

Company Registration No. 03446822 (England and Wales)

ADVINIA HEALTH CARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020



ADVINIA HEALTH CARE LIMITED

COMPANY INFORMATION

Directors Dr S Kanoria (Chairman)
Mrs S Kanoria
Mr A Verma (Non-executive director)

Company number 03446822

Registered office Gateway House (First Floor)
324 Regents Park Road
London
N3 2LN

Auditors Gerald Edelman
73 Cornhill
London
EC3V 3QQ

ADVINIA HEALTH CARE LIMITED

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ADVINIA HEALTH CARE LIMITED

GROUP STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the group strategic report for the year ended 31 March 2020.

Business overview and results

Advinia Health Care Limited (the "company") is a leading care home operator. The company and its subsidiaries (the "group" or "Advinia") operate 22 care homes in England and 13 care homes in Scotland, with approximately 3,300 beds in total, currently providing employment to more than 3,800 staff.

The turnover for the group in the financial year ended 31 March 2020 was £102,843,481, an increase of 5% on 2019.

The group's comprehensive income for the year ended 31 March 2020 was £2,898,794 (2019: £4,328,520). The group EBITDA (excluding exceptional items) was £13,679,993 (2019: £14,229,669). As at 31 March 2020, the group's net assets were £22,430,146 (2019: £15,531,352). The reason for the group achieving lower EBITDA in the current year was primarily due to an increase in central head office costs to support the future growth of the group and additional Covid-19 related costs at the end of the year.

78% of group revenues are from state-funded Local Authorities and CCGs, which provide the group with a steady, secure and timely cash inflow with the remaining 22% of revenues from higher fee-paying, self-funding residents.

Key Performance Indicators (KPIs)

Occupancy remains a key KPI for the group. At the start of the financial year group average occupancy was 90%, which increased to over 92% at the financial year end and just prior to COVID-19 affecting care homes. This increase in occupancy was the result of further strengthening of the ex-Bupa portfolio during the year and continued positive performance of the original Advinia portfolio. This compared favorably to the sector average occupancy of 87%, reflecting the continued strong demand for care home beds and excellent performance of our passionate care home management teams.

As reported last year, the company continues to progress its plans to open two new green field developments in partnership with Octopus Real Estate, both due to open in 2021, which will add further cash flows to the group.

Industry overview

Despite COVID-19, the longer-term demand remains strong for residential care homes, principally driven by the continued rising numbers of people over the age of 85. Research supports the view that due to UK life expectancy, the long-term demand for care home beds will require an 82% increase in places by 2030.

In the short-term the directors have strategies in place to increase focus on the home care market and extend the group's specialist care provision in its multi-site homes. In addition, strategies to manage any reductions in occupancy by cost management and supply chain optimization continue to be deployed in response to COVID-19. Deaths in care homes due to COVID-19 have stopped and mortality is back to pre-pandemic figures. Occupancy is slowly rising and due to good demand should also soon be back to pre-pandemic levels.

The directors remain hopeful that the government will find a political consensus to reform social care funding, providing a more equitable basis for social care provision, taking account of the full costs of providing high-quality care.

ADVINIA HEALTH CARE LIMITED

GROUP STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Regulation compliance

The Care Quality Commission (CQC) and The Scottish Care Inspectorate (CI) are independent regulators of health and social care in England and Scotland, respectively. The CQC and CI regularly inspect our care homes and we have robust internal audit processes to ensure compliance. Further to the roll-out in 2019 of our improved Quality Assurance framework and RADAR our Governance IT tool, additional technology projects to support CQC ratings have been completed or are under deployment, including eMAR (electronic medication admin recording) and 'Time & Attendance' (biometric staff management system). In addition, the Group has rolled out a Dependency and Staff allocation tool since the year-end and is developing plans to roll out a market-leading Electronic Care Planning system. Staff benefit from the continuous electronic-based training system and the majority of the staff have received mandatory training.

As a result of better management, quality control and staff training, the group has no special measures imposed on it by the regulator.

Principal risks and risk management

Credit risk

The group's credit risk is limited as its trade receivables are from government-funded bodies such as Local Authorities, CCGs and NHS trusts, who reliably pay on time. Self-funded residents pay in advance by direct debit. There is regular monitoring and reviews of receivables by the finance and operations teams. During the year further IT system developments have enhanced the group's ability to improve its management in this area.

