Loss)/profit for the year		(9,233)	68,132
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	187,539	186,984
Profit on disposal of tangible assets		(5,692)	(1,780)
Finance income	6	(3)	(6)
Finance costs	7	138,320	187,484
Income tax expense	11	34,156	16,899
		<u>345,087</u>	<u>457,713</u>
Working capital adjustments			
Increase in debtors	13	(5,156)	(225,464)
Increase/(decrease) in creditors	16	<u>127,428</u>	<u>(25,688)</u>
Cash generated from operations		467,359	206,561
Income taxes paid		<u>(1)</u>	<u>(35,615)</u>
Net cash flow from operating activities		<u>467,358</u>	<u>170,946</u>
Cash flows from investing activities			
Interest received	6	3	6
Acquisitions of tangible assets		(179,036)	(123,136)
Proceeds from sale of tangible assets		<u>19,497</u>	<u>26,646</u>
Net cash flows from investing activities		<u>(159,536)</u>	<u>(96,484)</u>
Cash flows from financing activities			
Interest paid	7	(117,844)	(161,135)
Repayment of bank borrowing		(200,950)	(149,883)
Proceeds from other borrowing draw downs		98,583	650,178
Repayment of other borrowing		(389,331)	(307,673)
Rounding		<u>-</u>	<u>(1)</u>
Net cash flows from financing activities		<u>(609,542)</u>	<u>31,486</u>
Net (decrease)/increase in cash and cash equivalents		(301,720)	105,948
Cash and cash equivalents at 1 October		<u>229,592</u>	<u>123,644</u>
Cash and cash equivalents at 30 September		<u>(72,128)</u>	<u>229,592</u>

The notes on pages 16 to 29 form an integral part of these financial statements.

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

1 General information

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

The address of its registered office is:

161 Clipsley Lane
Haydock, St Helens
Merseyside
WA11 0JG

The principal place of business is:

161 Clipsley Lane
Haydock, St Helens
Merseyside
WA11 0JG

These financial statements were authorised for issue by the Board on 2 September 2022.

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'.

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 of the company are consolidated in the financial statements of Highpoint Care Holdings LLP. These consolidated financial statements are available from its registered office, Clipsley Lane, Haydock, St Helens.

Basis of preparation

These financial statements have been prepared using the historical cost convention modified to include land and buildings at fair value.

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

Going concern

The company has made a profit before taxation during the current accounting period. At the beginning of the pandemic costs increased substantially, but subsequently and over the course of the rest of the accounts period, the company received grants from the Council which offset a large portion of the increased costs. In addition, in the previous financial period the company took advantage of government backed business loans, which have given more security in the medium term over the cost of funding.

Since the year-end staff and care home residents have received vaccinations to protect against Covid-19 and it is envisaged that this will enable the business to continue to be profitable.

Cash flow continues to be an area of concern. Cash flow forecasts have been prepared and are being monitored by the directors. Post year-end, the company's bankers have agreed to a capital repayment holiday in regard to the main bank loan. The directors have agreed to only seek repayment of their loans when funds permit.

Accordingly, the financial statements have been prepared on a going concern basis.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of any discounts. Revenue is recognised on the delivery of care to the home residents. Income that is invoiced in advance or arrears is apportioned so that only that relating to the period of the financial statements is included in turnover.

Government grants

Government grants are recognised when the company has an entitlement to the funds, having satisfied any conditions attaching to the making of the grant. Where performance conditions are attached to the grant and have yet to be met, the income is recognised as a liability and included on the balance sheet as deferred income to be released.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

Tax

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

The current income 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 company operates and generates taxable income.

Deferred tax liabilities are recognised in respect of timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

Tangible assets

Tangible assets (excluding property) are stated in the balance sheet 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.

Land and property is stated in the balance sheet at valuation, this is a change in accounting policy to the prior year, whereby land and property was included within the financial statements at cost less accumulated depreciation. The impact of the revaluation can be seen in note 12 of the financial statements.

