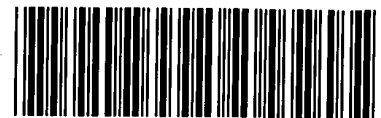


COMPANY REGISTRATION NUMBER: 9202115

Athena Care Homes (UK) Limited
Financial Statements
31 March 2017

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Athena Care Homes (UK) Limited

Strategic Report

Year ended 31 March 2017

Principal activity

The principal activity of the company is that of a holding company controlling a group that manages care homes. The group operates the following homes:

1. Amberley Hall Care Home, Kings Lynn, which is a nursing home that provides accommodation, nursing care and support for up to 106 people some of whom may live with dementia or a physical disability
2. Goodwins Hall Care Home, Kings Lynn, which is a nursing home that provides accommodation for up to 78 people who may require nursing and/or personal care
3. Aria Court Care Home, March, Cambridgeshire, which is a nursing home that provides accommodation, nursing care and support for up to 92 people, some of whom have mental health needs.
4. Ashlynn Grange Care Home, Peterborough, which is a nursing home that provides accommodation for mainly older people who require nursing and/or personal care. The number of registered beds is 156, but currently the company utilises a maximum of 112.

Results and performance

Results of the group for the year, as set out on page 9, show a profit before taxation of £776,707 (2016 - £1,266,803). The results have been affected by 2 factors. Firstly, the group incurred exceptional costs of £321,000 relating to home refurbishments, as set out in note 8 to the financial statements. Secondly, the group acquired Ashlynn Grange Care Home during the year, in the knowledge that it was trading at a loss but with the prospect of an eventual turnaround. In the period of the group's ownership to 31 March 2017, these losses before taxation amounted to £352,722 but the directors are pleased to report that the home is expected to make a positive contribution to group profitability in 2017/18. Cash generated from operations during the year amounted to £1,799,255 (2016: £2,008,322). The shareholders' funds of the group at 31 March 2017 totalled £7,150,438 (2016: £6,566,127). At the financial year end, the group was operating a total of 4 homes, one of which was acquired in the previous accounting period and one in the current accounting period. Since the acquisition of each home, management has concentrated on improving both the turnover and profitability.

Business environment

The care home market is competitive and highly regulated. The group holds a licence to operate each care home and receives regular inspections from the Care Quality Commission. The group continues to work with the relevant authorities to maintain and improve the high standard of care that management strives to provide.

Strategy

As part of its commitment to provide quality care, the group has ambitions and plans to expand its portfolio of homes both by acquisition and new builds.

The focus at each of the group's homes is to create a community that offers activity, independence and choice, giving residents the ability to live their lives the way they really want to. Management is dedicated to developing quality environments and high standards of care. The group is dependent upon attracting and retaining quality nursing and other qualified team members and relies on their professionalism and efficiency in satisfying both the needs of residents and health and safety issues. Training is undertaken to develop the team, deliver high quality person-centred care and mitigate operational risk associated with providing care to older people. By following this strategy, the directors seek to create a thriving, caring and profitable care group.

Athena Care Homes (UK) Limited

Strategic Report *(continued)*

Year ended 31 March 2017

Key performance indicators

The group has made significant progress throughout the year in relation to key elements of its strategy. A care home at Bretton, Peterborough was acquired in November 2016 to complement the three homes already operated by the group. The group produces detailed management reports and accounts on a monthly basis and a number of Key Performance Indicators ("KPIs") are an integral part of this process. The monthly management reports and accounts focus on the actual performance of the business compared with the budget set for the current financial period. The financial KPIs that are part of this review process include (1) average weekly fee, (2) EBITDA %age (Earnings Before Interest, Taxation, Depreciation and Amortisation) and (3) employment cost %age. Non-financial KPIs include occupancy, both in absolute and as a percentage of available beds, together with compliance with external regulators.

Weekly fees and occupancy underpin the group's revenue and therefore management monitors these KPIs. At 31 March 2017, the group supported 316 residents (31 March 2016: 249). Average weekly fee income per resident for the year to 31 March 2017 was £721 (2016: £712).

Principal risks and uncertainties

The principal commercial risk that the group faces is loss of its reputation through adverse publicity. The directors have in place arrangements to ensure that standards at each care home are maintained and enhanced through senior management support, the employment and retention of quality team members and the maintenance of high quality facilities.