Liquidity risk

The group maintains liquidity and sufficient working capital for its ongoing operations and future developments. Due to COVID-19, the group has been provided with public sector funding support (grants) since the year end, similar to other providers, which has been deployed to the sector to offset the additional infection control measures and associated costs (e.g. PPE), in addition to incremental staffing costs and income support for the reduction in occupancy in a number of care homes.

Operational risk

The operation of the company's care homes is managed by an experienced team of senior management, regional teams and local care home managers. There are clear review and control processes in place from care home level to Board level to ensure regular performance review is maintained across the group on a frequent basis.

Reputational risk

Reputational risk is managed through mandatory and specialist training and development of staff. All care staff are subject to rigorous recruitment checks via the Disclosure and Barring Service and Protecting Vulnerable Groups membership. The group has an online mandatory training system for all staff and clear induction processes.

ADVINIA HEALTH CARE LIMITED

GROUP STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

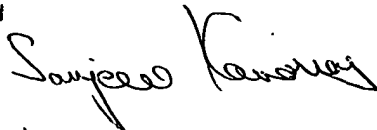
Outlook

The performance of the group's care homes remained comparable with the prior period, mainly due to securing higher average weekly fee rates across the care homes and cost controls. Additional non-recurring costs were incurred during the year to complete the integration of the ex-Bupa homes following their acquisition in 2018. We expect that the year to March 2021 will be a more challenging financial year, primarily due to the impact of COVID-19 on occupancy.

The group took steps to mitigate the impact of COVID-19 across its homes and continues to monitor the pandemic's ongoing impact. Employees have been briefed and trained accordingly across the group to ensure strong awareness and infection control measures remain in place, in line with the latest national government advice. The Group will continue to monitor changes to national government guidelines and adjust its approach accordingly.

The group is constantly looking for investment opportunities to expand mainly into the private fee market to create an optimum resident mix.

On behalf of the board



Dr S Kanoria (Chairman)

Director

29 September 2020

ADVINIA HEALTH CARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the group continued to be that of the provision and management of long term care facilities for the elderly.

Directors

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

Dr S Kanoria (Chairman)

Mrs S Kanoria

Mr L Merton

(Resigned 1 April 2019)

Mr A Verma (Non-executive director)

Results and dividends

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

No ordinary dividends were paid during the year (2019: £nil). The directors do not recommend payment of a final dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditors

The auditors, Gerald Edelman, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

ADVINIA HEALTH CARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

Statement of disclosure to auditors

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 auditors are 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 auditors are aware of that information.

Going concern

Having reviewed the group financial forecasts and expected future cash flows, the directors have a reasonable expectation that the company and group have adequate resources available to it to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of signing of these financial statements. The directors have considered the impact of Covid-19 in their going concern assessment and have taken the short-term occupancy reduction into account in their group financial forecasts. In addition, in their preparation of the forecasts, management have taken a reasonable view on increased costs for PPE and infection control measures and government funding to mitigate the net cash flow impact. The group has robust infection control plans in place to mitigate the ongoing risk that Covid-19 presents. The group meets its day to day working capital requirements through operating cash flows and through facilities provided by its stakeholders. Existing shareholders are willing to provide further financial support as they have done in the past.

Taking all matters and information into account, at the time of approving the financial statements the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The directors have therefore continued to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2020.

On behalf of the board



Dr S Kanoria (Chairman)

Director

29 September 2020

ADVINIA HEALTH CARE LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVINIA HEALTH CARE LIMITED

Opinion

We have audited the financial statements of Advinia Health Care Limited (the 'company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the group consolidated statement of comprehensive income, the group consolidated balance sheet, the group consolidated statement of changes in equity, the group consolidated statement of cash flows, the company balance sheet, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2020 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 *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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 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 and the directors' report.

