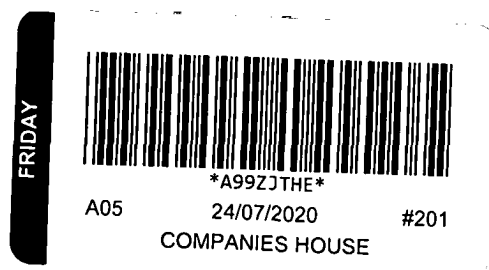


**GRAHAM CARE (YB) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



**TWP Accounting LLP**  
Chartered Accountants & Statutory Auditors  
The Old Rectory  
Church Street  
Weybridge  
Surrey  
KT13 8DE

## **GRAHAM CARE (YB) LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	Dr K E Graham W E Graham
<b>Company secretary</b>	W E Graham
<b>Registered number</b>	03109969
<b>Registered office</b>	20 Cranley Road Hersham Walton-on-Thames Surrey KT12 5BP
<b>Independent auditor</b>	TWP Accounting LLP Chartered Accountants & Statutory Auditors Church Street Weybridge Surrey KT13 8DE

## **GRAHAM CARE (YB) LIMITED**

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## GRAHAM CARE (YB) LIMITED

### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

At Graham Care (YB) Limited, we develop and operate high quality homes for people with high dependency long term care needs, ranging from older people with dementia to younger people with severe disabilities.

At the end of 2019, we owned and operated four homes in Surrey and Kent for over 400 residents

#	Home	No of Resident Places
1	Hazeldene House, Tunbridge Wells	80
2	Hawkinge House, Folkestone	186
3	Woodchurch House, near Ashford, Kent	78
4	Rodwell House, Addlestone	79
	<b>Total</b>	<b>423</b>

We were also working on plans for a number of development sites in line with our commitment to continued expansion by building new homes in the South East of England.

These developments further enhance the group as a network of purpose-built homes with much larger resident's rooms than the industry norm.

Our main distinguishing features are considered to be:

#### 1. Care Suites

Our new developments are based around the "care suite" model, which provides 20-27m<sup>2</sup> for each resident (vs. 15m-18m<sup>2</sup> in a purpose build care home) so that they can consider the suite to be their home rather than their bed-room. Residents occupy these suites under Tenancy Agreements and we provide their care through a domiciliary arrangement. Under this regime, residents who are eligible for government funding can receive a wider range of benefits (e.g. attendance allowance, housing benefit, etc.) which compensate for the additional build cost of the extra floor area.

#### 2. Relationship Centred Care TM

We have adopted Relationship Centred Care™ as our principal approach to care provision, with the aim of building stronger relationships between residents, staff, relatives, friends, etc. This takes the well-established concept of Person Centred Care one step further with the recognition that to enable residents to be happy and fulfilled; we need to get to know them better and to understand their past and present relationships with others. In order to implement this, we continued to invest in "social co-ordinators" and also in e-communication channels (email, texting, skype, etc.) for residents' families to keep in contact.

#### 3. Servant leadership

Servant Leadership is based on the desire to serve others. The servant-leader essentially acts as servant, rather than as a master. "Service" in this context is not to be confused with "servitude." Servitude implies being in a one down position to another person and giving from a place of "need to" or "have to." True service, by contrast, stems from a desire to give from the heart. It is freely shared without first seeking something in return. The sheer joy of giving is the reward gained from this level of service.

Most organisations today still lead by a Command & Control style of leadership. Servant Leadership is a more consensual form of leadership that recognises the value of people to fulfil the organisation's mission. It is about engaging everyone involved and using their talents to the full.

Against this background, we feel that the company is well positioned to continue its investment in new facilities and to reinforce its position as a leading provider of long term care in each of the areas in which it operates.

**GRAHAM CARE (YB) LIMITED**

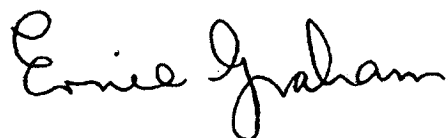
**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**Directors' statement of compliance with duty to promote the success of the Group**

The directors of Graham Care (YB) Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company and the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172(1)(a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2019.

This report was approved by the board on 25 Jun 2020

and signed on its behalf.

A handwritten signature in black ink, appearing to read 'W E Graham', written in a cursive style.

