

Company Registration No. 02068130 (England and Wales)

MEDILINE GROUP SERVICES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

MEDILINE GROUP SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr P C Cook Mr MW Baines
Company number	02068130
Registered office	3rd Floor Butt Dyke House 33 Park Row Nottingham NG1 6EE
Auditor	HSKS Greenhalgh 3rd Floor Butt Dyke House 33 Park Row Nottingham NG1 6EE
Business address	Charnock Road Fazakerley Liverpool L9 6AW

MEDILINE GROUP SERVICES LIMITED

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MEDILINE GROUP SERVICES LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present the strategic report for the year ended 31 March 2021.

Fair review of the business

During the year under review, the principle activities of Mediline Group Services Limited was to provide central support to its operating subsidiary, Mediline Supported Living Limited which specialises in providing care for working age adults with complex needs.

The central support is by way of providing board strategy, the provision of a centralised, finance, banking, property management, quality assurance, I.T. and payroll.

Performance for the year was in line with expectations with a reduction in turnover following the sale of one of its subsidiaries and associated freehold property which was previously generating rental income.

Principal risks and uncertainties

Risks within the Group are identified and assessed against Medilines strategic aims and objectives at every level within the organisation.

The board oversees strategic risks with the support of the quality compliance committee. The committee is satisfied with the processes for identifying, managing and reporting risks at an operational level.

At a strategic level we have identified several strategic risks faced by the organisation. All activity is reviewed in the context of these risks which sit below and are associated with them.

Principle risks	What the risks mean	How these risks are managed
Maintaining the quality of services	The safety and wellbeing of the people we support may be affected if we don't have adequate systems and processes in place.	We ensure that our staff are trained on operational and safeguarding policies and procedures. We have a clear process for fast reporting of any serious incidents.
Maintaining financial sustainability	If we don't generate sufficient net income, we may be unable to operate. Commissioning authorities need to recognise the current impact of inflation on fee levels and transition towards paying fees to facilitate paying support staff the Real Living Wage.	We have effective budgeting and forecasting processes and have very low financial gearing
People and capacity	We need to attract, develop and retain talented staff in a competitive labour market which has been impacted adversely by Brexit and Covid.	We regularly review our recruitment processes. We embed our values during appraisal and training and are reviewing the impact of transitioning towards paying the Real Living Wage to care staff to improve recruitment and retention.
Governance and strategy	If the right governance structures are not in place, we may be unable to drive our strategy or to improve the lives of people with a learning disability.	We regularly review our governance structures and performance. We have processes in place to lead strategic change and we are developing our ability to measure the impact that we make.

MEDILINE GROUP SERVICES LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Development and performance

STRATEGY

The primary area of activity of the Group is the provision of care services in residential registered houses and community facilities. The key drivers for the continued success of the Group are the high level of effort from staff coupled with the continued focus on the high quality provision of care and support services with strong financial control. These drivers support the delivery of the organisations objectives in achieving customer satisfaction and developing future opportunities which is demonstrated through the successful tender outcomes that have been achieved through engagement with Local Authorities during the financial year.

Following the sale of North West Community Services Limited in January 2020, the Group took the decision to sell the freehold on one of the properties owned by Mediline Group Services during the financial year which was used primarily as the operational base of the training company and also to generate rental income.

Key performance indicators

As the company derives its income in the main from internal recharges the ability to remain profitable and have distributable reserves is the minimum KPI. The company also receives rental income from Group Companies, Private Tenancy Agreements and external Housing Associations.

	2021 £	2020 £
Company income	840,868	932,424
Operating profit	186,817	287,818
Operating profit	22.2%	30.9%

The directors report a profit margin which is in line with expectations during the year under review.

On behalf of the board

Mr P C Cook

Director

28 March 2022

MEDILINE GROUP SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the year ended 31 March 2021.

Principal activities

The principal activity of the company continued to be that of the provision of property to support the social care commitments of its subsidiaries and external care providers. The company also provides central administrative support to its subsidiary companies.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Mr P C Cook
Mr C W Murray (Deceased 15 October 2020)
Mr M W Baines (Resigned 28 April 2020)
Mr M W Baines (Appointed 1 November 2020)

Financial instruments

The company finances its operations through retained profits and, where necessary to fund expansion or capital expenditure programmes, through bank borrowings.

The management's objectives are to:

- retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds;
- minimise the company's exposure to fluctuating interest rates when seeking new borrowings; and
- match the repayment schedule of any external borrowings or overdrafts with the expected future cash flows expected to arise from the company's trading activities.

Where appropriate, funds are invested in sterling treasury deposit accounts. There is therefore no price risk exposure.

MEDILINE GROUP SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Statement of directors' responsibilities

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

Mr P C Cook
Director

28 March 2022

MEDILINE GROUP SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEDILINE GROUP SERVICES LIMITED

Opinion

We have audited the financial statements of Mediline Group Services Limited (the 'company') for the year ended 31 March 2021 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including 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 company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 year 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.

