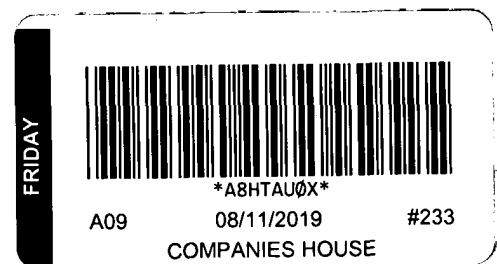


Registration number: 08671532

OPTALIS HOLDINGS LIMITED
ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT



OPTALIS HOLDINGS LIMITED

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OPTALIS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	G M Clark
	D M Coppinger
	P J Mirfin
	A Pollock
	M J Saunders
Registered office	Trinity Court Molly Millars Lane Wokingham Berkshire RG41 2PY
Bankers	Natwest Bank PLC 5 Broad Street Wokingham RG40 1AX
	Lloyds Bank PLC 20 Market Place Wokingham RG40 1AP
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

OPTALIS HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

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

Principal activity

The principal activity of the company is that of a holding company. The principal activity of the group is the provision of a variety of care and support services to adults with a disability and older people.

Fair review of the business

The results for the year, which are set out in the profit and loss account, show turnover of £45,496,929 (2018 - £44,243,029) and a profit before taxation of £78,580 (2018 - £59,000). At 31 March 2019, the group had net assets of £327,092 (2018 - £273,065). The directors of the group consider that the financial position at the year end is satisfactory.

Given the nature of the business, the group's directors are of the opinion that key performance indicators are important. The group uses a number of indicators to monitor and improve development and performance of the position of the business. Indicators are reviewed and altered to meet changes both in internal and external environments. The directors do not consider the inclusion of an analysis using key performance indicators to be necessary to assist users of the financial statements in their understanding of the financial performance of the group.

Future developments

The external commercial environment is expected to remain competitive going forward. However, the directors remain confident and presently see no reason why the group should not be able to improve its current level of performance in the future.

Principal risks and uncertainties

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to the continued provision of adequate government funding and the ongoing compliance with current and future legislation affecting the sector.

OPTALIS HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Financial instruments

Objectives and policies

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

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

The business's principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business's operations.

The financial results reflect the transfer of the pension scheme liability related to former Council employees that are members of the Berkshire Local Government Pension Scheme (LGPS) and who transferred to the group in June 2011. The group has been given a guarantee by the Council that the LGPS's administrators are indemnified by the Council against any shortfall of payments of pension contributions and associated pension liabilities. In addition, WBC and RBWM will support the cash balances of the company whilst it remains a subsidiary of the Councils.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Trade creditor liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

Approved by the Board on 05/09/19 and signed on its behalf by:


D M Coppinger,
Director

OPTALIS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

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

Principal activity

The principal activity of Optalis Holdings Limited is that of a holding company. The principal activity of the group is that of the provision of a variety of care and support services to adults with a disability and older people.

Directors of the group

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

G M Clark

D M Coppinger

P J Mirfin (resigned 6 June 2019)

A Pollock (resigned 6 June 2019)

M J Saunders (resigned 9 May 2019)

Employment of disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

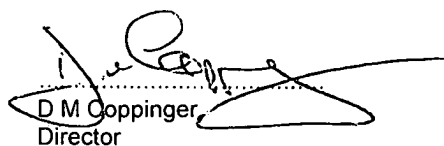
Disclosure of information to the auditor

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

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 05/09/19 and signed on its behalf by:


D M Coppinger,
Director

OPTALIS HOLDINGS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report, Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

OPTALIS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPTALIS HOLDINGS LIMITED

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2019 and of the group's 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

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

OPTALIS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OPTALIS HOLDINGS LIMITED

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



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

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date: 17/10/19

OPTALIS HOLDINGS LIMITED

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

	Note	2019 £	2018 £
Turnover	3	45,496,929	44,243,029
Cost of sales		<u>(41,388,605)</u>	<u>(40,627,318)</u>
Gross profit		4,108,324	3,615,711
Administrative expenses		<u>(4,100,466)</u>	<u>(3,596,612)</u>
Operating profit	4	7,858	19,099
Other interest receivable and similar income	5	<u>70,722</u>	<u>39,901</u>
Profit before tax		78,580	59,000
Taxation	8	<u>(24,553)</u>	-
Profit for the financial year and total comprehensive income		<u>54,027</u>	<u>59,000</u>

The group has no other comprehensive income for the year.

The above results were derived from continuing operations.

The notes on pages 14 to 22 form an integral part of these financial statements.