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
Plant and machinery	10% straight line
Fixtures, fittings and equipment	15% reducing balance
Motor vehicles	25% reducing balance

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

Trade debtors

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

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade 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 company 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 subsequently measured at amortised cost using the effective interest method.

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 company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

Leases

Leases are classified 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 company 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.

Judgements and Estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are to be recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£	£
Fee income - Local Authority and Private Residents	<u>2,056,135</u>	<u>2,017,032</u>

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Covid-19 Grants and Job Retention Scheme Income	153,393	156,982
RHI Income	-	5,894
	<u>153,393</u>	<u>162,876</u>

5 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	187,539	186,984
Profit on disposal of property, plant and equipment	<u>(5,692)</u>	<u>(1,780)</u>

6 Other interest receivable and similar income

	2021 £	2020 £
Interest income on bank deposits	<u>3</u>	<u>6</u>

7 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdraft	2,442	1,392
Interest on obligations under finance leases and hire purchase contracts	2,298	554
Interest expenses on loans and other borrowing	<u>133,580</u>	<u>185,538</u>
	<u>138,320</u>	<u>187,484</u>

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

8 Staff costs

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

	2021 £	2020 £
Wages and salaries	1,316,578	1,195,155
Social security costs	80,450	85,510
Pension costs, defined contribution scheme	25,140	21,080
Staff training/welfare/travel costs	18,799	10,694
	<u>1,440,967</u>	<u>1,312,439</u>

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

	2021 No.	2020 No.
Nursing Staff	53	43
Administration and support	15	14
Key Management	4	3
	<u>72</u>	<u>60</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	<u>-</u>	<u>58,128</u>

10 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>8,478</u>	<u>8,750</u>

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

11 Taxation

Tax charged/(credited) in the income statement

	2021 £	2020 £
Current taxation		
UK corporation tax	7,277	36,243
Deferred taxation		
Arising from origination and reversal of timing differences	<u>26,879</u>	<u>(19,344)</u>
Tax expense in the income statement	<u>34,156</u>	<u>16,899</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	<u>24,923</u>	<u>85,031</u>
Corporation tax at standard rate	4,735	16,156
Effect of expense not deductible in determining taxable profit (tax loss)	461	743
Deferred tax credit relating to changes in tax rates or laws	(1,023)	-
Deferred tax expense from unrecognised tax loss or credit	30,000	-
Deferred tax credit from unrecognised temporary difference from a prior period	<u>(17)</u>	<u>-</u>
Total tax charge	<u>34,156</u>	<u>16,899</u>

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

12 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 October 2020	3,030,103	408,048	72,093	1,440,062	4,950,306
Revaluations	1,403,559	-	-	-	1,403,559
Additions	60,998	3,100	95,733	19,205	179,036
Eliminated on disposal	-	-	(41,250)	-	(41,250)
Transfers	1,766,338	(350,000)	-	(1,416,338)	-
At 30 September 2021	6,260,998	61,148	126,576	42,929	6,491,651
Depreciation					
At 1 October 2020	-	248,390	31,640	996,012	1,276,042
Charge for the year	-	22,719	18,623	146,197	187,539
Eliminated on disposal	-	-	(27,445)	-	(27,445)
Removal of prior depreciation on revaluation	(1,387,698)	-	-	-	(1,387,698)
Transfers	1,387,698	(254,628)	-	(1,133,070)	-
At 30 September 2021	-	16,481	22,818	9,139	48,438
Carrying amount					
At 30 September 2021	6,260,998	44,667	103,758	33,790	6,443,213
At 30 September 2020	3,030,103	159,658	40,453	444,050	3,674,264

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

The fair value of the land and buildings has been arrived at on the basis of a valuation carried out on 27 November 2020 by Knight Frank, who are not connected to the company. The valuation was made on an open market value basis.

The historical cost of the land and buildings is £4,857,439.

Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2021	2020
	£	£
Motor vehicles	98,325	40,453
The depreciation charge for the year on these assets was £13,120 (2020: £17,228).		