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

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

ADVINIA HEALTH CARE LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ADVINIA HEALTH CARE LIMITED

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

Carl Lundberg ACA (Senior Statutory Auditor)
for and on behalf of Gerald Edelman
Chartered Accountants
Statutory Auditor


29 September 2020

ADVINIA HEALTH CARE LIMITED

GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	102,843,481	97,514,151
Cost of sales		(79,832,774)	(76,779,831)
Gross profit		23,010,707	20,734,320
Administrative expenses		(17,944,816)	(13,673,332)
Other operating income		356,268	141,063
Operating profit		5,422,159	7,202,051
Interest receivable and similar income	7	16,322	21,416
Interest payable and similar expenses	8	(4,230,045)	(4,010,592)
Profit before taxation		1,208,436	3,212,875
Taxation	9	(321,625)	1,115,645
Profit for the financial year		886,811	4,328,520
Other comprehensive income			
Revaluation of tangible fixed assets		7,500,000	-
Movement to reserves during the year		(4,063,017)	-
Tax relating to other comprehensive income		(1,425,000)	-
Total comprehensive income for the year		2,898,794	4,328,520

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

The Group Consolidated Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

Non-GAAP measure: (Adjusted) Earnings Before Interest, Tax, Depreciation and Amortisation ((Adjusted) EBITDA)

Analysed as:			
Operating profit analysed above		5,422,159	7,202,051
Add back: depreciation of tangible fixed assets and amortisation of intangible assets		5,344,456	3,915,636
Deduct: amortisation of negative goodwill		(2,359,668)	(2,112,239)
EBITDA		8,406,947	9,005,448
Add back: Non-recurring costs	4	5,273,046	5,224,221
Adjusted EBITDA		13,679,993	14,229,669

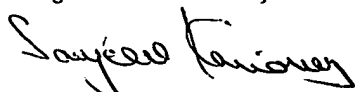
ADVINIA HEALTH CARE LIMITED

GROUP CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Goodwill	10	1,166,751		1,944,588	
Negative goodwill	10	(6,933,543)		(8,319,348)	
Net goodwill		(5,766,792)		(6,374,760)	
Intangible assets	10	1,017,436		714,636	
Total intangible assets		(4,749,356)		(5,660,124)	
Tangible assets	11	95,886,150		87,971,030	
		91,136,794		82,310,906	
Current assets					
Debtors	15	10,906,060		22,023,770	
Cash at bank and in hand		4,288,024		3,985,427	
		15,194,084		26,009,197	
Creditors: amounts falling due within one year	16	(21,478,338)		(26,659,377)	
Net current liabilities		(6,284,254)		(650,180)	
Total assets less current liabilities		84,852,540		81,660,726	
Creditors: amounts falling due after more than one year	17	(54,090,775)		(59,490,775)	
Provisions for liabilities	19	(8,331,619)		(6,638,599)	
Net assets		22,430,146		15,531,352	
Capital and reserves					
Called up share capital	21	5,000,000		1,000,000	
Revaluation reserve		11,113,599		5,038,599	
Merger reserve		847,538		4,910,555	
Profit and loss reserves		5,469,009		4,582,198	
Total equity		22,430,146		15,531,352	

The financial statements were approved by the board of directors and authorised for issue on 29 September 2020 and are signed on its behalf by:



Dr S Kanoria (Chairman)
Director

ADVINIA HEALTH CARE LIMITED

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Revaluation reserve £	Merger reserves	Profit and loss reserves £	Total £
Balance at 1 April 2018		1,000,000	5,038,599	4,910,555	253,678	11,202,832
Year ended 31 March 2019:						
Profit for the year		-	-	-	4,328,520	4,328,520
Balance at 31 March 2019		1,000,000	5,038,599	4,910,555	4,582,198	15,531,352
Year ended 31 March 2020:						
Profit for the year		-	-	-	886,811	886,811
Other comprehensive income:						
Revaluation of tangible fixed assets		-	6,075,000	-	-	6,075,000
Movement to reserves during the year		-		(4,063,017)	-	(4,063,017)
Total comprehensive income for the year		-	6,075,000	(4,063,017)	886,811	2,898,794
Issue of shares	21	4,000,000	-	-	-	4,000,000
Balance at 31 March 2020		5,000,000	11,113,599	847,538	5,469,009	22,430,146

