

Company Registration No. SC278344 (Scotland)

BALMER CARE HOMES GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 NOVEMBER 2018

BALMER CARE HOMES GROUP LIMITED

COMPANY INFORMATION

Directors	Mr G Balmer Mr A Balmer Mrs J McGowan
Secretary	Mr A Balmer
Company number	SC278344
Registered office	c/o Campbell Dallas Titanium House Kings Inch Place Renfrew PA4 8WF
Auditor	Campbell Dallas Audit Services Titanium 1 King's Inch Place Renfrew PA4 8WF

BALMER CARE HOMES GROUP LIMITED

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BALMER CARE HOMES GROUP LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 NOVEMBER 2018

The directors present the strategic report for the Period ended 30 November 2018.

Fair review of the business

The group results for the period show a pre-tax profit of £6.19m (31 May 2017 - £1.17m) on turnover of £12.20m (31 May 2017 - £7.90m). The group has a net balance sheet value of £10.79m at 30 November 2018 (31 May 2017 - £4.99m).

Principal risks and uncertainties

We believe that the group can meet key business risks of competition and also of employee retention. By providing the highest quality care and facilities the group is well positioned to continue to meet stringent industry regulation.

The group has developed a strong working relationship with its bankers and we believe this relationship together with our focus on continued operations and the recent increase in capacity places the group in a strong position to meet the current uncertainties faced in the financial markets and the economy as a whole.

Key performance indicators

Given the straightforward nature of this business, the directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Employment of Disabled Persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. The company, as part of its overall policy, gives full and fair consideration to applications for employment from people with disabilities and would actively pursue the retraining of employees who become disabled while employed by the company.

Employee Involvement

Member of the management team regularly visit branches and discuss matters of current interest and concern to the business with members of staff.

Future Outlook

The group is in a strong position to continue as a leading provider of residential nursing care with continuing high occupancy rates.

On behalf of the board

Mr A Balmer

Director

30 August 2019

BALMER CARE HOMES GROUP LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 NOVEMBER 2018

The directors present their annual report and financial statements for the Period ended 30 November 2018.

Principal activities

The principal activity of the company and group continued to be that of the running of residential nursing homes and property development.

Directors

The directors who held office during the Period and up to the date of signature of the financial statements were as follows:

Mr G Balmer

Mrs A Balmer

(Resigned 17 December 2018)

Mr A Balmer

Mr T Balmer

(Resigned 17 December 2018)

Mrs J McGowan

Results and dividends

The results for the Period are set out on page 7.

Ordinary dividends were paid amounting to £48,699. The directors do not recommend payment of a further dividend.

Auditor

The auditor, Campbell Dallas Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr A Balmer

Director

30 August 2019

BALMER CARE HOMES GROUP LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 30 NOVEMBER 2018

The directors are responsible 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 group and company, and of 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BALMER CARE HOMES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BALMER CARE HOMES GROUP LIMITED

Opinion

We have audited the financial statements of Balmer Care Homes Group Limited (the 'parent company') and its subsidiaries (the 'group') for the Period ended 30 November 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company 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 FRS 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 30 November 2018 and of the group's profit for the Period 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 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.

BALMER CARE HOMES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BALMER CARE HOMES GROUP LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial Period for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BALMER CARE HOMES GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF BALMER CARE HOMES GROUP LIMITED

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.

Fraser Campbell (Senior Statutory Auditor)
for and on behalf of Campbell Dallas Audit Services

30 August 2019

Statutory Auditor

Titanium 1
King's Inch Place
Renfrew
PA4 8WF

BALMER CARE HOMES GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 NOVEMBER 2018

		18 months ended 30 Nov 2018 £	12 months ended 31 May 2017 £
Turnover	Notes 3	12,196,078	7,896,788
Administrative expenses		(10,855,192)	(6,554,188)
Other operating income		16,775	10,861
Operating profit	4	1,357,661	1,353,461
Interest payable and similar expenses	8	(289,103)	(181,454)
Amounts written off investments	9	5,116,641	-
Profit before taxation		6,185,199	1,172,007
Tax on profit	10	(332,951)	(264,877)
Profit for the financial Period	26	5,852,248	907,130

Profit for the financial Period is all attributable to the owners of the parent company.