MEDILINE GROUP SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MEDILINE GROUP SERVICES LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We considered the nature of the company's business and its control environment. We also enquired of management about their identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework in which the company operates and identified key laws and regulations that:

- Had a direct effect on the determination of material amounts and disclosures in the financial statements, which included the Companies Act 2006, tax legislation and payroll legislation; and
- Did not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate.

We discussed among the audit engagement team the opportunities and incentives that may exist within the organisation for fraud and how / where fraud might occur in the financial statements.

MEDILINE GROUP SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MEDILINE GROUP SERVICES LIMITED

In common with all audits under ISA's (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of accounting adjustments and journal entries, assessed whether accounting estimates were reasonable and accurate and reviewed the accounting records for any significant and unusual transactions.

In addition, our procedures to respond to the risks identified included:

- Reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provision of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify any unusual or unexpected variances that may indicate risks of material misstatement due to fraud;
- Enquiring of management about any instances of non-compliance with laws and regulations and any instances of known or suspected fraud; and
- Reviewing the latest available Care Quality Commission inspection reports for all registered homes operated by the subsidiary.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Philip Handley FCA (Senior Statutory Auditor)
For and on behalf of HSKS Greenhalgh

30 March 2022

Chartered Accountants
Statutory Auditor

3rd Floor
Butt Dyke House
33 Park Row
Nottingham
NG1 6EE

MEDILINE GROUP SERVICES LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	840,868	932,424
Administrative expenses		(675,718)	(644,606)
Other operating income		21,667	-
Operating profit	4	186,817	287,818
Income from shares in group undertakings	7	-	2,500,000
Other interest receivable and similar income	7	-	3,421
Interest payable and similar expenses	8	(56)	(230)
Amounts written off investments	9	-	137,708
Profit before taxation		186,761	2,928,717
Tax on profit	10	(23,629)	(66,708)
Profit for the financial year		163,132	2,862,009

The income statement has been prepared on the basis that all operations are continuing operations.

MEDILINE GROUP SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Profit for the year	163,132	2,862,009
Other comprehensive income		
Dividend in specie	-	(100)
Total comprehensive income for the year	<u>163,132</u>	<u>2,861,909</u>

MEDILINE GROUP SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

		2021	2020
	Notes	£	£
Fixed assets			
Tangible assets	12	1,960,207	2,255,017
Investment properties	13	1,035,000	1,347,500
Investments	14	100	100
		<u>2,995,307</u>	<u>3,602,617</u>
Current assets			
Debtors	15	43,339	119,115
Cash at bank and in hand		2,622,622	1,777,577
		<u>2,665,961</u>	<u>1,896,692</u>
Creditors: amounts falling due within one year	16	<u>(4,328,670)</u>	<u>(4,329,843)</u>
Net current liabilities		<u>(1,662,709)</u>	<u>(2,433,151)</u>
Net assets		<u>1,332,598</u>	<u>1,169,466</u>
Capital and reserves			
Called up share capital	19	40,000	40,000
Capital redemption reserve	20	20,000	20,000
Other reserves	21	87,811	171,686
Profit and loss reserves	22	1,184,787	937,780
Total equity		<u>1,332,598</u>	<u>1,169,466</u>

The financial statements were approved by the board of directors and authorised for issue on 28 March 2022 and are signed on its behalf by:

Mr P C Cook
Director

Company Registration No. 02068130

MEDILINE GROUP SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Profit and loss reserves £	Total £
Balance at 1 April 2019		40,000	20,000	33,778	4,213,779	4,307,557
Year ended 31 March 2020:						
Profit for the year		-	-	-	2,862,009	2,862,009
Other comprehensive income:						
Dividend in specie		-	-	-	(100)	(100)
Total comprehensive income for the year		-	-	-	2,861,909	2,861,909
Dividends	11	-	-	-	(6,000,000)	(6,000,000)
Transfers		-	-	137,908	(137,908)	-
Balance at 31 March 2020		40,000	20,000	171,686	937,780	1,169,466
Year ended 31 March 2021:						
Profit and total comprehensive income for the year		-	-	-	163,132	163,132
Transfers		-	-	(83,875)	83,875	-
Balance at 31 March 2021		40,000	20,000	87,811	1,184,787	1,332,598

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Mediline Group Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, Butt Dyke House, 33 Park Row, Nottingham, NG1 6EE.