ADVINIA HEALTH CARE LIMITED

GROUP CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Cash flows from operating activities					
Cash generated from operations	25	10,841,311		4,066,764	
Interest paid		(3,899,728)		(3,227,437)	
Income taxes (paid)/refunded		(339,282)		22,858	
Net cash inflow from operating activities		<u>6,602,301</u>		<u>862,185</u>	
Investing activities					
Purchase of intangible assets		(368,672)		(714,636)	
Purchase of tangible fixed assets		(3,247,354)		(3,981,296)	
Interest received		16,322		21,416	
Net cash used in investing activities		<u>(3,599,704)</u>		<u>(4,674,516)</u>	
Financing activities					
Repayment of bank loan		(2,700,000)		-	
Repayment of working capital advance		-		(6,146,554)	
Net cash used in financing activities		<u>(2,700,000)</u>		<u>(6,146,554)</u>	
Net increase/(decrease) in cash and cash equivalents		<u>302,597</u>		<u>(9,958,885)</u>	
Cash and cash equivalents at beginning of year		3,985,427		13,944,312	
Cash and cash equivalents at end of year		<u><u>4,288,024</u></u>		<u><u>3,985,427</u></u>	

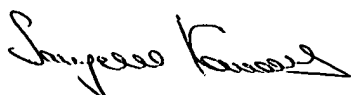
ADVINIA HEALTH CARE LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Intangible assets	10	1,017,436		714,636	
Tangible assets	11	8,230,563		7,163,532	
Investments	12	63,683,196		63,683,196	
		<u>72,931,195</u>		<u>71,561,364</u>	
Current assets					
Debtors	15	5,344,817		11,527,012	
Cash at bank and in hand		2,220,121		3,960,846	
		<u>7,564,938</u>		<u>15,487,858</u>	
Creditors: amounts falling due within one year	16	(22,029,068)		(23,610,816)	
Net current liabilities		<u>(14,464,130)</u>		<u>(8,122,958)</u>	
Total assets less current liabilities		58,467,065		63,438,406	
Creditors: amounts falling due after more than one year	17	(54,090,775)		(59,490,775)	
Provisions for liabilities	19	(891,828)		(665,809)	
Net assets		<u>3,484,462</u>		<u>3,281,822</u>	
Capital and reserves					
Called up share capital	21	5,000,000		1,000,000	
Revaluation reserve		4,597,677		4,597,677	
Profit and loss reserves		(6,113,215)		(2,315,855)	
Total equity		<u>3,484,462</u>		<u>3,281,822</u>	

The financial statements were approved by the board of directors and authorised for issue on 29 September 2020 and are signed on its behalf by:



Dr S Kanoria (Chairman)
Director

Company Registration No. 03446822

ADVINIA HEALTH CARE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2018		1,000,000	4,597,677	179,351	5,777,028
Year ended 31 March 2019:					
Loss and total comprehensive income for the year		-	-	(2,495,206)	(2,495,206)
Balance at 31 March 2019		1,000,000	4,597,677	(2,315,855)	3,281,822
Year ended 31 March 2020:					
Loss and total comprehensive income for the year		-	-	(3,797,360)	(3,797,360)
Issue of shares	21	4,000,000	-	-	4,000,000
Balance at 31 March 2020		5,000,000	4,597,677	(6,113,215)	3,484,462

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

Advinia Health Care Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Gateway House (First Floor), 324 Regents Park Road, London, N3 2LN.

The group consists of Advinia Health Care Limited and its subsidiaries.

1.1 Accounting convention

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

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

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

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's total comprehensive loss for the year was £3,797,360 (2019: loss £2,495,206), since various central costs for the consolidated group are incurred at a company level. However, as presented on page 8, the group's consolidated total turnover for the year was £102,843,481 (2019: £97,514,151) and the group's consolidated total comprehensive income for the year was £2,898,794 (2019: £4,328,520).

The consolidated financial statements incorporate those of Advinia Health Care Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 March 2020. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.2 Going concern

The financial statements have been prepared on the going concern basis. At the balance sheet date, the group had net current liabilities of £6,284,254 (2019: net current liabilities of £650,180) and net assets of £22,430,146 (2019: £15,531,352).

In arriving at their conclusion on the going concern status of the business, management have considered the group's financial position and given careful attention to its net current liability position at the balance sheet date. Having reviewed the group financial forecasts and expected future cash flows, the directors have a reasonable expectation that the company and group have adequate resources available to it to continue in operational existence for the foreseeable future, a period of not less than 12 months from the date of signing of these financial statements. The directors have considered the impact of Covid-19 in their going concern assessment and have taken the short-term occupancy reduction into account in their group financial forecasts. In addition, in their preparation of the forecasts, management have taken a reasonable view on increased costs for PPE and infection control measures and government funding to mitigate the net cash flow impact. The group has robust infection control plans in place to mitigate the ongoing risk that Covid-19 presents. The group meets its day to day working capital requirements through operating cash flows and through facilities provided by its stakeholders. Existing shareholders are willing to provide further financial support as they have done in the past.

