

Registration number: 08555035

Highpoint Care Limited

Annual Report and Financial Statements

for the Year Ended 30 September 2020

Barlow Andrews LLP
Carlisle 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
Balance Sheet	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15 to 27

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
Carlyle House
78 Chorley New Road
Bolton
BL1 4BY

Highpoint Care Limited

Strategic Report for the Year Ended 30 September 2020

The directors present their strategic report for the year ended 30 September 2020.

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 again been profitable during the year, despite all the issues caused by Covid-19.

The company received various grants available from the council during the year to assist with purchase of PPE and also to assist with staffing and other costs during Covid-19 restrictions. In addition, the company has also taken advantage, where appropriate, of assistance provided by the Government's job retention scheme for staff who have been furloughed following the need to abide by health guidelines issued by the UK Government.

UK Government announced further grants after the year-end to which the company has become entitled. The company has also continued to receive money under the Furlough Scheme for staff who have continued to be required to shield under government guidance.

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

	Unit	2020	2019
Turnover	£	2,017,032	1,910,970
Nursing Staff + Purchases as % of Turnover	%	49	44

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 group 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.

Due to the unprecedented circumstances arising from Covid 19, issues arose earlier in 2020 both in obtaining personal protective equipment and in the price paid for such equipment. Grants were subsequently made available to assist with the costs and the company now feels it is in a good position with regards to the stock of such equipment.

Following the departure of one of the Directors and the monies owed to him being repaid, the other directors are taking a more pro-active role in the business. The business has taken advantage of the Coronavirus Business Interruption Loan Scheme (CBILS) which has a set repayment schedule and fixed interest rate.

Due to this funding and the monies introduced into the business by the remaining 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 at this difficult time.

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

Highpoint Care Limited

Strategic Report for the Year Ended 30 September 2020

Approved by the Board on 22/9/21 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'K.M. Patel', written over a dotted line.

Dr Katherine Mary Patel
Director

Highpoint Care Limited

Directors' Report for the Year Ended 30 September 2020

The directors present their report and the financial statements for the year ended 30 September 2020.

Directors of the company

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

Dr Hemant Kumar Patel

Dr Katherine Mary Patel

Dr Alan William Whittle (ceased 24 July 2020)

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 settling a debt with the company. Regular checks on amounts owed are carried out and 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.

The Strategic Report has given details regarding the future developments and risks pertaining to the company.

Going concern

Despite the difficulties caused by Covid-19, the company has made profits during the accounting period. Forecasts indicate that this situation is going to continue for the subsequent year with the outlook improving for the second half of that year as the Covid-19 Vaccination programme progresses. The company has, in line with other Care Homes, received government assistance in the form of grants to cover specific expenditure in relation to Covid-19, the furlough scheme for employees required to shield, and also utilised the Coronavirus Business Interruption Loan Scheme for a government backed loan.

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

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.

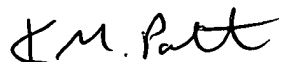
Highpoint Care Limited

Directors' Report for the Year Ended 30 September 2020

Reappointment of auditors

Barlow Andrews LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to a General Meeting.

Approved by the Board on 22/9/21 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 2020, which comprise the Statement of Income and Retained Earnings, Balance Sheet, Statement of Changes in Equity, 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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

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 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.

Highpoint Care Limited

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

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
- 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 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, 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 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 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'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.

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 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 inspecting correspondence; 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: 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, Statutory Auditor

Carlyle House
78 Chorley New Road
Bolton
BL1 4BY

Date: 22/9/21

Highpoint Care Limited

Profit and Loss Account and Statement of Retained Earnings for the Year Ended 30 September 2020

		(As restated)	
	Note	2020 £	2019 £
Turnover	3	2,017,032	1,910,970
Cost of sales		<u>(990,100)</u>	<u>(835,372)</u>
Gross profit		1,026,932	1,075,598
Administrative expenses		(917,299)	(835,518)
Other operating income	4	<u>162,876</u>	<u>9,508</u>
Operating profit	6	<u>272,509</u>	<u>249,588</u>
Other interest receivable and similar income	7	6	-
Interest payable and similar charges	8	<u>(187,484)</u>	<u>(129,322)</u>
		<u>(187,478)</u>	<u>(129,322)</u>
Profit before tax		85,031	120,266
Taxation	12	<u>(16,899)</u>	<u>(23,369)</u>
Profit for the financial year		68,132	96,897
Retained earnings brought forward		<u>95,008</u>	<u>(1,889)</u>
Retained earnings carried forward		<u><u>163,140</u></u>	<u><u>95,008</u></u>

The notes on pages 15 to 27 form an integral part of these financial statements.