OPTALIS HOLDINGS LIMITED

(REGISTRATION NUMBER: 08671532)
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	9	<u>31,985</u>	<u>44,129</u>
Current assets			
Debtors	10	4,331,528	3,697,747
Cash at bank and in hand		<u>312,657</u>	<u>942,309</u>
		4,644,185	4,640,056
Creditors: Amounts falling due within one year	11	<u>(4,349,078)</u>	<u>(4,411,120)</u>
Net current assets		<u>295,107</u>	<u>228,936</u>
Net assets		<u><u>327,092</u></u>	<u><u>273,065</u></u>
Capital and reserves			
Called up share capital	13	1	1
Merger reserve		50,100	50,100
Retained earnings		<u>276,991</u>	<u>222,964</u>
Total equity		<u><u>327,092</u></u>	<u><u>273,065</u></u>

Approved and authorised by the Board on 05/09/19 and signed on its behalf by:


D M Coppinger,
Director

The notes on pages 14 to 22 form an integral part of these financial statements.

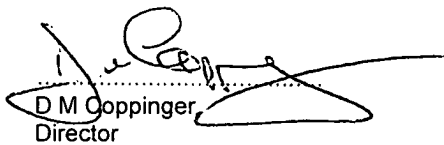
OPTALIS HOLDINGS LIMITED

(REGISTRATION NUMBER: 08671532)
BALANCE SHEET AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	12	<u>1</u>	<u>1</u>
Current assets			
Debtors	10	1	1
Creditors: Amounts falling due within one year	11	<u>(1)</u>	<u>(1)</u>
Net current assets/(liabilities)		<u>-</u>	<u>-</u>
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	13	<u>1</u>	<u>1</u>
Total equity		<u>1</u>	<u>1</u>

The company made a loss after tax for the financial year of £nil (2018 - loss of £nil).

Approved and authorised by the Board on 05/09/19 and signed on its behalf by:


D M Goppinger
Director

The notes on pages 14 to 22 form an integral part of these financial statements.

OPTALIS HOLDINGS LIMITED

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

	Share capital £	Merger reserve £	Retained earnings £	Total £
At 1 April 2018	1	50,100	222,964	273,065
Profit for the year	-	-	54,027	54,027
At 31 March 2019	<u>1</u>	<u>50,100</u>	<u>276,991</u>	<u>327,092</u>

	Share capital £	Merger reserve £	Retained earnings £	Total £
At 1 April 2017	1	50,100	163,964	214,065
Profit for the year	-	-	59,000	59,000
At 31 March 2018	<u>1</u>	<u>50,100</u>	<u>222,964</u>	<u>273,065</u>

The notes on pages 14 to 22 form an integral part of these financial statements.

OPTALIS HOLDINGS LIMITED

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

	Share capital £
At 1 April 2018 and at 31 March 2019	<u>1</u>

	Share capital £
At 1 April 2017 and at 31 March 2018	<u>1</u>

The notes on pages 14 to 22 form an integral part of these financial statements.

OPTALIS HOLDINGS LIMITED

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

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the year		54,027	59,000
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	12,144	58,681
Finance income	5	(70,722)	(39,901)
Corporation tax expense	8	24,553	-
		<u>20,002</u>	<u>77,780</u>
Working capital adjustments			
Increase in trade and other receivables	10	(633,781)	(3,083,468)
(Decrease)/increase in trade and other payables	11	(860,953)	3,064,736
Increase in deferred income, including government grants		<u>775,875</u>	<u>215,954</u>
Cash generated from operations		(698,857)	275,002
Corporation taxes paid	8	<u>(1,517)</u>	<u>-</u>
Net cash flow from operating activities		<u>(700,374)</u>	<u>275,002</u>
Cash flows from investing activities			
Interest received		70,722	39,901
Acquisitions of property plant and equipment		<u>-</u>	<u>(9,996)</u>
Net cash flows from investing activities		<u>70,722</u>	<u>29,905</u>
Net (decrease)/increase in cash and cash equivalents		(629,652)	304,907
Cash and cash equivalents at 1 April		<u>942,309</u>	<u>637,402</u>
Cash and cash equivalents at 31 March		<u><u>312,657</u></u>	<u><u>942,309</u></u>

The notes on pages 14 to 22 form an integral part of these financial statements.

OPTALIS HOLDINGS LIMITED

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

1 General information

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

The address of its registered office is:

Trinity Court
Molly Millars Lane
Wokingham
Berkshire
RG41 2PY

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 have been prepared in accordance with Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

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

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

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2019 using the merger accounting method. Intra-group sales and profits are eliminated fully on consolidation.

The directors consider that the share for share exchange qualifies as a group reconstruction under section 611 of the Companies Act 2006, and have therefore prepared these consolidated financial statements using the merger accounting method.

