

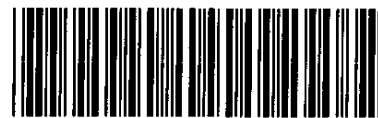
Company registration number: 01685034

UNAUDITED ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2020

DOLPHIN HOMES LIMITED

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DOLPHIN HOMES LIMITED

COMPANY INFORMATION

Directors

B P Heather
N P Heather
R N Tooze (resigned 14 November 2019)
T K Lanes (appointed 2 December 2019)
D Moody (appointed 3 November 2020)

Company secretary

ATG Coombs

Registered number

01685034

Registered office

3000A Parkway
Whiteley
Hampshire
PO15 7FX

Accountants

Menzies LLP
Chartered Accountants
3000a Parkway
Whiteley
Hampshire
PO15 7FX

DOLPHIN HOMES LIMITED

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DOLPHIN HOMES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2020

Principle Activity

Dolphin Homes Limited ("DHL") is a leading provider in Southern England of residential care services for adults with learning difficulties and other complex health and support needs.

Business Review

Financial and Operational performance

The company has continued to grow over the past year despite well documented challenging market conditions. Local Authority and Health Authority budgets continue to be squeezed whilst the recruitment difficulties within the Social Care sector remains our greatest challenge both this year and we forecast in the years to come.

The key highlights for Dolphin Homes this year are:

Bed capacity for the company remains unchanged at 89 beds.

Occupancy levels for the company improved to 97.5% for year ending 30 June 2020, up from 92.3% in 2019. Occupancy at year end stood at 98.9% with further admissions in progress.

Revenue for the company increased 11.7% to £7.83m up from £7.02m in 2019.

Average fee rates increased by 6.1% to £1,817 per week (2019: £1,634). These changes reflect increased support needs for both new and existing clients and ongoing re-assessments.

Gross profit improved significantly during the year up 10% to £2.95m representing a gross margin of 37.7%. This is up from £2.68m in 2019 (38.1%).

Operating profit (after exceptional items) increased to £0.038m (2019: £0.179m).

Net loss before tax was £0.172m after re-organisation and investment costs (2019: £0.066m loss)

Quality and Compliance

Due to COVID19 restrictions, only 2 of our services were inspected by CQC during the year. It remains that 12 of our services are rated as "Good" or higher and 2 being rated as "Requiring Improvement". 86% of our services are thus rated as Good or better (2019: 86%) and our target remains 100%.

We have launched Project Outstanding with the aim of 20% of our services to be rated as "Outstanding" by June 2022.

Our internal quality review systems continue to identify matters needing to be addressed and we continue to make further improvements in our auditing and support systems.

We have introduced a Best Practice Group during the year to share ideas across all levels of the organisation and to evaluate the impact of the operational changes being made.

We have introduced new care management and care planning software packages to enable our front line management and staff to deliver excellent support to the people that use our services.

We have also introduced a new e-learning training platform to further improve the knowledge and skills of our staff in order to better support the people who live in our homes.

Principal risks and uncertainties

The principal risks facing the company and the measures put in place to mitigate against them are as follows:

DOLPHIN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Addressing the Challenges created by the COVID-19 Pandemic

Ensuring that the people we support and staff are protected from harm due to catching COVID-19.

Control measures

- Pandemic plan initiated with clear procedures for managers and staff to follow on what to do if there is a suspected or confirmed case in a service.
- Weekly testing for staff and monthly testing for the people we support.
- Access to and strict use of PPE including enhanced training on correct usage.
- Enhanced Infection Control Measures including regular cleaning and daily checks on staff members' temperature before they are allowed on duty together with a questionnaire that staff have to complete before they are allowed on duty to confirm they have not had symptoms or have been in contact with anyone who has symptoms. We follow the same procedure for all visitors coming into the services and check the temperatures of the people we support three times a day.
- Paying sick leave to staff when they are symptomatic or needing to self-isolate.

Maintaining the Quality of Care to the People We Support

Our reputation for quality care and support that we deliver to the People We Support is essential to the company success.