Highpoint Care Limited
(Registration number: 08555035)
Balance Sheet as at 30 September 2020

			(As restated)
	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	3,674,264	3,762,978
Current assets			
Debtors	14	1,419,885	1,175,077
Cash at bank and in hand		245,116	164,658
		1,665,001	1,339,735
Creditors: Amounts falling due within one year	16	(977,403)	(966,455)
Net current assets		687,598	373,280
Total assets less current liabilities		4,361,862	4,136,258
Creditors: Amounts falling due after more than one year	16	(4,198,622)	(4,041,150)
Net assets		163,240	95,108
Capital and reserves			
Called up share capital		100	100
Profit and loss account		163,140	95,008
Shareholders' funds		163,240	95,108

Approved and authorised for issue by the Board on 22/9/21 and signed on its behalf by:



Dr Hemant Kumar Patel

Director



Dr Katherine Mary Patel

Director

The notes on pages 15 to 27 form an integral part of these financial statements.

Highpoint Care Limited

Statement of Changes in Equity for the Year Ended 30 September 2020

	As restated		
	Share capital	Profit and loss	Total
	£	account	£
	£	£	£
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
	As restated		
	Share capital	Profit and loss	Total
	£	account	£
	£	£	£
At 1 October 2018	100	(1,889)	(1,789)
Profit for the year	-	96,897	96,897
Total comprehensive income	-	96,897	96,897
At 30 September 2019	100	95,008	95,108

Highpoint Care Limited

Statement of Cash Flows for the Year Ended 30 September 2020

		(As restated)	
	Note	2020 £	2019 £
Cash flows from operating activities			
Profit for the year		68,132	96,897
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	6	186,984	180,166
Profit on disposal of tangible assets	5	(1,780)	-
Finance income	7	(6)	-
Finance costs	8	187,484	129,322
Income tax expense	12	16,899	23,369
		<u>457,713</u>	<u>429,754</u>
Working capital adjustments			
Increase in trade debtors	14	(225,464)	(142,186)
(Decrease)/increase in trade creditors	16	<u>(25,688)</u>	<u>461,179</u>
Cash generated from operations		206,561	748,747
Income taxes paid	12	<u>(35,615)</u>	<u>(39,078)</u>
Net cash flow from operating activities		<u>170,946</u>	<u>709,669</u>
Cash flows from investing activities			
Interest received	7	6	-
Acquisitions of tangible assets		(123,136)	(17,381)
Proceeds from sale of tangible assets		<u>26,646</u>	<u>-</u>
Net cash flows from investing activities		<u>(96,484)</u>	<u>(17,381)</u>
Cash flows from financing activities			
Interest paid	8	(161,135)	(129,322)
Repayment of bank borrowing		(149,883)	(192,535)
Proceeds from other borrowing draw downs		650,178	300,000
Repayment of other borrowing		(307,673)	(584,456)
Rounding		<u>(1)</u>	<u>1</u>
Net cash flows from financing activities		<u>31,486</u>	<u>(606,312)</u>
Net increase in cash and cash equivalents		105,948	85,976
Cash and cash equivalents at 1 October		<u>123,644</u>	<u>37,668</u>
Cash and cash equivalents at 30 September		<u><u>229,592</u></u>	<u><u>123,644</u></u>

The notes on pages 15 to 27 form an integral part of these financial statements.

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2020

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

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 that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The company has continued to make profits during the 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, the company took advantage of Government backed business loans, which has given more security in the medium term over the cost of funding. Since the year-end the 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. The directors have agreed to continue to support the company and only to seek repayment of their loans when funds permit. Accordingly the accounts have been prepared on a going concern basis.

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2020

Judgements

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.

Treatment of Land and Buildings

The land and buildings are used for the company's business and the directors therefore do not consider that they constitute investment properties.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:

Valuations of land and Buildings

The Land and Buildings are stated in the accounts at cost and are subject to an impairment valuation each year. The impairment review is undertaken by the directors using their knowledge of the property in light of the market and performance of the business. The review also considers the property valuations for insurance purposes to ensure that the properties are fully insured. . The carrying amount is £3,030,103 (2019 -£2,995,816).

Revenue recognition

Turnover comprises the income due for the provision of care for residents. As this is provision of care - VAT is not applicable. Turnover is calculated on the fair value of the consideration received or receivable for the provision of such services and is recognised at the time of the provision of the service and is shown net of rebates and any discounts.

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.

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 2020

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.