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

13 Debtors

	Note	2021 £	2020 £
Trade debtors		330,648	299,281
Amounts owed by fellow subsidiaries		987,271	982,468
Other debtors		886	308
Prepayments		13,635	45,227
Accelerated capital allowances and other timing differences	17	<u>65,722</u>	<u>92,601</u>
Total current trade and other debtors		<u><u>1,398,162</u></u>	<u><u>1,419,885</u></u>

14 Cash and cash equivalents

	2021 £	2020 £
Cash on hand	301	246
Cash at bank	<u>13,567</u>	<u>244,870</u>
	13,868	245,116
Bank overdrafts	<u>(85,996)</u>	<u>(15,524)</u>
Cash and cash equivalents in statement of cash flows	<u><u>(72,128)</u></u>	<u><u>229,592</u></u>

15 Analysis of changes in net debt

	At 1 October 2020 £	Financing cash flows £	At 30 September 2021 £
Cash at bank and in hand	245,116	(231,248)	13,868
Bank overdrafts	<u>(15,524)</u>	<u>(70,472)</u>	<u>(85,996)</u>
	229,592	(301,720)	(72,128)
Borrowings excluding overdraft	(4,189,250)	542,367	(3,646,883)
Lease liabilities	<u>(14,360)</u>	<u>(50,669)</u>	<u>(65,029)</u>
	(4,203,610)	491,698	(3,711,912)
	<u><u>(3,974,018)</u></u>	<u><u>189,978</u></u>	<u><u>(3,784,040)</u></u>

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

16 Creditors

	Note	2021 £	2020 £
Due within one year			
Loans and borrowings	21	437,138	364,289
Trade creditors		54,033	66,813
Amounts due to directors and related parties	22	207,482	134,525
Social security and other taxes		41,910	-
Outstanding defined contribution pension costs		9,161	8,547
Credit card and other creditors		5,264	1,327
Accrued expenses		100,438	96,688
Corporation tax and group relief owed	11	43,519	36,243
Payments on account of fees		286,011	268,971
		<u>1,184,956</u>	<u>977,403</u>
Due after one year			
Loans and borrowings	21	3,360,770	3,854,845
Accrued interest payable		364,253	343,777
		<u>3,725,023</u>	<u>4,198,622</u>

17 Provisions for liabilities

	Deferred tax £	Total £
Deferred tax charge on revaluation of land and buildings	238,581	238,581
At 30 September 2021	<u>238,581</u>	<u>238,581</u>

Included in note 13, debtors, there is a deferred tax asset of £65,722, in relation to accelerated capital allowances and other timing differences.

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £25,140 (2020 - £21,080).

Contributions totalling £9,161 (2020 - £8,547) were payable to the scheme at the end of the year and are included in creditors.

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

19 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary A £1 shares of £1 each	90	90	90	90
Ordinary B £1 shares of £1 each	10	10	10	10
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

All shares rank pari passu with all other classes of shares with respect to having the right to attend and vote at general meetings and rights to dividends.

20 Revaluation Reserve

The cumulative revaluation gains in respect of land and buildings, net of deferred taxation.

21 Loans and borrowings

	2021 £	2020 £
Non-current loans and borrowings		
Bank borrowings	2,868,405	3,101,951
Funding Circle/Other Loans	14,787	110,039
HP and finance lease liabilities	42,445	8,207
Amounts owed to Directors	<u>435,133</u>	<u>634,648</u>
	<u>3,360,770</u>	<u>3,854,845</u>
	2021 £	2020 £
Current loans and borrowings		
Bank borrowings	248,457	215,859
Bank overdrafts	85,996	15,524
HP and finance lease liabilities	22,584	6,153
Funding Circle/Close Brothers/Kingsway Finance	<u>80,101</u>	<u>126,753</u>
	<u>437,138</u>	<u>364,289</u>

The bank borrowings and bank overdraft are secured on the assets of the company via fixed and floating charges.