**W E Graham**  
Director

## **GRAHAM CARE (YB) LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

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

#### **Principal activity**

The principal activity of the group was the provision of accommodation and care for people with ongoing personal nursing care needs.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £3,832,047 (2018 - £9,604,363).

The directors do not recommend the paying of a dividend.

#### **Directors**

The directors who served during the year were:

Dr K E Graham  
W E Graham

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Employee involvement**

The group operates a framework for employee information and consultation, which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the group has continued by holding regular meetings between local management and employees. These meetings allow a free flow of information and ideas.

## GRAHAM CARE (YB) LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

#### Engagement with suppliers, customers and others

We aim to treat our supply chains fairly and transparently and to work together to deliver high quality care to our residents. Our industry needs are changing, becoming more complex and requiring increasing levels of investment in technology. It is critically important that we listen closely to our customers, be easy to work with and deliver industry leading care. The Company continues to engage directly with its suppliers and customers.

#### Disabled employees

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

#### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

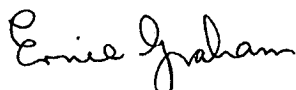
#### Post balance sheet events

The Group and the company's future trading success remains dependent upon the overall state of the economy. At the date of signing the report, the worldwide economy faces much uncertainty with the outbreak of the Coronavirus (COVID-19), which the World Health Organisation has described as a pandemic. The final outcome of the pandemic is unknown, and its future financial implications on the worldwide trading situation cannot be determined at the balance sheet date. The Group and the company has adequate resources to continue and adopt the going concern basis in preparing the annual report and financial statements.

#### Auditor

The auditor, TWP Accounting LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 25 Jun 2020 and signed on its behalf.



Ernie Graham (Jun 25, 2020, 8:52pm)

.....  
**W E Graham**  
Director

## **GRAHAM CARE (YB) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAHAM CARE (YB) LIMITED**

#### **Opinion**

We have audited the financial statements of Graham Care (YB) Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

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

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

#### **Other information**

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

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



## **GRAHAM CARE (YB) LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAHAM CARE (YB) LIMITED (CONTINUED)**

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 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 Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**GRAHAM CARE (YB) LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAHAM CARE (YB) LIMITED  
(CONTINUED)**

**Use of our report**

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

*Philip Munk*

---

Philip Munk FCA, FCCA (Senior Statutory Auditor)

for and on behalf of  
**TWP Accounting LLP**

Chartered Accountants  
Statutory Auditors

Church Street  
Weybridge  
Surrey  
KT13 8DE

Date:  
30 Jun 2020

**GRAHAM CARE (YB) LIMITED**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	3	16,671,385	21,665,044
Cost of sales		(12,275,785)	(15,158,822)
<b>Gross profit</b>		<u>4,395,600</u>	<u>6,506,222</u>
Administrative expenses		(664,016)	(994,231)
<b>Operating profit</b>		<u>3,731,584</u>	<u>5,511,991</u>
Profit on disposal of investment in subsidiaries		-	7,426,758
Interest receivable and similar income	6	248	-
Interest payable and expenses	7	(958,898)	(1,164,096)
Fair value movements		2,043,596	(2,140,222)
<b>Profit before taxation</b>		<u>4,816,530</u>	<u>9,634,431</u>
Tax on profit	9	(984,483)	(30,068)
<b>Profit for the financial year</b>		<u><u>3,832,047</u></u>	<u><u>9,604,363</u></u>
Unrealised surplus/(deficit) on revaluation of tangible fixed assets		2,019,093	(21,071,327)
Deferred tax on revaluation of freehold properties		(978,097)	2,903,740
<b>Other comprehensive income for the year</b>		<u>1,040,996</u>	<u>(18,167,587)</u>
<b>Total comprehensive income for the year</b>		<u><u>4,873,043</u></u>	<u><u>(8,563,224)</u></u>
<b>Profit for the year attributable to:</b>			
Owners of the parent Company		3,832,047	9,604,363
		<u><u>3,832,047</u></u>	<u><u>9,604,363</u></u>

The notes on pages 14 to 28 form part of these financial statements.