The trading property is stated at original cost and is subject to an annual impairment review. This is because the property is subject to regular refurbishments and updates so the directors consider the the residual value will be the same as cost.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Land and Buildings	Subject to annual impairment review
Plant and machinery	10% straight line
Fixtures and fittings	15% reducing balance
Office equipment	15% reducing balance
Motor vehicles	25% reducing balance

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.

Trade 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. 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.

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2020

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.

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.

3 Revenue

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

	2020	2019
	£	£
Fee income - Local Authority and Private Residents	<u>2,017,032</u>	<u>1,910,970</u>

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2020

4 Other operating income

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

	2020 £	2019 £
Covid-19 Grants and Job Retention Scheme Income	156,982	-
RHI Income	5,894	9,508
	<u>162,876</u>	<u>9,508</u>

5 Other gains and losses

The analysis of the company's other gains and losses for the year is as follows:

	2020 £	2019 £
Gain (loss) on disposal of property, plant and equipment	1,780	-
Covid-19 Exceptional Expenses	(44,848)	-
	<u>(43,068)</u>	<u>-</u>

6 Operating profit

Arrived at after charging/(crediting)

	2020 £	2019 £
Depreciation expense	186,984	180,166
Profit on disposal of property, plant and equipment	(1,780)	-

7 Other interest receivable and similar income

	2020 £	2019 £
Interest income on bank deposits	6	-

8 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdraft	1,392	906
Interest on obligations under finance leases and hire purchase contracts	554	-
Interest expenses on loans and other borrowing	185,538	128,416
	<u>187,484</u>	<u>129,322</u>

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2020

9 Staff costs

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

	2020	2019
	£	£
Wages and salaries	1,195,155	1,055,859
Social security costs	85,510	62,740
Pension costs, defined contribution scheme	21,080	15,015
Staff training/welfare/travel costs	10,694	11,341
	<u>1,312,439</u>	<u>1,144,955</u>

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

	2020	2019
	No.	No.
Production	43	38
Administration and support	14	14
Directors and Key Management	3	3
	<u>60</u>	<u>55</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	<u>58,128</u>	<u>89,726</u>

11 Auditors' remuneration

	2020	2019
	£	£
Audit of the financial statements	<u>8,750</u>	<u>8,478</u>

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2020

12 Taxation

Tax charged/(credited) in the income statement

	(As restated)	
	2020 £	2019 £
Current taxation		
UK corporation tax	36,243	35,615
Deferred taxation		
Arising from origination and reversal of timing differences	(19,344)	(12,246)
Tax expense in the income statement	<u>16,899</u>	<u>23,369</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>85,031</u>	<u>120,266</u>
Corporation tax at standard rate	16,156	22,851
Effect of expense not deductible in determining taxable profit (tax loss)	<u>743</u>	<u>518</u>
Total tax charge	<u>16,899</u>	<u>23,369</u>

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2020

13 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Motor vehicles £	Other property, plant and equipment £	Total £
Cost or valuation					
At 1 October 2019	2,995,816	395,311	41,500	1,424,721	4,857,348
Additions	34,287	12,737	60,771	15,341	123,136
Eliminated on disposal	-	-	(30,178)	-	(30,178)
At 30 September 2020	3,030,103	408,048	72,093	1,440,062	4,950,306
Depreciation					
At 1 October 2019	-	222,844	19,724	851,802	1,094,370
Charge for the year	-	25,546	17,228	144,210	186,984
Eliminated on disposal	-	-	(5,312)	-	(5,312)
At 30 September 2020	-	248,390	31,640	996,012	1,276,042
Carrying amount					
At 30 September 2020	3,030,103	159,658	40,453	444,050	3,674,264
At 30 September 2019	2,995,816	172,467	21,776	572,919	3,762,978

Included within the net book value of land and buildings above is £3,030,103 (2019 - £2,995,816) in respect of freehold land and buildings.

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2020

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:

	2020 £	2019 £
Motor vehicles	<u>40,453</u>	<u>21,776</u>

14 Debtors

		2020 £	(As restated) 2019 £
Trade debtors		299,281	208,216
Amounts owed by fellow subsidiaries	20	982,468	857,716
Other debtors		308	188
Prepayments		45,227	35,700
Deferred tax assets	12	<u>92,601</u>	<u>73,257</u>
Total current trade and other debtors		<u>1,419,885</u>	<u>1,175,077</u>

15 Cash and cash equivalents

	2020 £	2019 £
Cash on hand	246	138
Cash at bank	<u>244,870</u>	<u>164,520</u>
	245,116	164,658
Bank overdrafts	<u>(15,524)</u>	<u>(41,014)</u>
Cash and cash equivalents in statement of cash flows	<u>229,592</u>	<u>123,644</u>