Failure to comply with regulations about quality and safety or the care and welfare of the People we Support is a central consideration of CQC and providers must comply with regulations that safeguard.

Control measures

- CQC based internal inspection regime to drive a focus on quality and better outcomes for the people we support.
- Dedicated Quality Manager conducting audits.
- Best Practice Group meeting quarterly to share ideas and examine areas for improvement.
- Voice4All forum for the People We Support to get feedback on what matters for them.
- Regular re-assessment of client needs and annual negotiation of core costs.
- Enhanced pay rates based on training achievement and competencies.
- Robust safeguarding and whistleblowing policies and procedures and regular staff and management training in same.

Local Authority Funding

Central and Local Government budgets are under ever greater strain and our commissioning partners are under pressure to find savings. This situation has been exacerbated by the COVID-19 Pandemic.

Control measures

- Work closely with commissioners to ensure that we get a fair price for the levels of care the people we support require.
- Undertake a continuous programme of re-assessment of needs of all of the people we support.
- Explore additional opportunities for economies within our operations.

DOLPHIN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Lack of Community Based Support

Commissioners continue to push Supported Living placements at the expense of Residential placements.

Control measures

- The company will develop new bespoke Supported Living provision and is working with housing and development partners to achieve this.

Recruitment and Retention of Staff

A well trained staff team with appropriate staffing levels are essential to both the quality of care we expect to give to the people we support and the ongoing success of the business.

Uncertainty surrounding immigration post Brexit is expected to exacerbate the staff shortages within the sector.

Control measures

- The complexity of need of the people we support continues to drive our investment in better and more specialised staff training and Head Office support.
- Our E-learning platform continues to be developed with Face to Face training now being conducted by Video Conferencing software where possible.
- Regular staff surveys are now conducted online via Survey Monkey to ensure we know and address the concerns of our employees.
- Creating an environment where good decisions can be made throughout the company.
- Training for managers in how to increase morale and performance.
- Close control of agency usage is in place including weekly reporting to senior management.
- Localised pay rates in employment hot spots.

Operational & financial key performance indicators

- Occupancy is a key driver for Dolphin Homes and we have set the occupancy KPI at 93.2% for the coming year.
- We have set the KPI for total staffing costs (exc. Directors) at 67.6% of turnover.
- Staff turnover rate to be below 25% by year end.
- 100% compliance in all CQC Reports to be rated 'Good' or better.

Future developments

2020/21 will see the opening of an expected minimum of 3 new developments and a total of 31 new beds across all provision types including the building of a further 16 new beds at our ABI unit, Kingfisher Court, run under Dolphin Care Limited.

The group is developing new Community Based service provision within the Supported Living sector over the coming year and further senior management appointments will follow to enable this growth.

Our pipeline of referrals for our services remains strong due to our reputation as a market leader in the care of adults with complex health needs. We remain committed to providing a high quality of care for all of the people who use our services, utilising our unique 'skill set' and infrastructure to expand and improve the services we provide.

DOLPHIN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Section 172 statement

This section serves as our section 172 statement and should be read in conjunction with the Director's report on pages 7 to 9.

Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision making. The Board of Dolphin Homes Limited continue to have regard to the interests of the Company's employees and other stakeholders, including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Whilst the importance of giving due consideration to our stakeholders is not new, we are explaining in more detail this year how the Board engages with our stakeholders, thus seeking to comply, a year early, with the requirement to include a statement setting out how our Directors have discharged this duty.

The Board will regularly review our principal stakeholders and how we engage with them through information provided by management and also by direct engagement with stakeholders themselves.

Culture

The company continues to articulate its values both internally and externally to further strengthen our culture and this forms a key part of the induction process for new employees and as part of our discussions with commissioning partners.

Employee Engagement and Wellbeing

The company recognises that our people are core to the delivery of our specialist care and support services and we need to manage performance and develop the talent to achieve our company goals. The Board continues to enhance its methods of engagement with our people. We continue to encourage staff feedback through anonymous employee engagement surveys, the results of which are analysed by the Directors and actions subsequently developed. We continue to involve all levels of the business in our Best Practice Group and Continuous Improvement Group quality initiatives. It is envisaged that our Continuous Improvement Group will enhance our consideration of stakeholder interests in decision making going forward at both Board and management level.