The principal financial risk to the business is attributable to its bank loans. There is the possibility that bank interest rates increase in future from their historically low levels. The group's bank loans are subject to financial covenants and the directors continue to monitor these to ensure that they are complied with.

The group's credit risk is primarily attributable to its trade debtors. Privately-funded residents pay a deposit on commencement and all credit risk, both publicly and privately-funded, is managed by monitoring payments against contractual agreements. The group monitors cash flow as part of its day to day control procedures. The board considers cash flow projections on a regular basis and ensures that appropriate facilities are available to be drawn upon as necessary.

Future developments


The directors are confident about the continuing financial performance of the business.

Athena Care Homes (UK) Limited

Strategic Report *(continued)*

Year ended 31 March 2017

This report was approved by the board of directors on 12 December 2017 and signed on behalf of the board by:



Mr U Agarwal
Director

Registered office:
Unit 2, Rima House
A13 Approach
Ripple Road
Barking
Essex
IG11 0RH

Athena Care Homes (UK) Limited

Directors' Report

Year ended 31 March 2017

The directors present their report and the financial statements of the group for the year ended 31 March 2017.

Directors

The directors who served the company during the year were as follows:

Mr U Agarwal
Mrs M Agarwal

Dividends

The directors do not recommend the payment of a dividend.

Employment of disabled persons

The group continues to pursue a policy of giving every consideration to the employment of disabled persons. Employees who are registered disabled persons are, to the greatest possible extent, treated on the same basis as all other employees and given every opportunity to develop their full working potential within the group, through training, career development and promotion. The group is committed to providing equal opportunities to employees. The employment of disabled persons is included in this commitment and the recruitment, training, career development and promotion of disabled persons is based on the aptitudes and abilities of the individual. Where employees have become disabled whilst in the service of the group, every effort is made to rehabilitate them in their former occupation or some suitable alternative and if necessary, appropriate training would be provided.

Employee involvement

Every effort is made by the directors and management to inform, consult and encourage the full involvement of team members on matters concerning them as employees and affecting the group's performance. The group continues to regard communication with its employees as a key aspect of its policies. Information is given to employees about employment matters and about the financial and economic factors affecting the group's performance through management channels, internal media methods and by way of attendance at internal seminars and training programmes. Employees are encouraged to discuss operational and strategic issues with their line management and to make suggestions aimed at improving performance.

Going concern

The group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and details of its exposures to other risks are described in the Strategic Report on pages 1 to 3. The group has considerable long term funding in place from its bankers and continues to be profitable with a positive cash flow. As a consequence, the directors believe that the group is well placed to manage its business risks successfully. After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information in the strategic report

A review of the business, principal risks and uncertainties and likely future developments are discussed in the Strategic Report on pages 1 to 3.

Athena Care Homes (UK) Limited

Directors' Report *(continued)*

Year ended 31 March 2017

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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. 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Athena Care Homes (UK) Limited

Directors' Report *(continued)*

Year ended 31 March 2017

This report was approved by the board of directors on 12 December 2017 and signed on behalf of the board by:



Mr U Agarwal
Director

Registered office:
Unit 2, Rima House
A13 Approach
Ripple Road
Barking
Essex
IG11 0RH

Athena Care Homes (UK) Limited

Independent Auditor's Report to the Members of Athena Care Homes (UK) Limited

Year ended 31 March 2017

I have audited the financial statements of Athena Care Homes (UK) Limited for the year ended 31 March 2017 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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. My audit work has been undertaken so that I might state to the company's members those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the company and the company's members as a body, for my audit work, for this report, or for the opinions I have formed.

Respective responsibilities of directors and auditor

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. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2017 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.

Opinion on other matter prescribed by the Companies Act 2006

In my opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Athena Care Homes (UK) Limited

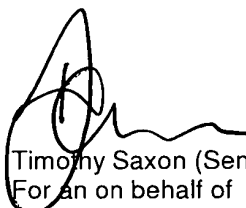
Independent Auditor's Report to the Members of Athena Care Homes (UK) Limited *(continued)*

Year ended 31 March 2017

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for my audit have not been received from branches not visited by me; 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
- I have not received all the information and explanations I require for my audit.