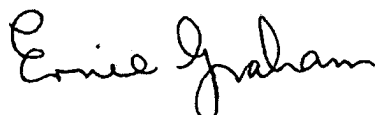
**GRAHAM CARE (YB) LIMITED**  
**REGISTERED NUMBER: 03109969**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	11	99,174,142	94,811,350
		<u>99,174,142</u>	<u>94,811,350</u>
<b>Current assets</b>			
Stocks	13	34,142	24,283
Debtors: amounts falling due within one year	14	44,407,196	41,776,932
Cash at bank and in hand	15	4,034,924	3,002,533
		<u>48,476,262</u>	<u>44,803,748</u>
Creditors: amounts falling due within one year	16	(59,281,874)	(57,670,826)
<b>Net current liabilities</b>		<u>(10,805,612)</u>	<u>(12,867,078)</u>
<b>Total assets less current liabilities</b>		<u>88,368,530</u>	<u>81,944,272</u>
<b>Provisions for liabilities</b>			
Deferred taxation	17	(7,519,456)	(5,968,243)
		<u>(7,519,456)</u>	<u>(5,968,243)</u>
<b>Net assets</b>		<u><u>80,849,074</u></u>	<u><u>75,976,029</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	4,000	4,000
Revaluation reserve	19	31,577,024	30,536,026
Profit and loss account	19	49,268,050	45,436,003
		<u><u>80,849,074</u></u>	<u><u>75,976,029</u></u>

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

25 Jun 2020



Eoin Graham (JUL 20, 2020, 0:02PM)

**W E Graham**  
Director

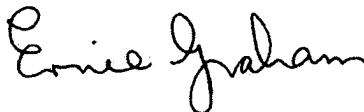
The notes on pages 14 to 28 form part of these financial statements.

**GRAHAM CARE (YB) LIMITED**  
**REGISTERED NUMBER: 03109969**

**COMPANY BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	11	17,792,916	15,653,798
Investments	12	3,100	3,100
		<u>17,796,016</u>	<u>15,656,898</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	14	71,610,741	68,710,586
Cash at bank and in hand	15	2,933,067	2,371,910
		<u>74,543,808</u>	<u>71,082,496</u>
Creditors: amounts falling due within one year	16	(42,275,399)	(40,945,267)
<b>Net current assets</b>		<u>32,268,409</u>	<u>30,137,229</u>
<b>Total assets less current liabilities</b>		<u>50,064,425</u>	<u>45,794,127</u>
<b>Provisions for liabilities</b>			
Deferred taxation	17	(812,375)	(374,124)
		<u>(812,375)</u>	<u>(374,124)</u>
<b>Net assets</b>		<u><u>49,252,050</u></u>	<u><u>45,420,003</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	4,000	4,000
Profit and loss account	19	49,248,050	45,416,003
		<u><u>49,252,050</u></u>	<u><u>45,420,003</u></u>

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



Ernie Graham (Jun 25, 2020, 6:52pm)

25 Jun 2020

**W E Graham**  
Director

The notes on pages 14 to 28 form part of these financial statements.

**GRAHAM CARE (YB) LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	4,000	51,398,400	33,146,854	84,549,254
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	9,604,363	9,604,363
Other movements	-	-	(10,000)	(10,000)
Surplus/(Deficit) on revaluation of freehold properties	-	(21,071,328)	-	(21,071,328)
Deferred tax on revaluation of freehold properties	-	2,903,740	-	2,903,740
Transfer to/from profit and loss account	-	(2,694,786)	2,694,786	-
<b>At 1 January 2019</b>	4,000	30,536,026	45,436,003	75,976,029
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	3,832,047	3,832,047
Surplus/(Deficit) on revaluation of freehold properties	-	2,019,095	-	2,019,095
Deferred tax on revaluation of freehold properties	-	(978,097)	-	(978,097)
<b>At 31 December 2019</b>	4,000	31,577,024	49,268,050	80,849,074

The notes on pages 14 to 28 form part of these financial statements.

**GRAHAM CARE (YB) LIMITED**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 January 2018</b>	4,000	35,264,435	35,268,435
Profit for the year	-	10,151,568	10,151,568
<b>At 1 January 2019</b>	4,000	45,416,003	45,420,003
Profit for the year	-	3,832,047	3,832,047
<b>At 31 December 2019</b>	4,000	49,248,050	49,252,050

The notes on pages 14 to 28 form part of these financial statements.