The board continues to review the levels of employee benefits and how we can address the health, especially mental health, needs of our people.

Customers

The board recognises that the people that use our services are the most important stakeholder in the continued success of the business. We have developed "Service Expert Audits" to inform the Board and Senior Management of areas where our customers believe we can improve the outcomes for the people that use our services.

Maintaining a reputation for high standards both our levels of care and support but also our business conduct with our commissioning partners is central to the philosophy of the Directors of Dolphin Homes Limited.

Business Relationships

We aim to work responsibly with our suppliers. During the year, the Board reviewed our arrangements with all staffing agencies to ensure full compliance with immigration status for all directly and indirectly employed staff.

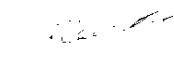
DOLPHIN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Risk Management

Risk Management is an integral part of how Dolphin Homes Limited operates on a daily basis and forms the core elements of our care and support packages. The board formally reviews the major risks within our business on a monthly basis. As part of our person centred approach to the people we support we have a positive approach to risk and involve the people we support, their families and advocates, our commissioning and health and social professional partners and our staff.

This report was approved by the board and signed on its behalf.



.....
Nicholas Heather
Director

19-Nov-2020

DOLPHIN HOMES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2020

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

Results and dividends

The loss for the year, after taxation, amounted to £184,365 (2019 - loss £78,551).

No dividend has been declared on these accounts

Directors

The directors who served during the year were:

B P Heather
N P Heather
R N Tooze (resigned 14 November 2019)
T K Lanes (appointed 2 December 2019)

Energy efficiency

Environmental matters - streamlined energy and carbon reporting:

In accordance with the requirements of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the Directors would like to disclose the following information for the year ended 30 June 2020. No information is present for comparative periods as this is the first period applying these regulations.

Carbon emissions plus intensity ratio

	kWh	Tonnes CO ₂ e
Scope 1 - Direct Emissions		
Natural Gas	745,363	137,050
Scope 2 - Energy Indirect Emissions		
Electricity	234,674	54,712

Intensity Ratio

Average tonnes CO₂e per resident calculated at 3,093.

This calculation uses Gas and Electricity consumption / Average resident numbers.

Methodologies used within calculation:

The Company has used the actual kWh data from the monthly invoices it receives and then applied the "Government conversion factors for company reporting" to calculate the CO₂e content.

The Company has not included information in regard to direct emissions from owned vehicles as the collating of this information was not considered practicable.

Energy efficient action taken this year

We are constantly reviewing various methods to reduce emissions, such as the development of energy efficient homes and through the review and replacement of old technologies with new energy efficient methods (eg LED lighting).

DOLPHIN HOMES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Post balance sheet events

Subsequent to the year end, the Dolphin Homes (Holdings) Group agreed new financing facilities of £9.9m with Clydesdale bank.

These facilities enabled the Group to pay off the bank loans that are held within the Company and detailed within the creditors note as due within 12 months.

This report was approved by the board and signed on its behalf.



.....
Nicholas Heather
Director

19-Nov-2020

DOLPHIN HOMES LIMITED

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**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS
ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL
STATEMENTS OF DOLPHIN HOMES LIMITED
FOR THE YEAR ENDED 30 JUNE 2020**

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Dolphin Homes Limited for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes from the Company's accounting records and from information and explanations you have given to us.

As a member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at:
www.icaew.com/en/members/regulations-standards-and-guidance/.

