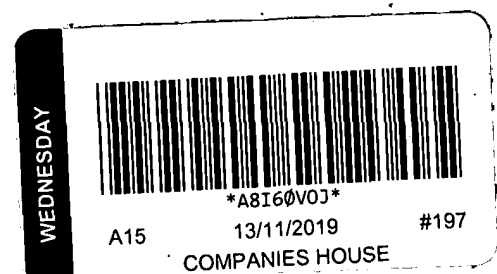


Verulam Health Care Limited

Annual Report and Financial Statements

For the year ended 31 March 2019

Company Registration No. 02927338 (England and Wales)



Verulam Health Care Limited

Company Information

Directors	P S Jackson D P Tominey P M Jackson B Tominey
Secretary	P S Jackson
Company number	02927338
Registered office	3rd Floor 10 St Bride Street London EC4A 4AD
Auditors	Moore Kingston Smith LLP 4 Victoria Square St Albans Hertfordshire AL1 3TF
Business address	Verulam House Verulam Road St Albans Hertfordshire AL3 4DH

Verulam Health Care Limited

Contents

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 23

Verulam Health Care Limited

Strategic Report

For the year ended 31 March 2019

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

Fair review of the business

The results for the year and the financial position as at 31 March 2019 were considered good by the directors. The company's turnover remained constant during the year with gross and net margins remaining largely consistent as shown on page 7.

The pre tax profit as disclosed in the financial statements is £361,571. This figure includes a number of one off costs. The directors believe the "normalised" profit for the business would be in excess of £800,000. The directors intend to continue with their tight control over expenditure which should lead to improvements in performance in the foreseeable future.

The balance sheet on page 8 shows that the company has a very positive financial base for the future.

Principal risks and uncertainties

A significant risk for the company relates to the continuing upward pressure on wage costs caused by the implementation of government policy in relation to the living wage.

Competitive pressure is a continuing risk to the company. The company manages this risk by continuing to provide excellent standards of nursing and personal care to its residents. During the year, the company increased its ability to deliver a specialised service with its team of nurses attending courses for neurological and cardio-vascular care.

Treasury operations and financial instruments

The company operates a treasury function which is responsible for managing the liquidity and inherent risks associated with the company's activities. The company's principal financial instruments include bank loans, the main purpose of which is to raise finance for the company's operations. In addition, the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

Liquidity risks

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

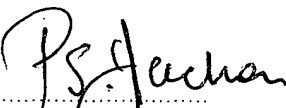
Interest rate risks

The company manages debt so as to reduce its exposure to changes in interest rates.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which fulfill credit rating criteria approved by the board

On behalf of the board


P S Jackson
Director
5/11/19

Verulam Health Care Limited

Directors' Report

For the year ended 31 March 2019

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

Principal activities

The principal activity of the company continued to be that of the provision of nursing care.

Directors

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

P S Jackson
D P Tominey
P M Jackson
B Tominey

Results and dividends

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

Dividends totalling £480,000 will be distributed for the year ended 31 March 2019.

Future developments

The directors intend to continue their present management policy for the foreseeable future.

Auditor

In accordance with the company's articles, a resolution proposing that Moore Kingston Smith LLP be reappointed as auditor of the company will be put at a General Meeting.

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.

Verulam Health Care Limited

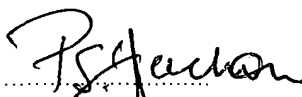
Directors' Report (Continued)

For the year ended 31 March 2019

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



P S Jackson

Director

Date: 5/11/19

Verulam Health Care Limited

Independent Auditor's Report

To the Members of Verulam Health Care Limited

Opinion

We have audited the financial statements of Verulam Health Care Limited (the 'company') for the year ended 31 March 2019 set out on pages 7 to 23. 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 2019 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

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

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

Other information

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

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

We have nothing to report in this regard.

Verulam Health Care Limited

Independent Auditor's Report (Continued)

To the Members of Verulam Health Care Limited

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial 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.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, 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.

Verulam Health Care Limited

Independent Auditor's Report (Continued)

To the Members of Verulam Health Care Limited

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 for no purpose other than to draw to the attention of the company's members those matters we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.



Silvia Vitiello (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

8/11/19

Chartered Accountants
Statutory Auditor

4 Victoria Square
St Albans
Hertfordshire
AL1 3TF

Verulam Health Care Limited

Statement of Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 £	2018 £
Turnover	3	3,214,461	3,206,982
Cost of sales		(111,182)	(108,777)
Gross profit		<u>3,103,279</u>	<u>3,098,205</u>
Administrative expenses		(2,647,033)	(2,369,429)
Operating profit		<u>456,246</u>	<u>728,776</u>
Interest receivable and similar income	6	325	311
Interest payable and similar expenses	7	(95,000)	(92,906)
Profit before taxation		<u>361,571</u>	<u>636,181</u>
Taxation	8	(80,098)	(120,874)
Profit for the financial year		<u><u>281,473</u></u>	<u><u>515,307</u></u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