**GRAHAM CARE (YB) LIMITED**

**CONSOLIDATED ANALYSIS OF NET DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	At 1 January 2019 £	Cash flows £	At 31 December 2019 £
Cash at bank and in hand	3,002,533	1,032,391	4,034,924
Debt due within 1 year	(34,000,000)	-	(34,000,000)
	<u>(30,997,467)</u>	<u>1,032,391</u>	<u>(29,965,076)</u>

The notes on pages 14 to 28 form part of these financial statements.



## **GRAHAM CARE (YB) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **1. General information**

Graham Care (YB) Limited is incorporated in England and Wales and limited by shares. The address of the registered office is given in the company information of these financial statements. The principal activity of the company is the provision of retirement accommodation and related nursing services.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

##### **2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance Sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

##### **2.3 Turnover**

Turnover comprises revenue recognised by the Group in respect of nursing and residential care services during the year, exclusive of Value Added Tax and trade discounts.

Income is recognised based on occupancy and adjustment is made for any amounts received in advance or arrears.

## **GRAHAM CARE (YB) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.4 Going concern**

The Group and the company's future trading success remains dependent upon the overall state of the economy. At the date of signing the report, the worldwide economy faces much uncertainty with the outbreak of the Coronavirus (COVID-19), which the World Health Organisation has described as a pandemic. The final outcome of the pandemic is unknown, and its future financial implications on the worldwide trading situation cannot be determined at the balance sheet date.

However the Directors are confident that the Group and the company has adequate financial resources to continue and adopt the going concern basis in preparing the annual report and financial statements.

##### **2.5 Tangible fixed assets**

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

Depreciation is provided on the following basis:

Equipment	- Items under £500 - 50% straight line Items above £500 - 15% reducing balance
Motor vehicles	- 25% reducing balance

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

## **GRAHAM CARE (YB) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.6 Revaluation of tangible fixed assets**

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

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

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

The freehold properties used by it's subsidiaries are recognised in the company as investment properties and any associated gains and losses and deferred taxation thereon are recognised in the profit and loss reserve.

The freehold properties used by it's subsidiaries are recognised in the group as tangible fixed assets and any associated gains and losses and deferred taxation thereon are recognised in the revaluation reserve.

##### **2.7 Investment property**

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

##### **2.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

##### **2.9 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

##### **2.10 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **2.11 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### **2.12 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other

## **GRAHAM CARE (YB) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.12 Financial instruments (continued)**

third parties, loans to related parties and investments in ordinary shares.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

##### **2.13 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **2.14 Finance costs**

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

##### **2.15 Pensions**

When employees have rendered service to the company and group, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The company and group operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

##### **2.16 Borrowing costs**

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

##### **2.17 Provisions for liabilities**

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

## GRAHAM CARE (YB) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.18 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

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

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

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

#### 3. Turnover

The whole of the turnover is attributable to the provision of residential care services.

All turnover arose within the United Kingdom.

#### 4. Auditor's remuneration

	2019 £	2018 £
Auditor's remuneration	39,942	49,302

**GRAHAM CARE (YB) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**5. Employees**

Staff costs were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	8,869,709	11,657,075	-	433,224
	<u>8,869,709</u>	<u>11,657,075</u>	<u>-</u>	<u>433,224</u>

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

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
Admin staff	8	9	8	9
Care home staff	357	554	-	-
	<u>365</u>	<u>563</u>	<u>8</u>	<u>9</u>

**6. Interest receivable**

	2019 £	2018 £
Other interest receivable	248	-
	<u>248</u>	<u>-</u>

**7. Interest payable and similar expenses**

	2019 £	2018 £
Bank interest payable	958,898	1,164,096
	<u>958,898</u>	<u>1,164,096</u>

**8. Fair value movements**

	2019 £	2018 £
Surplus/(Deficit) on revaluation of investment properties	2,043,596	(2,140,222)
	<u>2,043,596</u>	<u>(2,140,222)</u>