This report is made solely to the Board of Directors of Dolphin Homes Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of Dolphin Homes Limited and state those matters that we have agreed to state to the Board of Directors of Dolphin Homes Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Dolphin Homes Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Dolphin Homes Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the Company's assets, liabilities, financial position and loss. You consider that Dolphin Homes Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Dolphin Homes Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Menzies LLP

Menzies LLP

Chartered Accountants

3000a Parkway
Whiteley
Hampshire
PO15 7FX

Date:
23-Nov-2020

DOLPHIN HOMES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 £	2019 £
Turnover	4	7,835,940	7,018,183
Cost of sales		(4,884,759)	(4,341,469)
Gross profit		2,951,181	2,676,714
Administrative expenses		(2,919,303)	(2,497,370)
Other operating income	5	6,094	-
Operating profit	6	37,972	179,344
Interest receivable and similar income	9	1,322	682
Interest payable and expenses	10	(211,696)	(246,077)
Loss before tax		(172,402)	(66,051)
Tax on loss	11	(11,963)	(12,500)
Loss for the financial year		(184,365)	(78,551)
Other comprehensive income for the year			
Movement in deferred tax relating to revalued properties		(104,837)	-
Other comprehensive income for the year		(104,837)	-
Total comprehensive income for the year		(289,202)	(78,551)

The notes on pages 13 to 26 form part of these financial statements.

DOLPHIN HOMES LIMITED

REGISTERED NUMBER:01685034

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	12	838,448	1,006,138
Tangible assets	13	15,647,863	14,657,835
		<u>16,486,311</u>	<u>15,663,973</u>
Current assets			
Debtors: amounts falling due within one year	14	3,262,512	2,479,954
Cash at bank and in hand		766,192	406,171
		<u>4,028,704</u>	<u>2,886,125</u>
Creditors: amounts falling due within one year	15	(12,934,817)	(3,954,143)
Net current liabilities		<u>(8,906,113)</u>	<u>(1,068,018)</u>
Total assets less current liabilities		<u>7,580,198</u>	<u>14,595,955</u>
Creditors: amounts falling due after more than one year	16	(16,500)	(6,859,855)
Provisions for liabilities			
Deferred tax	19	(1,046,732)	(929,932)
		<u>(1,046,732)</u>	<u>(929,932)</u>
Net assets		<u><u>6,516,966</u></u>	<u><u>6,806,168</u></u>

DOLPHIN HOMES LIMITED

REGISTERED NUMBER:01685034

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2020

	Note	2020 £	2019 £
Capital and reserves			
Called up share capital	20	100	100
Revaluation reserve	21	6,357,367	6,527,039
Profit and loss account	21	159,499	279,029
		<u>6,516,966</u>	<u>6,806,168</u>

The directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
Nicholas Heather
Director

19-Nov-2020

The notes on pages 13 to 26 form part of these financial statements.

DOLPHIN HOMES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 July 2018	100	6,591,874	292,745	6,884,719
Comprehensive income for the year				
Loss for the year	-	-	(78,551)	(78,551)
Excess depreciaton on revalued properties	-	(64,835)	64,835	-
Total comprehensive income for the year	-	(64,835)	(13,716)	(78,551)
At 1 July 2019	100	6,527,039	279,029	6,806,168
Comprehensive income for the year				
Loss for the year	-	-	(184,365)	(184,365)
Deferred tax relating to revaluations	-	(104,837)	-	(104,837)
Excess depreciaton on revalued properties	-	(64,835)	64,835	-
Total comprehensive income for the year	-	(169,672)	(119,530)	(289,202)
At 30 June 2020	100	6,357,367	159,499	6,516,966

The notes on pages 13 to 26 form part of these financial statements.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1. General information

These financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

Dolphin Homes Limited is a private company limited by shares, registered in England and Wales. The address of its registered office is disclosed on the company information page. The principal place of business is Unit A3 Endeavour Business Park, Penner Road, Havant PO9 1QN.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Dolphin Homes (Holdings) Limited as at 30 June 2020 and these financial statements may be obtained from Companies House.

2.3 Going concern

As widely reported in the media COVID-19 is impacting many businesses at the time these accounts are being filed.

The Directors continually review job programmes and finances, and where there has been little change in trading activity, assessments remain as they had been pre virus.

The Directors have conducted a COVID assessment within the strategic report.

Our finances remain strong and having taken that into consideration along with the expected performance over the foreseeable future, the Directors consider that the company has sufficient resources to continue operational existence for that time.