BALMER CARE HOMES GROUP LIMITED**GROUP STATEMENT OF COMPREHENSIVE INCOME*****FOR THE PERIOD ENDED 30 NOVEMBER 2018***

	18 Months ended 30 Nov 2018 £	12 Months ended 31 May 2017 £
Profit for the Period	5,852,248	907,130
Other comprehensive income	-	-
Total comprehensive income for the Period	<u>5,852,248</u>	<u>907,130</u>

Total comprehensive income for the Period is all attributable to the owners of the parent company.

BALMER CARE HOMES GROUP LIMITED

GROUP BALANCE SHEET

AS AT 30 NOVEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Goodwill	12		-	310,000	
Tangible assets	13		2,067,449	4,286,432	
			<u>2,067,449</u>	<u>4,596,432</u>	
Current assets					
Stocks	17	1,889,839		2,123,288	
Debtors	18	1,919,695		4,742,690	
Cash at bank and in hand		7,855,809		891	
		<u>11,665,343</u>		<u>6,866,869</u>	
Creditors: amounts falling due within one year	19	(2,178,966)		(3,394,119)	
Net current assets			<u>9,486,377</u>	<u>3,472,750</u>	
Total assets less current liabilities			11,553,826	8,069,182	
Creditors: amounts falling due after more than one year	20		(763,854)	(3,082,759)	
Net assets			<u>10,789,972</u>	<u>4,986,423</u>	
Capital and reserves					
Called up share capital	24	152,255		152,255	
Other reserves	25	432,120		432,120	
Profit and loss reserves	26	10,205,597		4,402,048	
Total equity			<u>10,789,972</u>	<u>4,986,423</u>	

The financial statements were approved by the board of directors and authorised for issue on 30 August 2019 and are signed on its behalf by:

Mr A Balmer
Director

BALMER CARE HOMES GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 30 NOVEMBER 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	13		1,995,136		4,125,321
Investments	14		52,141		152,145
			<u>2,047,277</u>		<u>4,277,466</u>
Current assets					
Debtors	18	2,267,832		2,883,010	
Cash at bank and in hand		7,911,347		9,527	
		<u>10,179,179</u>		<u>2,892,537</u>	
Creditors: amounts falling due within one year	19	(2,575,453)		(2,402,831)	
Net current assets			<u>7,603,726</u>		<u>489,706</u>
Total assets less current liabilities			<u>9,651,003</u>		<u>4,767,172</u>
Creditors: amounts falling due after more than one year	20		(763,854)		(3,082,759)
Net assets			<u>8,887,149</u>		<u>1,684,413</u>
Capital and reserves					
Called up share capital	24		152,255		152,255
Profit and loss reserves	26		8,734,894		1,532,158
Total equity			<u>8,887,149</u>		<u>1,684,413</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £7,251,435 (2017 - £349,177 profit).

The financial statements were approved by the board of directors and authorised for issue on 30 August 2019 and are signed on its behalf by:

Mr A Balmer
Director

Company Registration No. SC278344

BALMER CARE HOMES GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 NOVEMBER 2018

		Share capital	Other reserves	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 June 2016		152,255	432,120	3,526,168	4,110,543
Period ended 31 May 2017:					
Profit and total comprehensive income for the period		-	-	907,130	907,130
Dividends	11	-	-	(31,250)	(31,250)
Balance at 31 May 2017		152,255	432,120	4,402,048	4,986,423
Period ended 30 November 2018:					
Profit and total comprehensive income for the period		-	-	5,852,248	5,852,248
Dividends	11	-	-	(48,699)	(48,699)
Balance at 30 November 2018		152,255	432,120	10,205,597	10,789,972

BALMER CARE HOMES GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 NOVEMBER 2018

		Share capital	Profit and loss reserves	Total
	Notes	£	£	£
Balance at 1 June 2016		152,255	1,214,231	1,366,486
Period ended 31 May 2017:				
Profit and total comprehensive income for the period		-	349,177	349,177
Dividends	11	-	(31,250)	(31,250)
Balance at 31 May 2017		152,255	1,532,158	1,684,413
Period ended 30 November 2018:				
Profit and total comprehensive income for the period		-	7,251,435	7,251,435
Dividends	11	-	(48,699)	(48,699)
Balance at 30 November 2018		152,255	8,734,894	8,887,149

BALMER CARE HOMES GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 NOVEMBER 2018