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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Peter Cook Limited. These consolidated financial statements are available from its registered office, 3rd Floor Butt Dyke House, 33 Park Row, Nottingham, NG1 6EE.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.2 Going concern

At the year end the company had net current liabilities of £1,662,709 (2020: £2,433,151) arising predominantly as a result of amounts due to group undertakings. Financial forecasts prepared indicate that the group will remain profitable. It is on this basis that the directors consider that the company will have adequate cash resources available to fund its trading and other obligations during the course of the twelve months from the date the financial statements are approved. Consequently the accounts have been prepared on the going concern basis.

During the year under review, the COVID-19 pandemic continued to be a significant emerging risk to the global economy. The directors continue to monitor the impact on the business on an ongoing basis.

At the time of approving these financial statements, the directors do not consider COVID-19 to impact the company's ability to continue as a going concern and consider the balance sheet to be appropriately valued.

1.3 Turnover

Turnover represents rents receivable for the year and management charges receivable from subsidiary companies for central support services provided during the year.

Rents receivable under operating leases are charged to the income statement on a straight line basis over the period of the lease.

1.4 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% straight line
Leasehold land and buildings	2% straight line
Fixtures and fittings	20-50% straight line
Motor vehicles	25% straight line

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 credited or charged to profit or loss.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.6 Fixed asset investments

Interests in subsidiary entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.7 Cash and cash equivalents

Cash and cash equivalents 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.

1.8 Financial instruments

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 company 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.

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 company's contractual obligations expire or are discharged or cancelled.

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.9 Equity instruments

Equity instruments issued by the company 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 company.

1.10 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 income statement 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

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 income statement, 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 when the company has 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.

1.11 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.

1.12 Retirement benefits

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

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying 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

	2021	2020
	£	£
Turnover analysed by class of business		
Rent receivable	349,198	415,450
Management charges receivable	491,670	516,974
	<u>840,868</u>	<u>932,424</u>
	<u>2021</u>	<u>2020</u>
	£	£
Other significant revenue		
Interest income	-	3,421
Dividends received	-	2,500,000
Grants received	21,667	-
	<u>21,667</u>	<u>-</u>

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

4 Operating profit

	2021	2020
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(21,667)	-
Fees payable to the company's auditor for the audit of the company's financial statements	5,000	4,350
Depreciation of owned tangible fixed assets	71,725	77,574
Profit on disposal of tangible fixed assets	(107,874)	-
Operating lease charges	3,482	2,802
	<u> </u>	<u> </u>

5 Employees

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

	2021	2020
	Number	Number
Directors and management	2	3
Administration	9	9
	<u> </u>	<u> </u>
Total	11	12
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	357,973	331,272
Pension costs	150,764	47,029
	<u> </u>	<u> </u>
	508,737	378,301
	<u> </u>	<u> </u>

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	9,228	16,792
Company pension contributions to defined contribution schemes	143,333	40,000
	<u> </u>	<u> </u>
	152,561	56,792
	<u> </u>	<u> </u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	-	3,402
Other interest income	-	19
	<u>-</u>	<u>3,421</u>
Total interest revenue	-	3,421
Income from fixed asset investments		
Income from shares in group undertakings	-	2,500,000
	<u>-</u>	<u>2,500,000</u>
Total income	-	2,503,421
	<u>-</u>	<u>2,503,421</u>
Disclosed on the income statement as follows:		
Income from shares in group undertakings	-	2,500,000
Other interest receivable and similar income	-	3,421
	<u>-</u>	<u>3,421</u>

8 Interest payable and similar expenses

	2021	2020
	£	£
Other interest	56	230
	<u>56</u>	<u>230</u>

9 Amounts written off investments

	2021	2020
	£	£
Gain/(loss) on disposal of fixed asset investments	-	(200)
Changes in the fair value of investment properties	-	137,908
	<u>-</u>	<u>137,708</u>

10 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	26,829	64,460
Adjustments in respect of prior periods	(2,127)	-
	<u>24,702</u>	<u>64,460</u>
Total current tax	24,702	64,460
Deferred tax		
Origination and reversal of timing differences	(1,073)	2,248
	<u>(1,073)</u>	<u>2,248</u>
Total tax charge	23,629	66,708
	<u>23,629</u>	<u>66,708</u>

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

10 Taxation

(Continued)

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

	2021 £	2020 £
Profit before taxation	186,761	2,928,717
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	35,485	556,456
Tax effect of expenses that are not deductible in determining taxable profit	(598)	(702)
Gains not taxable	-	(26,203)
Change in unrecognised deferred tax assets	(1,073)	2,248
Adjustments in respect of prior years	(2,127)	-
Permanent capital allowances in excess of depreciation	(8,058)	9,909
Dividend income	-	(475,000)
Taxation charge for the year	23,629	66,708