Timothy Saxon (Senior statutory auditor)
For an on behalf of
TJ Saxon
Chartered accountant & statutory auditor

43 Hagley Road
Stourbridge
West Midlands
DY8 1QR

12 December 2017

Athena Care Homes (UK) Limited

Consolidated Statement of Income and Retained Earnings

Year ended 31 March 2017

	Note	2017 £	2016 £
Turnover	4	10,394,820	7,076,293
Cost of sales		(7,537,249)	(4,549,374)
Gross profit		2,857,571	2,526,919
Administrative expenses		(1,718,044)	(946,800)
Operating profit	5	1,139,527	1,580,119
Interest payable and similar expenses	9	(362,820)	(313,316)
Profit before taxation		776,707	1,266,803
Tax on profit	10	(192,396)	(305,061)
Profit for the financial year and total comprehensive income		584,311	961,742
Retained earnings at the start of the year		1,288,127	326,385
Retained earnings at the end of the year		1,872,438	1,288,127

All the activities of the group are from continuing operations.

The notes on pages 14 to 24 form part of these financial statements.

Athena Care Homes (UK) Limited
Company Statement of Income and Retained Earnings
Year ended 31 March 2017

	Note	2017 £	2016 £
(Loss)/profit for the financial year and total comprehensive income		(383)	5,081
Retained earnings at the start of the year		<u>5,164</u>	<u>83</u>
Retained earnings at the end of the year		<u><u>4,781</u></u>	<u><u>5,164</u></u>

The notes on pages 14 to 24 form part of these financial statements.

Athena Care Homes (UK) Limited
Consolidated Statement of Financial Position

31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	22,675,745	19,169,795
Current assets			
Debtors	13	942,755	707,769
Cash at bank and in hand		1,605,524	1,710,421
		<u>2,548,279</u>	<u>2,418,190</u>
Creditors: amounts falling due within one year	14	<u>(2,738,605)</u>	<u>(1,825,630)</u>
Net current (liabilities)/assets		<u>(190,326)</u>	<u>592,560</u>
Total assets less current liabilities		<u>22,485,419</u>	<u>19,762,355</u>
Creditors: amounts falling due after more than one year	15	(15,165,097)	(13,056,740)
Provisions			
Taxation including deferred tax	16	<u>(169,884)</u>	<u>(139,488)</u>
Net assets		<u>7,150,438</u>	<u>6,566,127</u>
Capital and reserves			
Called up share capital	20	100	100
Merger relief reserve	21	5,277,900	5,277,900
Profit and loss account	21	1,872,438	1,288,127
Shareholders' funds		<u>7,150,438</u>	<u>6,566,127</u>

These financial statements were approved by the board of directors and authorised for issue on 12 December 2017, and are signed on behalf of the board by:



Mrs M Agarwal
Director

Company registration number: 9202115

The notes on pages 14 to 24 form part of these financial statements.

Athena Care Homes (UK) Limited
Company Statement of Financial Position

31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	11	1,236	614
Investments	12	<u>13,150,235</u>	<u>13,150,234</u>
		13,151,471	13,150,848
Current assets			
Debtors	13	8,019,027	6,624,037
Cash at bank and in hand		<u>299,191</u>	<u>641,059</u>
		8,318,218	7,265,096
Creditors: amounts falling due within one year	14	<u>(1,021,688)</u>	<u>(2,075,917)</u>
Net current assets		7,296,530	5,189,179
Total assets less current liabilities		20,448,001	18,340,027
Creditors: amounts falling due after more than one year	15	(15,165,097)	(13,056,740)
Provisions			
Taxation including deferred tax	16	<u>(123)</u>	<u>(123)</u>
Net assets		<u>5,282,781</u>	<u>5,283,164</u>
Capital and reserves			
Called up share capital	20	100	100
Merger relief reserve	21	5,277,900	5,277,900
Profit and loss account	21	<u>4,781</u>	<u>5,164</u>
Shareholders' funds		<u>5,282,781</u>	<u>5,283,164</u>

The loss for the financial year of the parent company was £383 (2016: £5,081 profit).

These financial statements were approved by the board of directors and authorised for issue on 12 December 2017, and are signed on behalf of the board by:



Mrs M Agarwal
Director

Company registration number: 9202115

The notes on pages 14 to 24 form part of these financial statements.