For this reason, the Directors continue to adopt the going concern basis of accounting in preparing these

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.11 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of 10 years.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Freehold property	- straight line over 50 years
Long-term leasehold property	- straight line over 10 years
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 15% straight line

2.14 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Accounting policies (continued)

2.17 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3. Judgements in applying accounting policies 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. No significant judgements have been applied within these financial statements.

Assumptions have been made around the useful life of goodwill and other fixed assets. These estimations have been made in accordance with the usual replacement period for these assets, and the expected life of the goodwill acquired.

4. Turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Care services	7,835,940	7,018,183
	<u>7,835,940</u>	<u>7,018,183</u>

All turnover arose within the United Kingdom.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

5. Other operating income

	2020 £	2019 £
Government grants receivable	6,094	-
	<u>6,094</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Other operating lease rentals	202,178	203,231
	<u>202,178</u>	<u>203,231</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	4,996,708	4,230,202
Social security costs	28,650	22,936
Cost of defined contribution scheme	53,448	63,343
	<u>5,078,806</u>	<u>4,316,481</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Production staff	279	255
Administrative staff	15	15
Management staff	6	4
	<u>300</u>	<u>274</u>

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	287,635	200,913
	<u>287,635</u>	<u>200,913</u>

The highest paid director received remuneration of £83,426 (2019 - £112,467).

9. Interest receivable

	2020 £	2019 £
Other interest receivable	1,322	682
	<u>1,322</u>	<u>682</u>

10. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	197,955	218,686
Finance leases and hire purchase contracts	8,568	10,392
Other interest payable	5,173	16,999
	<u>211,696</u>	<u>246,077</u>

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

11. Taxation

	2020 £	2019 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	11,963	12,500
Total deferred tax	11,963	12,500
Taxation on profit on ordinary activities	11,963	12,500

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	(172,401)	(66,051)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(32,756)	(12,550)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	104	667
Capital allowances for year in (excess)/deficit of depreciation	53,675	42,134
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	(3,060)	-
Short term timing difference leading to an increase (decrease) in taxation	11,963	12,500
Book profit on chargeable assets	94	-
Changes in provisions leading to an increase (decrease) in the tax charge	-	5,438
Unrelieved tax losses carried forward	-	(10,318)
Other differences leading to an increase (decrease) in the tax charge	-	96
Group relief	(18,057)	(25,467)
Total tax charge/(credit) for the year	11,963	12,500

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

12. Intangible assets

	Goodwill £
Cost	
At 1 July 2019	2,113,752
At 30 June 2020	<u>2,113,752</u>
Amortisation	
At 1 July 2019	1,107,614
Charge for the year on owned assets	167,690
At 30 June 2020	<u>1,275,304</u>
Net book value	
At 30 June 2020	<u><u>838,448</u></u>
At 30 June 2019	<u><u>1,006,138</u></u>

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

13. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 July 2019	14,409,455	86,339	516,044	1,446,382	16,458,220
Additions	1,130,250	-	64,459	100,526	1,295,235
Disposals	-	-	(36,011)	-	(36,011)
At 30 June 2020	15,539,705	86,339	544,492	1,546,908	17,717,444
Depreciation					
At 1 July 2019	270,116	66,191	341,268	1,122,810	1,800,385
Charge for the year on owned assets	129,498	8,634	58,569	103,524	300,225
Disposals	-	-	(31,029)	-	(31,029)
At 30 June 2020	399,614	74,825	368,808	1,226,334	2,069,581
Net book value					
At 30 June 2020	15,140,091	11,514	175,684	320,574	15,647,863
At 30 June 2019	14,139,339	20,148	174,776	323,572	14,657,835

The Freehold Property was last revalued in line with a valuation prepared by Gerald Eve property consultants in March 2017, to a market value of £14.38m.