11 Dividends

	2021 £	2020 £
Interim paid	-	6,000,000

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2020	2,216,883	865,750	54,758	32,500	3,169,891
Disposals	(228,113)	-	(11,192)	(32,500)	(271,805)
At 31 March 2021	1,988,770	865,750	43,566	-	2,898,086
Depreciation and impairment					
At 1 April 2020	591,100	272,396	40,483	10,895	914,874
Depreciation charged in the year	41,913	22,267	3,097	4,448	71,725
Eliminated in respect of disposals	(31,395)	-	(1,982)	(15,343)	(48,720)
At 31 March 2021	601,618	294,663	41,598	-	937,879
Carrying amount					
At 31 March 2021	1,387,152	571,087	1,968	-	1,960,207
At 31 March 2020	1,625,783	593,354	14,275	21,605	2,255,017

Freehold land and buildings with a carrying amount of £1,958,239 (2020 - £2,219,137) have been pledged to secure borrowings of the company. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

13 Investment property

	2021 £
Fair value	
At 1 April 2020	1,347,500
Disposals	(312,500)
At 31 March 2021	1,035,000

The fair value of the investment property has been arrived at on the basis of a valuation carried out at 25 February 2016 by Pinders Professional & Consultancy Services Ltd, professional valuers regulated by RICS, who are not connected with the company. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties. The directors consider this valuation to reflect their fair value as at 31 March 2021.

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Investment property

(Continued)

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2021 £	2020 £
Cost	1,236,453	1,484,158
Accumulated depreciation	(400,019)	(439,501)
Carrying amount	836,434	1,044,657

14 Fixed asset investments

	2021 £	2020 £
Unlisted investments	100	100

15 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	27,071	27,951
Other debtors	-	26,903
Prepayments and accrued income	10,566	59,632
	37,637	114,486
Amounts falling due after more than one year:		
Deferred tax asset (note 17)	5,702	4,629
Total debtors	43,339	119,115

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	13,679	56,485
Amounts owed to group undertakings	4,225,898	4,137,755
Corporation tax	5,890	33,783
Other taxation and social security	1,233	1,407
Other creditors	63,953	75,913
Accruals and deferred income	18,017	24,500
	<u>4,328,670</u>	<u>4,329,843</u>

On 12 July 2016 a mortgage debenture was registered under the terms of which the group's bankers have a first legal charge over land and buildings and a fixed and floating charge over all property of the company and its 1 subsidiary.

On 21 January 2020 two additional charges were registered under the terms of which the group's bankers have fixed and floating charges over the freehold, leasehold and investment properties owned by the company.

17 Deferred taxation

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

	Assets 2021 £	Assets 2020 £
Balances:		
Accelerated capital allowances	<u>5,702</u>	<u>4,629</u>
Movements in the year:		2021 £
Asset at 1 April 2020		(4,629)
Credit to profit or loss		(1,073)
Asset at 31 March 2021		<u>(5,702)</u>

18 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>150,764</u>	<u>47,029</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

19 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary shares of £1 each	40,000	40,000	40,000	40,000

20 Capital redemption reserve

	2021 £	2020 £
At the beginning and end of the year	20,000	20,000

21 Other reserves

	£
At the beginning of the prior year	33,778
Additions	137,908
At the end of the prior year	171,686
Additions	(83,875)
At the end of the current year	87,811

22 Profit and loss reserves

	2021 £	2020 £
At the beginning of the year	937,780	4,213,779
Profit for the year	163,132	2,862,009
Dividends declared and paid in the year	-	(6,000,000)
Transfer from revaluation reserve	83,875	(137,908)
Dividend in specie	-	(100)
At the end of the year	1,184,787	937,780

MEDILINE GROUP SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

23 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	42,959	12,071
Between two and five years	114,136	1,514
	<u>157,095</u>	<u>13,585</u>

Lessor

There are six leases in place. The first two are twenty-five year leases expiring on 31 May 2035 at £25,000 and £37,000 per annum respectively with annual inflationary increases. The rentals disclosed are on the basis that the rent continues at the same rent as currently. The third is a 21 year lease at £28,394 per annum expiring on 05 August 2034.

Three additional leases were entered into during the year ended 31 March 2020. These leases relate to the same property which was sold in August 2020. Therefore, the future minimum lease rentals disclosed above reflect the rent receivable on the three additional leases to the point of the building's sale in the 2020 figures with no rent receivable reflected in the 2021 figures.

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2021 £	2020 £
Within one year	114,045	133,586
Between two and five years	463,260	459,646
In over five years	1,086,588	1,206,151
	<u>1,663,893</u>	<u>1,799,383</u>

24 Ultimate controlling party

The company is the wholly owned subsidiary of Peter Cook Limited.

The ultimate controlling parties are PC Cook and Mrs SD Cook by virtue of their controlling interest in the parent company, Peter Cook Limited.

Copies of the group accounts for Peter Cook Limited, whose registered office is 3rd Floor, Butt Dyke House, 33 Park Row, Nottingham, NG1 6EE, are available from Companies House. This is the only group that the company is consolidated into for the year.

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.