**GRAHAM CARE (YB) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**9. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	360,729	430,945
Adjustments in respect of previous periods	50,637	392
<b>Total current tax</b>	<u>411,366</u>	<u>431,337</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	140,819	(37,431)
Deferred taxation on revaluation of investment properties	432,298	(363,838)
<b>Total deferred tax</b>	<u>573,117</u>	<u>(401,269)</u>
<b>Taxation on profit on ordinary activities</b>	<u>984,483</u>	<u>30,068</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>4,816,530</u>	<u>9,634,431</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	915,141	1,830,542
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,751	2,112
Capital allowances for year in excess of depreciation	(246,863)	(272,332)
Adjustments to tax charge in respect of prior periods	50,637	392
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	3,234	2,047
Short term timing difference leading to an increase (decrease) in taxation	140,819	(37,431)
Deferred taxation on revaluation of investment properties	432,298	(363,838)
Book profit on disposal	21,880	(1,411,084)
Fair value movements	(388,283)	406,642
Other differences leading to an increase (decrease) in the tax charge	-	311,835
Group relief	49,869	(438,817)
<b>Total tax charge for the year</b>	<u>984,483</u>	<u>30,068</u>

**GRAHAM CARE (YB) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**9. Taxation (continued)**

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**10. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £3,832,047 (2018 - £10,151,568).



**GRAHAM CARE (YB) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**11. Tangible fixed assets**

**Group**

	Freehold property £	Equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2019	93,490,000	2,351,949	7,400	95,849,349
Additions	347,310	360,451	-	707,761
Disposals	-	(377,635)	-	(377,635)
Revaluations	4,062,690	-	-	4,062,690
At 31 December 2019	97,900,000	2,334,765	7,400	100,242,165
<b>Depreciation</b>				
At 1 January 2019	-	1,031,399	6,600	1,037,999
Charge for the year on owned assets	-	291,701	800	292,501
Disposals	-	(262,477)	-	(262,477)
At 31 December 2019	-	1,060,623	7,400	1,068,023
<b>Net book value</b>				
At 31 December 2019	97,900,000	1,274,142	-	99,174,142
At 31 December 2018	93,490,000	1,320,550	800	94,811,350

The accumulated historical cost and revaluation for freehold properties are £55,469,035 and £42,430,965 respectively, amounting to a revalued cost of £97,900,000.

The commercial land and buildings were revalued as at 31 December 2019 by Henry Harris MRICS of Cushman & Wakefield using a multiple of Fair Maintainable EBITDA.

The residential land and buildings were valued as at 31 December 2019 by the directors on an open market value for existing use basis.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019 £	2018 £
<b>Group</b>		
Cost	55,469,035	55,121,724
Accumulated depreciation	(4,608,178)	(3,996,077)
<b>Net book value</b>	50,860,857	51,125,647

**GRAHAM CARE (YB) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**11. Tangible fixed assets (continued)**

**Company**

	Investment property £	Plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 January 2019	15,650,000	15,002	15,665,002
Additions	96,404	-	96,404
Revaluations	2,043,596	-	2,043,596
At 31 December 2019	<u>17,790,000</u>	<u>15,002</u>	<u>17,805,002</u>
<b>Depreciation</b>			
At 1 January 2019	-	11,204	11,204
Charge for the year on owned assets	-	882	882
At 31 December 2019	<u>-</u>	<u>12,086</u>	<u>12,086</u>
<b>Net book value</b>			
At 31 December 2019	<u>17,790,000</u>	<u>2,916</u>	<u>17,792,916</u>
At 31 December 2018	<u>15,650,000</u>	<u>3,798</u>	<u>15,653,798</u>

The accumulated historical cost and revaluation for investment properties are £12,967,151 and £4,822,849 respectively, amounting to a revalued cost of £17,790,000.

**GRAHAM CARE (YB) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**11. Tangible fixed assets (continued)**

The commercial land and buildings were revalued as at 31 December 2019 by Henry Harris MRICS of Cushman & Wakefield using a multiple of Fair Maintainable EBITDA.

The residential land and buildings were valued as at 31 December 2019 by the directors on an open market value for existing use basis.

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019 £	2018 £
<b>Company</b>		
Cost	12,967,151	12,870,747
Accumulated depreciation	(789,799)	(548,456)
<b>Net book value</b>	<u>12,177,352</u>	<u>12,322,291</u>

**GRAHAM CARE (YB) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**12. Fixed asset investments**

**Company**

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2019	3,100
At 31 December 2019	<u>3,100</u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Rodwell House Limited	Ordinary	100%
Hazeldene House Limited	Ordinary	100%
Hawkinge House Limited	Ordinary	100%
Woodchurch House Limited	Ordinary	100%

The above subsidiaries have been consolidated within the group financial statements.

The principal activity for the subsidiaries is the provision of nursing and residential care services.