Athena Care Homes (UK) Limited

Consolidated Statement of Cash Flows

Year ended 31 March 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	584,311	961,742
<i>Adjustments for:</i>		
Depreciation of tangible assets	372,484	402,951
Interest payable and similar expenses	362,820	313,316
Tax on profit	192,396	305,061
Accrued expenses	201,142	153,200
<i>Changes in:</i>		
Trade and other debtors	(158,246)	(258,659)
Trade and other creditors	244,348	130,711
Cash generated from operations	1,799,255	2,008,322
Interest paid	(362,820)	(313,316)
Tax paid	(2,161)	(310,666)
Net cash from operating activities	<u>1,434,274</u>	<u>1,384,340</u>
Cash flows from investing activities		
Purchase of tangible assets	(3,878,434)	(3,560,554)
Net cash used in investing activities	<u>(3,878,434)</u>	<u>(3,560,554)</u>
Cash flows from financing activities		
Proceeds from borrowings	2,964,750	2,763,750
Repayments of borrowings	(625,487)	(590,940)
Net cash from financing activities	<u>2,339,263</u>	<u>2,172,810</u>
Net decrease in cash and cash equivalents	(104,897)	(3,404)
Cash and cash equivalents at beginning of year	<u>1,710,421</u>	<u>1,713,825</u>
Cash and cash equivalents at end of year	<u>1,605,524</u>	<u>1,710,421</u>

The notes on pages 14 to 24 form part of these financial statements.

Athena Care Homes (UK) Limited

Notes to the Financial Statements

Year ended 31 March 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit 2, Rima House, A13 Approach, Ripple Road, Barking, Essex, IG11 0RH.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The consolidated financial statements incorporate the financial statements of Athena Care Homes (UK) Limited and all of its subsidiary undertakings. In a prior accounting period, Athena Care Homes (UK) Limited was used to acquire the shares of Athena Care Homes (Gaywood) Limited. The substance of this business combination effected by the new parent company was a merger and as a result, the new parent company and the other party were combined by using merger accounting, as the relative rights of the ultimate shareholders did not alter. The consolidated financial statements incorporate the results of subsequent business combinations using the purchase method. In the Consolidated Statement of Financial Position, the acquirer's identifiable assets, liabilities and contingent liabilities of subsequent business combinations are initially recognised at their fair values at the acquisition date. The results of these acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases. All financial statements are made up to 31 March each year.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiary undertakings to bring the accounting policies used into line with those used by other members of the group.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

Athena Care Homes (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from these results.

The judgements, estimates and assumptions which have a significant risk of material adjustment to the carrying value of assets and liabilities are:

Depreciation of tangible fixed assets:

Tangible fixed assets, other than freehold land, are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

Trade debtors:

The group has recognised impairment provisions in respect of bad and doubtful trade debtors. The judgements, estimates and associated assumptions necessary to calculate these provisions are based on historical experience and other reasonable factors.

Revenue recognition

Turnover from the management of care homes is recognised at the fair value of the consideration receivable for the sale of services provided to external customers during the year in the normal course of business. Turnover is recognised when services are provided to the customer.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

Athena Care Homes (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold buildings	-	2% pa straight line
Plant and machinery	-	12.5% pa straight line
Fixtures and fittings	-	20% pa straight line
Equipment	-	20% pa straight line

Freehold land is not subject to depreciation.

The residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Athena Care Homes (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset.

Financial instruments

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.

Financial assets:

Financial assets comprise cash at bank, short term investments, trade debtors, other debtors, and other loans. These are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method, if applicable. The company considers evidence of impairment for all individual trade and other debtors, and any resultant impairment is recognised in the Statement of Comprehensive Income.

Impairment of financial assets:

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment. Impairment provisions represent the difference between the carrying amount of a financial asset and the value of the expected future cash receipts from that asset.

Financial liabilities:

Financial liabilities comprise other loans, trade creditors, other creditors and accruals and deferred income; these are initially recorded, and subsequently carried, at cost on the date they originate.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

Athena Care Homes (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits repayable on demand with any qualifying financial institution, less overdrafts from any qualifying financial institution repayable on demand together with short term investments. Deposits are repayable on demand if they can be withdrawn at any time without notice and without penalty or if a maturity or period of notice of not more than 24 hours or one working day has been agreed.

Holiday pay accruals

A liability is recognised to the extent any unused holiday pay entitlement has accrued at the balance sheet date and has been carried forward to future periods. This is measured at the undiscounted payroll cost of the future holiday entitlement.