		2018	2017
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	28	2,783,583	1,700,116
Interest paid		(289,103)	(181,454)
Income taxes paid		(972,731)	(266,373)
Net cash inflow from operating activities		1,521,749	1,252,289
Investing activities			
Purchase of tangible fixed assets		(49,555)	(67,477)
Proceeds on disposal of fixed asset investments		6,972,685	-
Proceeds from other investments and loans		2,072,018	(1,154,671)
Net cash generated from/(used in) investing activities		8,995,148	(1,222,148)
Financing activities			
Repayment of bank loans		(2,482,109)	(419,826)
Dividends paid to equity shareholders		(48,699)	(31,250)
Net cash used in financing activities		(2,530,808)	(451,076)
Net increase/(decrease) in cash and cash equivalents		7,986,089	(420,935)
Cash and cash equivalents at beginning of Period		(130,280)	290,655
Cash and cash equivalents at end of Period		7,855,809	(130,280)
Relating to:			
Cash at bank and in hand		7,855,809	891
Bank overdrafts included in creditors payable within one year		-	(131,171)

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 NOVEMBER 2018

1 Accounting policies

Company information

Balmer Care Homes Group Limited ("the company") is a private limited company domiciled and incorporated in Scotland. The registered office is c/o Campbell Dallas, Titanium House, Kings Inch Place, Renfrew, PA4 8WF.

The group consists of Balmer Care Homes Group Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

The consolidated financial statements incorporate those of Balmer Care Homes Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 November 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

1 Accounting policies

(Continued)

1.4 Reporting period

During the period, the group's reporting period was extended and as such these financial statements represent an 18 month period. The decision was taken by management as part of a group restructure.

1.5 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Turnover represents fee income relating to the provision of care services. Fee income comprises care home fees which are recognised when the delivery of the service is completed. Fees invoiced in advance are included in deferred income until the service is completed.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life.

1.7 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% on cost
Plant and equipment	25% on reducing balance and 10% on cost
Fixtures and fittings	25% on reducing balance and 10% on cost
Motor vehicles	25% on reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

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

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

1 Accounting policies

(Continued)

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and 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. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

In the application of the group'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 recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

	2018	2017
	£	£
Turnover analysed by class of business		
Provision of care home services	12,196,078	7,896,788

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

4 Operating profit

	2018 £	2017 £
Operating profit for the period is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	159,854	298,756
Profit on disposal of tangible fixed assets	(11,278)	-
Amortisation of intangible assets	40,000	40,000
	<u>168,576</u>	<u>338,756</u>

5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	10,250	6,000
Audit of the financial statements of the company's subsidiaries	10,250	12,950
	<u>20,500</u>	<u>18,950</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the Period was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
	311	316	-	-
	<u>311</u>	<u>316</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	6,473,309	4,103,136	-	-
Social security costs	417,512	259,785	-	-
Pension costs	60,300	27,729	-	-
	<u>6,951,121</u>	<u>4,390,650</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	<u>149,423</u>	<u>105,000</u>

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	269,926	180,120
Other finance costs:		
Other interest	19,177	1,334
Total finance costs	<u>289,103</u>	<u>181,454</u>

9 Amounts written off investments

	2018	2017
	£	£
Gain on disposal of fixed asset investments	5,116,641	-

10 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	341,855	284,619
Adjustments in respect of prior periods	(16,030)	(2,310)
Tax relating to prior year adjustments recognised in profit or loss	-	(2,568)
Total current tax	<u>325,825</u>	<u>279,741</u>
Deferred tax		
Origination and reversal of timing differences	7,126	(14,864)
Total tax charge	<u>332,951</u>	<u>264,877</u>

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

10 Taxation

(Continued)

The actual charge for the Period can be reconciled to the expected charge for the Period based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	6,185,199	1,172,007
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.83%)	1,175,188	232,444
Tax effect of expenses that are not deductible in determining taxable profit	1,997	3,659
Tax effect of income not taxable in determining taxable profit	(975,237)	-
Adjustments in respect of prior years	(16,031)	(4,878)
Effect of change in corporation tax rate	-	3,919
Other permanent differences	(34)	-
Deferred tax adjustments in respect of prior years	-	967
Adjust closing deferred tax to average rate	(834)	-
Fixed asset differences	22,990	-
Current tax relating to disposed subsidiaries	124,912	28,766
Taxation charge	332,951	264,877

11 Dividends

Recognised as distributions to equity holders:

	2018 Per share £	2017 Per share £	2018 Total £	2017 Total £
'B' Ordinary shares of £1 each				
Interim paid	-	-	18,699	11,150
'C' Ordinary shares of £1 each				
Interim paid	-	-	15,000	10,750
'D' Ordinary shares of £1 each				
Interim paid	-	-	15,000	9,350
Total dividends				
Interim paid			48,699	31,250

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 June 2017	880,000
Disposals	(880,000)
At 30 November 2018	-
Amortisation and impairment	
At 1 June 2017	570,000
Amortisation charged for the Period	40,000
Disposals	(610,000)
At 30 November 2018	-
Carrying amount	
At 30 November 2018	-
At 31 May 2017	310,000

The company had no intangible fixed assets at 30 November 2018 or 31 May 2017.

13 Tangible fixed assets

Group	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 June 2017	5,252,195	191,461	2,119,547	109,192	7,672,395
Additions	-	-	49,559	-	49,559
Disposals	(2,552,195)	-	(559,052)	(24,130)	(3,135,377)
At 30 November 2018	2,700,000	191,461	1,610,054	85,062	4,586,577
Depreciation and impairment					
At 1 June 2017	1,175,142	139,421	2,033,720	37,680	3,385,963
Depreciation charged in the Period	81,000	25,428	26,943	26,483	159,854
Eliminated in respect of disposals	(527,142)	-	(484,139)	(15,408)	(1,026,689)
At 30 November 2018	729,000	164,849	1,576,524	48,755	2,519,128
Carrying amount					
At 30 November 2018	1,971,000	26,612	33,530	36,307	2,067,449
At 31 May 2017	4,077,053	52,040	85,827	71,512	4,286,432

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

13 Tangible fixed assets

(Continued)

Company	Freehold land and buildings £	Plant and equipment £	Fixtures and fittings £	Total £
Cost				
At 1 June 2017	5,252,195	160,888	1,451,686	6,864,769
Disposals	(2,552,195)	-	-	(2,552,195)
At 30 November 2018	2,700,000	160,888	1,451,686	4,312,574
Depreciation and impairment				
At 1 June 2017	1,175,142	112,620	1,451,686	2,739,448
Depreciation charged in the Period	81,000	24,132	-	105,132
Eliminated in respect of disposals	(527,142)	-	-	(527,142)
At 30 November 2018	729,000	136,752	1,451,686	2,317,438
Carrying amount				
At 30 November 2018	1,971,000	24,136	-	1,995,136
At 31 May 2017	4,077,053	48,268	-	4,125,321

14 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	15	-	-	52,141	152,145

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 June 2017	152,145
Disposals	(100,004)
At 30 November 2018	52,141
Carrying amount	
At 30 November 2018	52,141
At 31 May 2017	152,145

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

15 Subsidiaries

Details of the company's subsidiaries at 30 November 2018 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Summerlee House Limited	1	Residential Care Home	Ordinary	100.00	
Balmer Developments Limited	1	Development	Ordinary		100.00

Registered Office address:

1 Campbell Dallas, Titanium 1, Kings Inch Place, Glasgow, G51 4BP

16 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,543,468	3,716,815	2,162,427	2,754,256
Carrying amount of financial liabilities				
Measured at amortised cost	2,780,192	5,437,233	3,339,307	5,413,090

17 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Raw materials and consumables	4,400	11,575	-	-
Work in progress	1,885,439	2,111,713	-	-
	1,889,839	2,123,288	-	-

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

18 Debtors

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	254,784	417,886	-	-
Corporation tax recoverable	324,593	809,338	60,000	75,000
Amounts owed by group undertakings	-	-	873,741	1,934,067
Other debtors	1,289,355	3,303,430	1,288,686	820,189
Prepayments and accrued income	10,108	172,758	-	-
	<u>1,878,840</u>	<u>4,703,412</u>	<u>2,222,427</u>	<u>2,829,256</u>
Deferred tax asset (note 22)	40,855	39,278	45,405	53,754
	<u>1,919,695</u>	<u>4,742,690</u>	<u>2,267,832</u>	<u>2,883,010</u>

19 Creditors: amounts falling due within one year

		Group 2018	2017	Company 2018	2017
	Notes	£	£	£	£
Bank loans and overdrafts	21	1,547,100	1,841,475	1,547,100	1,710,304
Trade creditors		138,026	176,314	-	-
Amounts owed to group undertakings		-	-	774,111	412,686
Corporation tax payable		137,662	984,615	-	72,500
Other taxation and social security		24,966	55,030	-	-
Other creditors		200,253	12,873	231,982	191,982
Accruals and deferred income		130,959	323,812	22,260	15,359
		<u>2,178,966</u>	<u>3,394,119</u>	<u>2,575,453</u>	<u>2,402,831</u>