**13. Stocks**

	Group 2019 £	Group 2018 £
Raw materials and consumables	30,872	20,938
Work in progress (goods to be sold)	3,270	3,345
	<u>34,142</u>	<u>24,283</u>

# GRAHAM CARE (YB) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

### 14. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	1,139,966	1,138,379	-	-
Amounts owed by group undertakings	43,023,475	40,320,902	71,609,245	68,709,090
Other debtors	181,716	259,125	1,496	1,496
Prepayments and accrued income	62,039	58,525	-	-
	<u>44,407,196</u>	<u>41,776,931</u>	<u>71,610,741</u>	<u>68,710,586</u>

### 15. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	4,034,924	3,002,533	2,933,067	2,371,910
	<u>4,034,924</u>	<u>3,002,533</u>	<u>2,933,067</u>	<u>2,371,910</u>

### 16. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	34,000,000	34,000,000	34,000,000	34,000,000
Trade creditors	312,279	360,719	27,961	25,134
Amounts owed to group undertakings	18,194,141	17,102,906	5,101,482	4,023,453
Corporation tax	240,446	164,972	-	-
Other taxation and social security	196,530	179,899	10,003	8,717
Other creditors	608,544	569,690	26,792	17,944
Accruals and deferred income	5,729,934	5,292,639	3,109,161	2,870,019
	<u>59,281,874</u>	<u>57,670,825</u>	<u>42,275,399</u>	<u>40,945,267</u>

The company has pledged its assets as security against any bank loans and overdrafts held by the group companies. At the year end, Graham Care Limited had an amount outstanding in respect of secured debts of £34,000,000 (2018 - £34,000,000).

The group's bankers have a fixed and floating charge over the company's assets.

**GRAHAM CARE (YB) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**17. Deferred taxation**

**Group**

	2019 £	2018 £
At beginning of year	(5,968,243)	(9,275,729)
Charged in the year	(1,551,213)	2,153,893
Utilised in year	-	1,153,593
<b>At end of year</b>	<b><u>(7,519,456)</u></b>	<b><u>(5,968,243)</u></b>

**Company**

	2019 £	2018 £
At beginning of year	(374,124)	(900,117)
Charged in the year	(438,251)	525,993
<b>At end of year</b>	<b><u>(812,375)</u></b>	<b><u>(374,124)</u></b>

The provision for deferred taxation is made up as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	(681,939)	(541,122)	(5,953)	-
Deferred tax on revaluation gains	(6,837,517)	(5,427,121)	(806,422)	(374,124)
	<b><u>(7,519,456)</u></b>	<b><u>(5,968,243)</u></b>	<b><u>(812,375)</u></b>	<b><u>(374,124)</u></b>

**18. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
4,000 (2018 - 4,000) Ordinary Shares shares of £1.00 each	<u>4,000</u>	<u>4,000</u>

## **GRAHAM CARE (YB) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **19. Reserves**

##### **Revaluation reserve**

The revaluation reserve represents the cumulate effect of revaluations of tangible fixed assets where a policy of revaluation has been adopted.

##### **Profit and loss account**

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

#### **20. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £13,662 (2018 - £10,254) which are recharged within Wages and salaries to the parent company Blackstown Holdings Limited. Contributions totalling £1,304 (2018 - £704) were payable to the fund at the balance sheet date and are included in trade creditors.

#### **21. Related party transactions**

During the year, the company purchased consultancy services totaling £30,000 (2018 - £30,000) from Graham Associates, a partnership controlled by the directors. At the year end, £30,000 (2018 - £30,000) were owed to the partnership.

During the year, the company made donations totaling £39,600 (2018 - £39,600) to Christianity Explored, a charitable company to which the director W E Graham is a trustee and director of.

The company is a wholly owned subsidiary and accordingly has taken the exemptions provided within paragraph 33.1A of FRS 102 and therefore transactions with group companies have not been disclosed.

#### **22. Ultimate parent undertaking and controlling party**

The ultimate parent undertaking is Blackstown Holdings Limited, a company limited in England and Wales. The ultimate controlling parties are W E Graham & K E Graham by virtue of shareholdings in Blackstown Holdings Limited.

The Company have taken exemption from preparing a cashflow statement. The consolidated results and cashflow statements for the Company are included within the publicly available financial statements of Blackstown Holdings Limited.