Based on this, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

1.3 Turnover

Turnover represents amounts receivable for the provision of services in relation to the care homes. Income is recognised on the day the service is provided.

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Negative goodwill represents the excess of fair value of net assets acquired over the cost of acquisition of a business. It is recognised separately as part of the goodwill balance and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which has been estimated at 5 years for the negative goodwill and 10 years for the positive goodwill.

1.5 Research and development

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

Development costs

20 years - Straight Line

1.6 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.

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

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

Freehold land and buildings	2% straight line on the value of buildings
Fixtures, fittings & equipment	33.3% 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 recognised in the profit and loss account. Assets under construction are not depreciated until they are brought into use.

1.7 Fixed asset investments

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

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

1.8 Impairment of fixed assets

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

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

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

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

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

1.9 Cash and cash equivalents

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

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.10 Financial instruments

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

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

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

Basic financial assets

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

Impairment of financial assets

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

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

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

Derecognition of financial assets

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

Classification of financial liabilities

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

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, 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.

Derecognition of financial liabilities

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

1.11 Equity instruments

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

1.12 Taxation

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

Current tax

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

Deferred tax

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

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

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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.

1.14 Retirement benefits

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

1.15 Leases

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

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Fair value of Property, Plant and Equipment

The group's property, plant and equipment are measured using the fair value model and stated at their fair value as at the reporting date. The directors have used market evidence to assess an appropriate value at the year end.

Amortisation and depreciation

The directors estimate the useful lives and residual values of goodwill and property, plant & equipment in order to calculate the amortisation and depreciation charges. Changes in these estimates could result in changes being required to the annual charges in the Statement of Comprehensive Income and the carrying values of these assets in the Balance Sheet.

Impairment of assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value and any risks specific to the asset are also assessed. Impairment losses of continuing operations are recognized in the profit or loss in those expense categories consistent with the function of the impaired asset.

Deferred tax liability

The group estimates future profitability in arriving at the fair value of the deferred tax assets and liabilities. If the final tax outcome is different to the estimated deferred tax amount, the resulting changes will be reflected in the statement of comprehensive income, unless the tax relates to an item charged to equity in which case the changes in tax estimates will also be reflected in equity.

Fair Value of Land and buildings

The group's land and buildings are measured using the fair value model and stated at their fair value as at the reporting date. The directors have used market evidence to assess an appropriate value at the year end.

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

3 Turnover

The turnover received for the provision of care home services is as follows:

	2020 £	2019 £
Care homes	102,843,481	97,514,151

Turnover analysed by geographical market

	2020 £	2019 £
United Kingdom	102,843,481	97,514,151

4 Non-recurring costs

	2020 £	2019 £
IT integration costs	197,750	219,646
Exceptional staff training	-	834,441
Legal and professional fees	1,713,086	975,799
TSA costs	-	1,294,335
Temporary staff for integration	1,133,976	1,900,000
Adjustment of loan balances	2,228,234	-
Total	5,273,046	5,224,221

Non-recurring costs relate to costs incurred in respect of the integration and operation of the care homes acquired in February 2018 as well as costs incurred due to the impact of the Covid-19 outbreak and adjustments to loan balances.

5 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	80,000	67,500
For other services		
Taxation compliance services	10,000	10,000
All other non-audit services	6,600	6,250
	16,600	16,250

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

6 Employees

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

	2020 Number	2019 Number
Operations	3,879	4,319

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	68,248,001	69,690,600
Social security costs	4,716,434	4,703,813
Pension costs	992,074	657,102
	<u>73,956,509</u>	<u>75,051,515</u>

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	16,322	21,416

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	16,322	21,416
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8 Interest payable and similar expenses

	2020 £	2019 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	3,860,185	3,597,136
Other interest on financial liabilities	-	75,268
	<u>3,860,185</u>	<u>3,672,404</u>
Other finance costs:		
Finance costs for financial instruments measured at fair value through profit or loss	369,860	338,188
Total finance costs	<u>4,230,045</u>	<u>4,010,592</u>

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	511,734	472,087
Adjustments in respect of prior periods	(458,129)	-
Total current tax	53,605	472,087
Deferred tax		
Origination and reversal of timing differences	268,020	(1,587,732)
Total tax charge/(credit) for the year	321,625	(1,115,645)