20 Creditors: amounts falling due after more than one year

		Group 2018	2017	Company 2018	2017
	Notes	£	£	£	£
Bank loans and overdrafts	21	763,854	3,082,759	763,854	3,082,759
		<u>763,854</u>	<u>3,082,759</u>	<u>763,854</u>	<u>3,082,759</u>
Amounts included above which fall due after five years are as follows:					
Payable by instalments		-	926,553	-	926,553
		<u>-</u>	<u>926,553</u>	<u>-</u>	<u>926,553</u>

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

21 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	2,310,954	4,793,063	2,310,954	4,793,063
Bank overdrafts	-	131,171	-	-
	<u>2,310,954</u>	<u>4,924,234</u>	<u>2,310,954</u>	<u>4,793,063</u>
Payable within one year	1,547,100	1,841,475	1,547,100	1,710,304
Payable after one year	<u>763,854</u>	<u>3,082,759</u>	<u>763,854</u>	<u>3,082,759</u>

There is a floating charge over the assets and undertakings of the group companies and standard securities are held over Summerlee House Limited.

Cross guarantees exist between all group companies and the directors have provided bank guarantees for certain debt facilities.

22 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

Group	Assets 2018 £	Assets 2017 £
Accelerated capital allowances	<u>40,855</u>	<u>39,278</u>
Company	Assets 2018 £	Assets 2017 £
Accelerated capital allowances	<u>45,405</u>	<u>53,754</u>
Movements in the Period:	Group 2018 £	Company 2018 £
Liability/(asset) at 1 June 2017	(39,278)	(53,754)
Charge to profit or loss	2,705	8,349
Transfer on disposal	<u>(4,282)</u>	<u>-</u>
Liability/(asset) at 30 November 2018	<u>(40,855)</u>	<u>(45,405)</u>

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

22 Deferred taxation

(Continued)

The deferred tax asset set out above is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. [The deferred tax liability] set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

23 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	60,300	27,729

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

24 Share capital

	Group and company	
	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
- 'A' Ordinary shares of £1 each of £1 each	152,245	152,245
- 'B' Ordinary shares of £1 each of £1 each	2	2
- 'C' Ordinary shares of £1 each of £1 each	2	2
- 'D' Ordinary shares of £1 each of £1 each	2	2
- 'E' Ordinary shares of £1 each of £1 each	2	2
- 'F' Ordinary shares of £1 each of £1 each	2	2
	<u>152,255</u>	<u>152,255</u>

25 Other reserves

Group	£
At 1 June 2016	432,120
At 30 November 2017	432,120
At 30 November 2018	<u>432,120</u>

BALMER CARE HOMES GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 30 NOVEMBER 2018

26 Profit and loss reserves

	Group 2018 £	2017 £	Company 2018 £	2017 £
At the beginning of the Period	4,402,048	3,526,168	1,532,158	1,214,231
Profit for the Period	5,852,248	907,130	7,251,435	349,177
Dividends	(48,699)	(31,250)	(48,699)	(31,250)
At the end of the Period	<u>10,205,597</u>	<u>4,402,048</u>	<u>8,734,894</u>	<u>1,532,158</u>

27 Controlling party

The company and group were under the control of the directors throughout the year.

The ultimate controlling parties are Mr & Mrs T Balmer by virtue of their 57.02% shareholding in Balmer Care Homes Group Limited at the year end.

28 Cash generated from group operations

	2018 £	2017 £
Profit for the Period after tax	5,852,248	907,130
Adjustments for:		
Taxation charged	332,951	264,877
Finance costs	289,103	181,454
Gain on disposal of tangible fixed assets	(11,278)	-
Amortisation and impairment of intangible assets	40,000	40,000
Depreciation and impairment of tangible fixed assets	1,315,190	298,756
Gain on sale of investments	(5,116,641)	-
Movements in working capital:		
(Increase) in stocks	(73,826)	(73,444)
(Increase)/decrease in debtors	(158,679)	517,842
Increase/(decrease) in creditors	314,515	(436,499)
Cash generated from operations	<u>2,783,583</u>	<u>1,700,116</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.