4. Turnover

Turnover arises from:

	2017 £	2016 £
Management of residential care homes	<u>10,394,820</u>	<u>7,076,293</u>

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging:

	2017 £	2016 £
Depreciation of tangible assets	<u>372,484</u>	<u>402,951</u>

6. Auditor's remuneration

	2017 £	2016 £
Fees payable for the audit of the financial statements	<u>7,000</u>	<u>6,000</u>

The auditor's remuneration is inclusive of irrecoverable value added tax. The auditor did not receive any fees for non-audit services.

Athena Care Homes (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

7. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2017 No.	2016 No.
Care team members	364	258
Management and administration	7	5
	<u>371</u>	<u>263</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £	2016 £
Wages and salaries	5,508,993	3,464,721
Social security costs	359,445	209,547
Other pension costs	38,335	20,309
	<u>5,906,773</u>	<u>3,694,577</u>

8. Exceptional item

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Repairs and maintenance	<u>321,000</u>	<u>—</u>	<u>—</u>	<u>—</u>

The exceptional item is in respect of the major refurbishment of two of the homes during the year.

9. Interest payable and similar expenses

	2017 £	2016 £
Interest on bank loans	362,820	311,155
Other interest payable and similar charges	—	2,161
	<u>362,820</u>	<u>313,316</u>

10. Tax on profit

Major components of tax expense

	2017 £	2016 £
Current tax:		
UK current tax expense	162,000	302,000
Adjustments in respect of prior periods	—	(77)
Total current tax	<u>162,000</u>	<u>301,923</u>

Athena Care Homes (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

10. Tax on profit *(continued)*

	2017 £	2016 £
Deferred tax:		
Origination and reversal of timing differences	<u>30,396</u>	<u>3,138</u>
Tax on profit	<u>192,396</u>	<u>305,061</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	<u>776,707</u>	<u>1,266,803</u>
Profit on ordinary activities by rate of tax	<u>155,340</u>	<u>253,360</u>
Adjustment to tax charge in respect of prior periods	<u>(3,126)</u>	<u>(5,886)</u>
Effect of expenses not deductible for tax purposes	<u>32,162</u>	<u>57,696</u>
Deferred tax asset not provided for	<u>83</u>	<u>(1,548)</u>
Sundry adjustments	<u>7,937</u>	<u>1,439</u>
Tax on profit	<u>192,396</u>	<u>305,061</u>

11. Tangible assets

Group	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Equipment £	Total £
Cost					
At 1 April 2016	20,153,258	633,196	577,132	83,186	21,446,772
Additions	<u>2,998,445</u>	<u>127,371</u>	<u>624,248</u>	<u>128,370</u>	<u>3,878,434</u>
At 31 March 2017	<u>23,151,703</u>	<u>760,567</u>	<u>1,201,380</u>	<u>211,556</u>	<u>25,325,206</u>
Depreciation					
At 1 April 2016	1,492,755	533,155	229,984	21,083	2,276,977
Charge for the year	<u>169,935</u>	<u>19,322</u>	<u>145,832</u>	<u>37,395</u>	<u>372,484</u>
At 31 March 2017	<u>1,662,690</u>	<u>552,477</u>	<u>375,816</u>	<u>58,478</u>	<u>2,649,461</u>
Carrying amount					
At 31 March 2017	<u>21,489,013</u>	<u>208,090</u>	<u>825,564</u>	<u>153,078</u>	<u>22,675,745</u>
At 31 March 2016	<u>18,660,503</u>	<u>100,041</u>	<u>347,148</u>	<u>62,103</u>	<u>19,169,795</u>

Athena Care Homes (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

11. Tangible assets *(continued)*

Company	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1 April 2016	614	—	614
Additions	—	859	859
At 31 March 2017	<u>614</u>	<u>859</u>	<u>1,473</u>
Depreciation			
At 1 April 2016	—	—	—
Charge for the year	123	114	237
At 31 March 2017	<u>123</u>	<u>114</u>	<u>237</u>
Carrying amount			
At 31 March 2017	<u>491</u>	<u>745</u>	<u>1,236</u>
At 31 March 2016	<u>614</u>	<u>—</u>	<u>614</u>

12. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 April 2016	13,150,234
Additions	1
At 31 March 2017	<u>13,150,235</u>
Impairment	
At 1 April 2016 and 31 March 2017	<u>—</u>
Carrying amount	
At 31 March 2017	<u>13,150,235</u>
At 31 March 2016	<u>13,150,234</u>

Subsidiaries

Details of the investments in which the parent company has an interest of 20% or more are as follows:

Subsidiary undertakings	Class of share	Percentage of shares held
Athena Care Homes (Gaywood) Limited	Ordinary	100
Athena Care Homes (Kings Lynn) Limited	Ordinary	100

Athena Care Homes (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

12. Investments *(continued)*

	Class of share	Percentage of shares held
Athena Care Homes (March) Limited	Ordinary	100
Athena Care Homes (Bretton) Limited	Ordinary	100

Each company trades as care home operators. In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the company's balance sheet. The percentage referred to is in respect of both the nominal value and voting rights of the share capital.

13. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	719,042	555,082	—	—
Amounts owed by group undertakings	—	—	7,780,388	6,533,219
Prepayments and accrued income	220,934	120,640	4,480	—
Corporation tax repayable	—	—	232,000	78,000
Other debtors	2,779	32,047	2,159	12,818
	<u>942,755</u>	<u>707,769</u>	<u>8,019,027</u>	<u>6,624,037</u>

14. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	870,306	639,400	870,306	639,400
Trade creditors	475,605	250,028	14,358	—
Amounts owed to group undertakings	—	—	120,260	1,433,917
Accruals and deferred income	784,880	566,117	16,764	1,000
Corporation tax	464,000	304,161	—	—
Social security and other taxes	73,100	55,825	—	—
Other creditors	70,714	10,099	—	1,600
	<u>2,738,605</u>	<u>1,825,630</u>	<u>1,021,688</u>	<u>2,075,917</u>

The bank borrowings are secured by a fixed and floating charge over the company's assets together with those of its subsidiary undertakings.

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans	<u>15,165,097</u>	<u>13,056,740</u>	<u>15,165,097</u>	<u>13,056,740</u>

Athena Care Homes (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

15. Creditors: amounts falling due after more than one year *(continued)*

The bank borrowings are secured by a fixed and floating charge over the company's assets together with those of its subsidiary undertakings.

16. Provisions

Group	Deferred tax (note 17) £
At 1 April 2016	139,488
Additions	30,396
At 31 March 2017	169,884
Company	Deferred tax (note 17) £
At 1 April 2016	123
At 31 March 2017	123

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Included in provisions (note 16)	<u>169,884</u>	<u>139,488</u>	<u>123</u>	<u>123</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Accelerated capital allowances	<u>169,884</u>	<u>139,488</u>	<u>123</u>	<u>123</u>

18. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £38,335 (2016: £20,309).

19. Financial instruments

The group holds financial instruments to finance its operations and manages risk arising from these operations and its sources of finance in accordance with its accounting policies. In addition, various financial instruments such as trade debtors and trade creditors arise directly from the group's operations. Operational and working capital requirements are funded principally out of bank loans, issued share capital and retained profits.

Athena Care Homes (UK) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

20. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

21. Reserves

Merger relief reserve - This reserve records the difference between the value of shares in a subsidiary undertaking acquired and the value of the company's shares issued on acquisition.

Profit and loss account - This reserve records retained earnings and accumulated losses.

22. Analysis of changes in net debt

	At 1 Apr 2016 £	Cash flows £	At 31 Mar 2017 £
Cash at bank and in hand	1,710,421	(104,897)	1,605,524
Debt due within one year	(639,400)	(230,906)	(870,306)
Debt due after one year	(13,056,740)	(2,108,357)	(15,165,097)
	<u>(11,985,719)</u>	<u>(2,444,160)</u>	<u>(14,429,879)</u>

23. Reconciliation of net cash flow to movement in net debt

	2017 £	2016 £
Decrease in cash and cash equivalents in the year	(104,897)	(3,404)
Proceeds from borrowings	(2,964,750)	(2,763,750)
Repayments of borrowings	<u>625,487</u>	<u>590,940</u>
Change in net debt	(2,444,160)	(2,176,214)
Net debt at 1 April 2016	(11,985,719)	(9,809,505)
Net debt at 31 March 2017	<u>(14,429,879)</u>	<u>(11,985,719)</u>

24. Related party transactions

Group

As stated in notes 14 and 15, the group's bank borrowings are secured by a fixed and floating charge over the company's assets together with those of its subsidiary undertakings. In addition, Mr U Agarwal and Mrs M Agarwal have provided personal security amounting to £300,000 in respect of the group's bank borrowings. Mr U Agarwal and Mrs M Agarwal are both directors and material shareholders of the company.