The actual charge/(credit) 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:

	2020 £	2019 £
Profit before taxation	1,208,436	3,212,875
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	229,603	610,446
Tax effect of expenses that are not deductible in determining taxable profit	826,773	61,111
Tax effect of income not taxable in determining taxable profit	(3,101)	-
Tax effect of utilisation of tax losses not previously recognised	-	(42,044)
Permanent capital allowances in excess of depreciation	(689,342)	(122,786)
Depreciation on assets not qualifying for tax allowances	885,142	140,339
Amortisation on assets not qualifying for tax allowances	(288,032)	(189,281)
Under/(over) provided in prior years	(458,129)	-
Non-trading loan relationship deficit	(514,788)	-
Other taxation adjustments	65,479	14,302
Other change in deferred tax liability on tangible assets	268,020	(1,587,732)
Taxation charge/(credit) for the year	321,625	(1,115,645)

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Deferred tax arising on:		
Revaluation of property	1,425,000	-

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

10 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Development costs £	Total £
Cost				
At 1 April 2019	7,778,363	(10,561,197)	714,636	(2,068,198)
Additions - separately acquired	-	-	368,672	368,672
Transfers	-	(1,237,141)	-	(1,237,141)
At 31 March 2020	7,778,363	(11,798,338)	1,083,308	(2,936,667)
Amortisation and impairment				
At 1 April 2019	5,833,775	(2,241,849)	-	3,591,926
Amortisation charged for the year	777,837	(2,359,668)	65,872	(1,515,959)
Transfers	-	(263,278)	-	(263,278)
At 31 March 2020	6,611,612	(4,864,795)	65,872	1,812,689
Carrying amount				
At 31 March 2020	1,166,751	(6,933,543)	1,017,436	(4,749,356)
At 31 March 2019	1,944,588	(8,319,348)	714,636	(5,660,124)

Company	Development costs £
Cost	
At 1 April 2019	714,636
Additions - separately acquired	368,672
At 31 March 2020	1,083,308
Amortisation and impairment	
At 1 April 2019	-
Amortisation charged for the year	65,872
At 31 March 2020	65,872
Carrying amount	
At 31 March 2020	1,017,436
At 31 March 2019	714,636

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

11 Tangible fixed assets

Group	Freehold land and buildings	Assets under construction	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2019	63,293,361	3,332,519	28,030,758	94,656,638
Additions	-	-	3,247,354	3,247,354
Revaluation	7,500,000	-	-	7,500,000
Transfers	3,713,801	(3,332,519)	1,287,231	1,668,513
At 31 March 2020	74,507,162	-	32,565,343	107,072,505
Depreciation and impairment				
At 1 April 2019	854,562	-	5,831,046	6,685,608
Depreciation charged in the year	1,319,893	-	3,180,854	4,500,747
At 31 March 2020	2,174,455	-	9,011,900	11,186,355
Carrying amount				
At 31 March 2020	72,332,707	-	23,553,443	95,886,150
At 31 March 2019	62,438,799	3,332,519	22,199,712	87,971,030
Company				
	Freehold land and buildings	Fixtures, fittings & equipment	Total	
	£	£	£	
Cost				
At 1 April 2019	6,480,000	2,026,525	8,506,525	
Additions	-	257,227	257,227	
Transfers	-	1,287,231	1,287,231	
At 31 March 2020	6,480,000	3,570,983	10,050,983	
Depreciation and impairment				
At 1 April 2019	213,363	1,129,630	1,342,993	
Depreciation charged in the year	114,864	362,563	477,427	
At 31 March 2020	328,227	1,492,193	1,820,420	
Carrying amount				
At 31 March 2020	6,151,773	2,078,790	8,230,563	
At 31 March 2019	6,266,637	896,895	7,163,532	

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

12 Fixed asset investments

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Investments in subsidiaries	13	-	-	63,683,196	63,683,196
Movements in fixed asset investments					
Company					Shares £
Cost					
At 31 March 2019					63,683,196
Carrying amount					
At 31 March 2020					63,683,196
At 31 March 2019					63,683,196