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

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

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

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

OPTALIS HOLDINGS LIMITED

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

Going concern

The group relies on contracts with Wokingham Borough Council and the Royal Borough of Windsor and Maidenhead ('RBWM') to provide certain services to the Council. A decision was made at a WBC executive meeting held on 18 February 2016 that the contract would be extended for a further five years from 1 July 2016. The RBWM contract commenced on 3 April 2017 and has a period of 10 years. The directors remain in close contact with Wokingham Borough Council who have confirmed that they will use reasonable endeavours to support Optalis Holdings Limited as a going concern as per the existing contractual arrangements. Therefore the directors consider that it is appropriate to prepare the accounts on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue recognition

Turnover represents amounts chargeable in respect of the provision of social care services. Where the amount received relates to a period which covers the balance sheet date, that amount is apportioned over the period to which it relates.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities.

Revenue from services is recognised in the period in which the services are rendered.

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

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

Tangible assets

Tangible assets are stated in the 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.

OPTALIS HOLDINGS LIMITED

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

Depreciation

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

Asset class	Depreciation method and rate
Leasehold improvements	Over the term of the lease
Office equipment	Over 3-5 years
Motor vehicles	Over 5 years

Investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

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

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 group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

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

Leases

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

Share capital

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

Defined contribution pension obligation

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

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

OPTALIS HOLDINGS LIMITED

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

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other receivables and payables, loans from related parties and investments in non-puttable ordinary shares.

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

Debt instruments like loans and other receivables and payables are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms of financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss. For financial assets measured at amortised cost, the impairment loss is measured as the difference between an assets carrying value and the present value of estimated cash flows discounted at the assets original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an assets carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount recognised in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

At each reporting date non-financial assets not carried at fair value, such as property, plant and equipment are reviewed to determine whether there is an indication that an asset may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset or group of related assets, which is the higher of value in use and the fair value less costs to sell, is estimated and compared with its carrying amount. If the recoverable amount is lower, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset or group of related assets is increased to the revised estimate of its recoverable amount, but not to exceed the amount that would have been determined had no impairment loss been recognised for the asset or group of related assets in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

Defined benefit pension obligation

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The group has received a guarantee from Wokingham Borough Council and the Royal Borough of Windsor and Maidenhead Council that indemnifies the group against any shortfall of payments of pension contributions and associated pension liabilities. The group therefore has no effective liability and accounts for the scheme as a defined contribution scheme in the financial statements.

OPTALIS HOLDINGS LIMITED

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

3 Revenue

The analysis of the group's revenue, which was generated wholly in the United Kingdom, for the year from continuing operations is as follows:

	2019 £	2018 £
Rendering of services	<u>45,496,929</u>	<u>44,243,029</u>

4 Operating profit

Arrived at after charging

	2019 £	2018 £
Depreciation expense	12,144	58,681
Operating lease expense - property	920,146	846,086
Operating lease expense - plant and machinery	817	9,557
Auditor's remuneration - The audit of the group's annual accounts	9,890	9,750
Auditor's remuneration - Non audit fees	<u>6,550</u>	<u>6,150</u>

5 Other interest receivable and similar income

	2019 £	2018 £
Interest income on investments	<u>70,722</u>	<u>39,901</u>

6 Staff costs

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

	2019 £	2018 £
Wages and salaries	14,390,528	13,899,342
Social security costs	1,242,667	1,198,699
Pension costs, defined contribution scheme	-	313,557
Pension costs, defined benefit scheme	<u>1,401,995</u>	<u>1,188,780</u>
	<u>17,035,190</u>	<u>16,600,378</u>

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

	2019 No.	2018 No.
Care workers	506	502
Administration and support	119	127
Brokerage	<u>63</u>	<u>64</u>
	<u>688</u>	<u>693</u>

OPTALIS HOLDINGS LIMITED

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

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	274,777	91,330
Company contributions to money purchase pension schemes	12,999	-
Defined benefit accrued pension entitlement at the end of the period	-	2,775

8 Taxation

Tax charged in the profit and loss account

	2019 £	2018 £
Current taxation		
UK corporation tax	23,036	-
UK corporation tax adjustment to prior periods	1,517	-
	<u>24,553</u>	<u>-</u>

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

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>78,580</u>	<u>59,000</u>
Corporation tax at standard rate	14,930	11,210
Effect of expense not deductible in determining taxable profit (tax loss)	1,293	-
Tax increase (decrease) from effect of capital allowances and depreciation	1,704	9,642
Tax increase (decrease) from other short-term timing differences	5,109	(17,866)
Adjustments to brought forward values	1,517	(2,986)
Total tax charge	<u>24,553</u>	<u>-</u>