The net book value of land and buildings may be further analysed as follows:

	2020 £	2019 £
Freehold	15,140,091	14,139,338
Long leasehold	11,514	20,148
	15,151,605	14,159,486

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

14. Debtors

	2020 £	2019 £
Trade debtors	478,820	662,840
Amounts owed by group undertakings	2,695,011	1,735,664
Other debtors	33,147	14,918
Prepayments and accrued income	55,534	66,532
	3,262,512	2,479,954

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Bank overdrafts	-	120,687
Bank loans	6,845,036	285,300
Other loans	6,970	52,448
Trade creditors	108,167	197,029
Amounts owed to group undertakings	4,409,634	1,912,282
Corporation tax	13,182	2,118
Other taxation and social security	143,642	171,622
Obligations under finance lease and hire purchase contracts	89,749	58,572
Other creditors	547,091	476,181
Accruals and deferred income	771,346	677,904
	12,934,817	3,954,143

16. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Bank loans	-	6,772,350
Other loans	-	18,782
Net obligations under finance leases and hire purchase contracts	-	32,723
Other creditors	16,500	36,000
	16,500	6,859,855

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

17. Loans

Analysis of the maturity of loans is given below:

	2020 £	2019 £
Amounts falling due within one year		
Bank loans	6,845,036	285,300
Other loans	6,970	52,448
	6,852,006	337,748
Amounts falling due 1-2 years		
Bank loans	-	6,772,350
Other loans	-	18,782
	-	6,791,132
	6,852,006	7,128,880

The Bank loans detailed above are secured via fixed and floating charges against the property held by the Company.

18. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	89,749	58,572
Between 1-5 years	-	32,723
	89,749	91,295

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

19. Deferred taxation

	2020 £
At beginning of year	(929,932)
Charged to profit or loss	(11,963)
Charged to other comprehensive income	(104,837)
At end of year	(1,046,732)

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Amounts on revalued properties	(995,953)	(891,116)
Excess of taxation allowances over depreciation on fixed assets	(50,779)	(38,816)
	(1,046,732)	(929,932)

20. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
100 (2019 - 100) Ordinary shares of £1.00 each	100	100

Each ordinary share has equal voting and dividend rights.

21. Reserves

Revaluation reserve

The revaluation reserve represents the accumulated difference between the revaluation amount and the carrying value of properties, net of estimated deferred taxes, at the date of revaluation.

Profit and loss account

The profit and loss account represents the accumulated profits or losses made by the Company.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £53,448 (2019 - £63,343). Contributions totalling £30,310 (2019 - £46,416) were payable to the fund at the balance sheet date and are included in creditors.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

23. Commitments under operating leases

At 30 June 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	91,377	87,952
Later than 1 year and not later than 5 years	94,450	171,509
Later than 5 years	6,228	13,284
	192,055	272,745

The total lease payments, relating to rent and equipment hire recognised as an expense in the financial year amounts to £287,994 (2019 - £287,321).

24. Transactions with directors

During the year, the outstanding directors loans were transferred to the parent company, Dolphin Homes (Holdings) Limited.

25. Related party transactions

Under the provisions of Section 33 of Financial Reporting Standard 102, the Company is exempt from disclosing transactions with fellow Group Companies.

The Company has provided a guarantee on a rent agreement entered into by a fellow subsidiary of the Group.

JNP Developments and Investments Limited

JNP Developments and Investments Limited is owned by B P & N P Heather. During the period Dolphin Homes Limited paid expenses on behalf of JNP of £10,363 (2019 - £28,509). JNP provided services of £204,973 (2019 - £343,451) and made repayments of £188,513 (2019 - £323,911) to Dolphin Homes Limited.

At the year end, Dolphin Homes Limited owed JNP £18,811 (2019 - £12,714).

26. Post balance sheet events

Subsequent to the year end, the Dolphin Homes (Holdings) Group agreed new financing facilities of £9.9m with Clydesdale bank.

These facilities enabled the Group to pay off the bank loans that are held within the Company and detailed within the creditors note as due within 12 months.

27. Controlling party

The Company is a 100% subsidiary of Dolphin Homes (Holdings) Limited.

The smallest and largest company which prepares consolidated accounts in which these figures are included is Dolphin Homes (Holdings) Limited. A copy of these can be obtained from Companies House.

The ultimate controlling party throughout the whole period is Mr N P Heather, the director