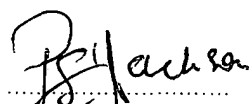
Verulam Health Care Limited

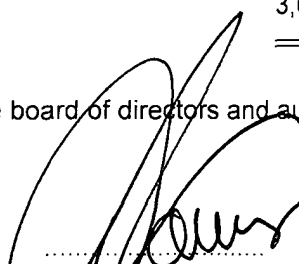
Balance Sheet

As at 31 March 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	10	7,210,988		7,292,488	
Current assets					
Stock	11	6,500		6,500	
Debtors	13	308,130		377,780	
Cash at bank and in hand		39,931		126,223	
		<u>354,561</u>		<u>510,503</u>	
Creditors: amounts falling due within one year	14	<u>(550,809)</u>		<u>(591,779)</u>	
Net current liabilities			(196,248)		(81,276)
Total assets less current liabilities			<u>7,014,740</u>		<u>7,211,212</u>
Creditors: amounts falling due after more than one year	15		(3,363,220)		(3,352,500)
Provisions for liabilities	17		<u>(586,217)</u>		<u>(594,882)</u>
Net assets			<u><u>3,065,303</u></u>		<u><u>3,263,830</u></u>
Capital and reserves					
Called up share capital	20	500,000		500,000	
Revaluation reserve		2,200,528		2,200,528	
Capital redemption reserve		100		100	
Profit and loss reserves		<u>364,675</u>		<u>563,202</u>	
Total equity			<u><u>3,065,303</u></u>		<u><u>3,263,830</u></u>

The financial statements were approved by the board of directors and authorised for issue on 5/11/19 and are signed on its behalf by:


P.S. Jackson
Director


D.P. Tominey
Director

Company Registration No. 02927338

Verulam Health Care Limited

Statement of Changes in Equity

For the year ended 31 March 2019

	Notes	Share capital £	Revaluation reserve £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2017		500,000	2,200,528	100	463,895	3,164,523
Year ended 31 March 2018:						
Profit and total comprehensive income for the year		-	-	-	515,307	515,307
Dividends	9	-	-	-	(416,000)	(416,000)
Balance at 31 March 2018		500,000	2,200,528	100	563,202	3,263,830
Year ended 31 March 2019:						
Profit and total comprehensive income for the year		-	-	-	281,473	281,473
Dividends	9	-	-	-	(480,000)	(480,000)
Balance at 31 March 2019		500,000	2,200,528	100	364,675	3,065,303

Verulam Health Care Limited

Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	22	573,489		792,676	
Interest paid		(95,000)		(92,906)	
Income taxes paid		(108,355)		(113,690)	
Net cash inflow from operating activities		370,134		586,080	
Investing activities					
Purchase of tangible fixed assets		-		(76,649)	
Interest received		325		311	
Net cash generated from/(used in) investing activities			325		(76,338)
Financing activities					
Repayment of bank loans		23,249		(30,000)	
Dividends paid		(480,000)		(416,000)	
Net cash used in financing activities		(456,751)		(446,000)	
Net (decrease)/increase in cash and cash equivalents		(86,292)		63,742	
Cash and cash equivalents at beginning of year		126,223		62,481	
Cash and cash equivalents at end of year		39,931		126,223	

Verulam Health Care Limited

Notes to the Financial Statements

For the year ended 31 March 2019

1 Accounting policies

Company information

Verulam Health Care Limited is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor, 10 St Bride Street, London, EC4A 4AD.

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 pound.

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

1.2 Going concern

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

1.3 Turnover

Turnover represents amounts receivable for care services and non-refundable deposits. Services are exempt from VAT.

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:

Land and buildings freehold	Annual impairment review
Additional property costs	2% straight line
Plant and machinery	15% straight line
Fixtures, fittings & equipment	15% straight line
Motor vehicles	20% 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 Impairment of fixed assets

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

1 Accounting policies

(Continued)

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

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

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

1.6 Stock

Stock are valued at the lower of cost and net realisable value.

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

1.7 Cash and cash equivalents

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

1.8 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

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

1 Accounting policies

(Continued)

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.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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.

Classification of financial liabilities

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

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Other financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue 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 profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.12 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.

1.13 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable. The assets of the pension scheme are administered separately.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

1 Accounting policies

(Continued)

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 are included in the profit and loss account for the period.

1.16 Employee benefit trust

The company had previously established a trust for the benefit of employees. An entitlement to part of the value of the asset held in this trust has been sold at market value by the trustees to the company. The liability arising on the purchase of this asset will be paid by instalments. Both the asset and the related liability are recognised in the financial statements in accordance with the agreement.