OPTALIS HOLDINGS LIMITED

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

9 Tangible assets

Group	Leasehold improvements £	Office equipment £	Motor vehicles £	Total £
Cost				
At 1 April 2018 and at 31 March 2019	<u>242,565</u>	<u>109,780</u>	<u>17,832</u>	<u>370,177</u>
Depreciation				
At 1 April 2018	228,820	79,716	17,512	326,048
Charge for the year	<u>4,538</u>	<u>7,286</u>	<u>320</u>	<u>12,144</u>
At 31 March 2019	<u>233,358</u>	<u>87,002</u>	<u>17,832</u>	<u>338,192</u>
Carrying amount				
At 31 March 2019	<u>9,207</u>	<u>22,778</u>	<u>-</u>	<u>31,985</u>
At 31 March 2018	<u>13,745</u>	<u>30,064</u>	<u>320</u>	<u>44,129</u>

10 Debtors

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Trade debtors	95,114	39,347	-	-
Amounts owed by related parties	3,415,142	3,117,895	-	-
Other debtors	458,324	203,742	1	1
Prepayments	<u>362,948</u>	<u>336,763</u>	<u>-</u>	<u>-</u>
	<u>4,331,528</u>	<u>3,697,747</u>	<u>1</u>	<u>1</u>

11 Creditors

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Due within one year				
Trade creditors	21,529	146,468	-	-
Amounts due to related parties	1	1	1	1
Social security and other taxes	854,118	668,157	-	-
Other creditors	98	229,564	-	-
Accrued expenses	2,369,764	3,062,273	-	-
Corporation tax liability	23,036	-	-	-
Deferred income	<u>1,080,532</u>	<u>304,657</u>	<u>-</u>	<u>-</u>
	<u>4,349,078</u>	<u>4,411,120</u>	<u>1</u>	<u>1</u>

OPTALIS HOLDINGS LIMITED

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

12 Investments

Company

	2019 £	2018 £
Investments in subsidiaries	<u>1</u>	<u>1</u>

Subsidiaries

Cost and carrying amount

At 1 April 2018 and 31 March 2019

<u>1</u>

Details of undertakings

The company owns 100% of the ordinary share capital of Optalis Limited and Optalis Wokingham Limited, both companies registered in England and Wales. The principal activity of Optalis Limited is the provision of care activities for the elderly and disabled. The principal activity of Optalis Wokingham Limited is that of a dormant company.

13 Share capital

Allotted, called up and fully paid shares

	2019 No.	£	2018 No.	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

14 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £nil (2018 - £310,782).

Defined benefit pension schemes

The trustees of the scheme hold the assets of the scheme, separately from those of the group. The group is responsible for the pensionable costs incurred post 6 June 2011 and its ultimate parent entity (Wokingham Borough Council) is responsible for the liabilities incurred pre that date in respect of the group's employees. However, the group is indemnified by WBC against liabilities arising under the scheme.

Therefore the scheme is accounted for as if it was a defined contribution scheme. The pension cost charge represents contributions payable by the group amounting to £1,401,995 (2018 - £1,191,555). The amounts outstanding at the year end were a debtor owed to the group of £nil (2018 - £26,890).

The contribution rate payable in the year by the group was 17.2% of pensionable salaries. Surpluses or deficits which arise in future valuations may impact upon the group's future contribution commitment. A formal triennial actuarial valuation occurred on 31 March 2013. The contribution rate from 1 April 2019 will be 17.2% (2018 - 14%).

OPTALIS HOLDINGS LIMITED

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

15 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	165,483	72,050
Later than one year and not later than five years	485,737	40,741
Later than five years	320,603	5
	<u>971,823</u>	<u>112,796</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £920,963 (2018 - £855,643).

16 Related party transactions

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 7 to the financial statements.

During the year, the group received income of £9,222,488 (2018 - £9,003,432) from Wokingham Borough Council. At 31 March 2019, the amount owed to the group amounted to £284 (2018 - £175,206).

During the year, the group received income of £33,339,053 (2018 - £32,604,471) from the Royal Borough of Maidenhead and Windsor Council. At 31 March 2019, the amount owed to the group amounted to £3,414,857 (2018 - £21,543).

17 Parent and ultimate parent undertaking

The company is controlled 55:45 by Wokingham Borough Council and the Royal Borough of Windsor and Maidenhead.

The most senior parent entity producing publicly available financial statements is Wokingham Borough Council. These financial statements are available upon request from Civic Office, Shute End, Wokingham, Berkshire, RG40 1BN