16 Creditors

		2020 £	2019 £
Due within one year			
Loans and borrowings	19	364,289	328,281
Trade creditors		66,813	59,939
Amounts Due to Directors and Related parties	20	134,525	244,605
Outstanding defined contribution pension costs		8,547	6,614
Credit card and Other creditors		1,327	65,374
Accrued expenses		96,688	77,360
Corporation Tax and Group Relief Owed	12	36,243	35,615
Payments on account of Fees		<u>268,971</u>	<u>148,667</u>
		<u>977,403</u>	<u>966,455</u>

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2020

	Note	2020 £	2019 £
Due after one year			
Loans and borrowings	19	3,854,845	3,723,722
Accrued interest payable		<u>343,777</u>	<u>317,428</u>
		<u><u>4,198,622</u></u>	<u><u>4,041,150</u></u>

17 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 £21,080 (2019 - £15,015).

Contributions totalling £8,547 (2019 - £6,614) were payable to the scheme at the end of the year and are included in creditors.

18 Share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
Ordinary A £1 shares of £1 each	90	90	90	90
Ordinary B £1 shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
	<u><u>100</u></u>	<u><u>100</u></u>	<u><u>100</u></u>	<u><u>100</u></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.

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2020

19 Loans and borrowings

	2020 £	2019 £
Non-current loans and borrowings		
Bank borrowings	3,101,951	2,772,095
Funding Circle/Other Loans	110,039	133,333
HP and finance lease liabilities	8,207	-
Amounts owed to Directors	<u>634,648</u>	<u>818,294</u>
	<u><u>3,854,845</u></u>	<u><u>3,723,722</u></u>
	2020 £	2019 £
Current loans and borrowings		
Bank borrowings	215,859	195,600
Bank overdrafts	15,524	41,014
HP and finance lease liabilities	6,153	-
Funding Circle/Other Loans	<u>126,753</u>	<u>91,667</u>
	<u><u>364,289</u></u>	<u><u>328,281</u></u>

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

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 £2,817,812 (2019 - £2,967,695).

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

Monthly capital repayments

Bank Overdraft is denominated in Sterling and the final instalment is due on 31 March 2022. The carrying amount at year end is £15,965 (2019 - £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. The company has also given a debenture in support of the bank overdraft for Highpoint Care (West Derby) Ltd.

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 £500,000 (2019 - £Nil).

Capital repayments on the loan commence 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 and the first 12 months of interest charges are paid by the Government under the terms of the scheme.

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2020

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 £144,357 (2019 - £225,000).

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 £92,435 (2019 - £Nil).

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.

Audi Finance is denominated in Sterling with a nominal interest rate of 13.5%, and the final instalment is due on 31 December 2021. The carrying amount at year end is £14,360 (2019 - £Nil).

The security is the vehicle on which the Hire Purchase has been taken out.

The Hire purchase amounts owed are being paid off monthly

20 Related party transactions

The loans from the Directors are unsecured. These are subject to a repayment schedule in the sum of £10,000 per month.. Previously interest has been accrued at 4% per annum on the outstanding balances. In 2019, the interest was foregone by the directors. From 2019-20 going forward, interest is accrued at 3% per annum on the amount outstanding. 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. The total balance owing to the directors at the year-end was £755,433 (2019: £998,284 which included an amount owing to a director who is now no longer with the Company).

Key management compensation

	2020	2019
	£	£
Salaries and other short term employee benefits	<u>117,039</u>	<u>94,068</u>

Summary of transactions with entities with joint control or significant interest

Fellow subsidiaries of Highpoint Care Holdings LLP

Amount loaned to companies to enable construction of care homes. The loans are unsecured, non-interest bearing and repayable on demand. Amounts owed to the company are £966,699 (2019: £836,456).

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 £39,029 (2019: £21,260) and amounts owed by Highpoint Care Limited are £Nil (2019: £64,615)

Highpoint Care Limited

Notes to the Financial Statements for the Year Ended 30 September 2020

21 Parent and ultimate parent undertaking

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

The ultimate parent is Highpoint Care Holdings LLP, incorporated in England and Wales.

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..

Prior Year Adjustment

Following a review of the Company's tax position, an adjustment has been identified relating to deferred tax. The financial statements have been restated to reflect the provision of a deferred tax asset. This has resulted in a £73,257 increase in both current assets and shareholders' funds. The 2019 profit for the financial year increased from £84,651 to £96,897, being the annual movement in deferred tax.