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

An analysis of the company's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Care Home Fees	3,214,461	3,206,982
	<u> </u>	<u> </u>
	2019 £	2018 £
Other significant revenue		
Interest income	325	311
	<u> </u>	<u> </u>
	2019 £	2018 £
Turnover analysed by geographical market		
UK	3,214,461	3,206,982
	<u> </u>	<u> </u>

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

4 Employees

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

	2019 Number	2018 Number
Directors	4	4
Administration and healthcare	102	98
	<u>106</u>	<u>102</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,783,037	1,755,067
Social security costs	151,527	144,355
Pension costs	30,654	18,847
	<u>1,965,218</u>	<u>1,918,269</u>

5 Directors' remuneration

	2019 £	2018 £
Benefits in kind	<u>28,124</u>	<u>28,127</u>

The directors are the key management personnel of the business, their total remuneration for the year was £76,124 (2018: £70,127).

6 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	<u>325</u>	<u>311</u>

7 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>95,000</u>	<u>92,906</u>

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

8 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	88,763	108,355
Deferred tax		
Origination and reversal of timing differences	(8,665)	12,519
Total tax charge	80,098	120,874

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:

	2019 £	2018 £
Profit before taxation	361,571	636,181
<i>Expected tax charge based on a corporation tax rate of 19.00.00% (2018 - 19.00.00%)</i>	68,698	120,874
Permanent capital allowances in excess of depreciation	(8,665)	(11,777)
Depreciation on assets not qualifying for tax allowances	11,400	-
Deferred tax charge/(credit)	8,665	11,777
Tax charge for the year	80,098	120,874

9 Dividends

	2019 £	2018 £
Interim paid	480,000	416,000

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

10 Tangible fixed assets

	Land and buildings freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2018 and 31 March 2019	7,200,000	266,792	561,572	10,558	8,038,922
Depreciation and impairment					
At 1 April 2018	-	186,635	549,292	10,507	746,434
Depreciation charged in the year	60,000	15,633	5,816	51	81,500
At 31 March 2019	60,000	202,268	555,108	10,558	827,934
Carrying amount					
At 31 March 2019	7,140,000	64,524	6,464	-	7,210,988
At 31 March 2018	7,200,000	80,157	12,280	51	7,292,488

11 Stock

	2019 £	2018 £
Finished goods	6,500	6,500

12 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	298,994	369,806
Carrying amount of financial liabilities		
Measured at amortised cost	3,795,333	3,808,641

13 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	35,533	106,345
Other debtors	263,461	263,461
Prepayments and accrued income	9,136	7,974
	308,130	377,780

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

13 Debtors

(Continued)

Trade debtors disclosed above are measured at amortised cost.

Included within Other debtors is an amount of £256,080 (2018: £263,019) falling due after more than one year. The amount is due from Dunleary Properties Limited, a company registered in Spain of which P S Jackson and D P Tominey are the controlling parties.

14 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	16	42,529	30,000
Trade creditors		56,962	48,474
Corporation tax		88,763	108,355
Other taxation and social security		29,933	27,283
Other creditors		168,621	146,754
Accruals and deferred income		164,001	230,913
		<u>550,809</u>	<u>591,779</u>

15 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	16	3,363,220	3,352,500

Amounts included above which fall due after five years are as follows:

Payable by instalments	(3,363,220)	(3,232,500)
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16 Loans and overdrafts

	2019 £	2018 £
Bank loans	3,405,749	3,382,500
Payable within one year	42,529	30,000
Payable after one year	3,363,220	3,352,500

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

16 Loans and overdrafts

(Continued)

The bank loan facility is secured by way of a fixed and floating charge over the company's property and assets.

Bank loans have the following terms and rates of interest:

£3,150,000 loan: facility is repayable in full on the maturity date and interest is charged at 2.25% over LIBOR.

£300,000 loan: facility is repayable over 5 years from the date of the first drawdown and interest is charged at 2.25% over LIBOR

17 Provisions for liabilities

		2019 £	2018 £
Other provisions		35,000	35,000
Deferred tax liabilities	18	551,217	559,882
		<u>586,217</u>	<u>594,882</u>

The above provision relates to a legal claim against the company

18 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	10,540	13,098
Revaluations	549,994	550,132
Provisions	(9,317)	(4,090)
	<u>551,217</u>	<u>559,140</u>

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

19 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	30,654	18,847

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.

Included in other creditors are amounts payable to the defined benefit contribution scheme of £48,811 (2018: £21,300).

20 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
1,000,000 'A' Ordinary shares of 25p each	250,000	250,000
1,000,000 'B' Ordinary shares of 25p each	250,000	250,000
	500,000	500,000

21 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:

	2019 £	2018 £
Within one year	1,914	3,271
Between two and five years	3,479	685
In over five years	1,957	-
	7,350	3,956

Verulam Health Care Limited

Notes to the Financial Statements (Continued)

For the year ended 31 March 2019

22 Cash generated from operations

	2019 £	2018 £
Profit for the year after tax	281,473	515,307
Adjustments for:		
Taxation charged	80,098	120,874
Finance costs	95,000	92,906
Investment income	(325)	(311)
Depreciation and impairment of tangible fixed assets	81,500	14,787
Movements in working capital:		
Decrease/(increase) in debtors	69,650	(57,355)
(Decrease)/increase in creditors	(33,907)	106,468
Cash generated from operations	<u>573,489</u>	<u>792,676</u>