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

Bank borrowings

Bank Loan is denominated in Sterling and the final instalment is due on 23 July 2023. The carrying amount at year end is £2,689,660 (2020 - £2,817,812).

The security is a fixed charge over the property owned by the company and a fixed and floating charge over the remaining assets of the company. The carrying value of the property is £6,260,998 (2020: £3,030,103).

Bank Overdraft is denominated in Sterling and the final instalment is due on 31 March 2022. The carrying amount at year end is £85,997 (2020 - £15,965).

The bank overdraft is supported by guarantees and debentures held on assets across the group. In addition, there is a personal guarantee from one of the directors up to a maximum of £150,000.

Coronavirus Business Interruption Loan Scheme (CBILS) is denominated in Sterling and the final instalment is due on 24 September 2026. The carrying amount at year end is £427,200 (2020 - £500,000).

Capital repayments on the loan commenced in March 2021 and are evenly spread over the remaining 5 1/2 years of the loan agreement. The loan is 80% backed by the Government.

Other borrowings

Funding Circle Loans is denominated in Sterling with a nominal interest rate of 25%, and the final instalment is due on 20 August 2022. The carrying amount at year end is £66,667 (2020 - £144,357).

The security is a floating charge over the assets of the company.

Monthly repayments at a set rate over the rest of the term of the loan.

Other Short Term Loans is denominated in Sterling with a nominal interest rate of average of 31.5%. The carrying amount at year end is £28,223 (2020 - £92,435).

These are unsecured loans and thus carry a higher interest rate. The majority of the amount owed at the year-end is repayable within 12 months of the accounts year-end - with smaller amounts being repayable at a later date.

Hire Purchase Finance is denominated in Sterling with a nominal interest rate of average of 12%, and the final instalment is due on 19 February 2025. The carrying amount at year end is £65,029 (2020 - £14,360).

The security is the vehicles on which the Hire Purchase Agreements have been taken out.

The Hire Purchase amounts are being paid off monthly.

Financial commitments, guarantees and contingent liabilities

The company has entered into a cross guarantee with Highpoint Care (West Derby) Limited supported by a debenture creating a fixed and floating charge over the company. The total amount of contingencies not included in the balance sheet at 30 September 2021 is £56,091 (2020 - £4,977).

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2021

22 Related party transactions

The loans from the Directors are unsecured. These were subject to a general repayment of £10,000 per month increasing to £15,000 in June 2021. Interest is accrued at 3% per annum, currently, on the amount outstanding. The interest accrued during the year is £20,476 (2020: £26,439). No accrued interest has yet been paid and will not be paid in the following year and accordingly is included within creditors due after more than one year. Total interest accrued at the year-end is £364,253 (2020: £343,777). The total balance owing to the directors at the year-end was £615,133 (2020: £755,433).

Key management compensation

	2021	2020
	£	£
Salaries and other short term employee benefits	<u>121,771</u>	<u>117,039</u>

Summary of transactions with other related parties

Companies owned by H&K Patel who are majority owners of Highpoint Care Holdings LLP

Loans are unsecured, non-interest bearing and repayable on demand. Amounts owed to Highpoint Care Limited are £Nil (2020: £15,769) and amounts owed by Highpoint Care Limited are £27,482 (2020: £13,740)

23 Parent and ultimate parent undertaking

The company's immediate parent is Highpoint Care Group Limited, a company incorporated in England and Wales.

The ultimate parent is Highpoint Care Holdings LLP, a limited liability partnership incorporated in England and Wales.

Highpoint Care Limited is included within the consolidated financial statements of Highpoint Care Holdings LLP. These financial statements are available upon request from the registered office of Highpoint Care Holdings LLP, which is Colliers Croft, Clipsley Lane, Haydock, St Helens, Merseyside, WA11 0JG.

The ultimate controlling party is Dr H K Patel and, Dr K M Patel by virtue of their holdings in Highpoint Care Holdings LLP.