13 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct
Roseacres Care Home Limited	Care home operator	Ordinary	100.00
Annan Court Care Home Limited	Care home operator	Ordinary	100.00
Goldielea Care Home Limited	Care home operator	Ordinary	100.00
Kingsway Care Home Limited	Care home operator	Ordinary	100.00
Longwood Care Home Limited	Care home operator	Ordinary	100.00
Priory Supporting Care Limited	Care home operator	Ordinary	100.00
Woodstock Care Home Limited	Care home operator	Ordinary	100.00
Barrock Court Care Home Limited	Care home operator	Ordinary	100.00
Roberttown Care Home Limited	Care home operator	Ordinary	100.00
Woodfield Care Home Limited	Care home operator	Ordinary	100.00
Madeira Care Home Limited	Care home operator	Ordinary	100.00
Maycroft Care Home Limited	Care home operator	Ordinary	100.00
Advinia Care Homes Limited	Care home operator	Ordinary	100.00

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

14 Financial instruments

	Group 2020 £	2019 £	Company 2020 £	2019 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	9,424,046	20,245,084	4,328,619	9,976,281
Carrying amount of financial liabilities				
Measured at amortised cost	71,462,347	82,608,913	75,281,948	82,769,723

15 Debtors

	Group 2020 £	2019 £	Company 2020 £	2019 £
Amounts falling due within one year:				
Trade debtors	3,786,073	4,376,817	179,738	338,358
Corporation tax recoverable	-	8,955	-	-
Amounts owed by group undertakings	-	-	-	3,944,344
Other debtors	2,886,589	13,758,381	4,139,576	5,673,136
Prepayments and accrued income	4,233,398	3,879,617	1,025,503	1,571,174
	10,906,060	22,023,770	5,344,817	11,527,012

16 Creditors: amounts falling due within one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts		5,400,000	2,700,000	5,400,000	2,700,000
Trade creditors		3,633,225	1,823,444	680,733	164,533
Amounts due to group undertakings		-	-	13,544,871	12,248,192
Corporation tax payable		881,894	1,167,571	511,734	40,920
Other taxation and social security		2,029,887	1,469,017	326,161	290,948
Other creditors		4,609,630	14,524,521	1,101,717	7,458,647
Accruals and deferred income		4,923,702	4,974,824	463,852	707,576
		21,478,338	26,659,377	22,029,068	23,610,816

17 Creditors: amounts falling due after more than one year

	Notes	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans and overdrafts	18	50,900,000	56,300,000	50,900,000	56,300,000
Other creditors		3,190,775	3,190,775	3,190,775	3,190,775
		54,090,775	59,490,775	54,090,775	59,490,775

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

18 Loans and overdrafts

	Group 2020 £	2019 £	Company 2020 £	2019 £
Bank loans	56,300,000	59,000,000	56,300,000	59,000,000
Payable within one year	5,400,000	2,700,000	5,400,000	2,700,000
Payable after one year	50,900,000	56,300,000	50,900,000	56,300,000

Bank loans

On 14 February 2018, the group entered into a senior facilities agreement with Credit Suisse for £59,000,000. The facility is comprised of a term loan facility of £54,000,000 and a revolving facility of £5,000,000. The facilities bear interest at LIBOR plus a margin between 4.75% and 5.25%.

Subsequent to the year end the group has repaid £5,400,000 of the term facility loan in line with the schedule below.

The bank loans are secured by group companies.

The loan has the following repayment schedule:

15 May 2019	5.0% of term facility loan (paid)
15 May 2020	10.0% of term facility loan (paid)
15 May 2021	14.5% of term facility loan
15 May 2022	17.5% of term facility loan
14 Feb 2023 (Termination date)	100.0% of the outstanding loan balance

19 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Group		
Accelerated capital allowances	2,192,275	1,924,255
Revaluations	2,181,118	756,118
Fair value movements	3,958,226	3,958,226
	<u>8,331,619</u>	<u>6,638,599</u>

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

19 Deferred taxation (Continued)

	Liabilities 2020 £	Liabilities 2019 £
Company		
Accelerated capital allowances	226,019	-
Revaluations	665,809	665,809
	<u>891,828</u>	<u>665,809</u>
	Group 2020 £	Company 2020 £
Movements in the year:		
Liability at 1 April 2019	6,638,599	665,809
Charge to profit or loss	268,020	226,019
Charge to other comprehensive income	1,425,000	-
	<u>8,331,619</u>	<u>891,828</u>

Deferred tax on revaluations would only become payable if the revalued fixed assets were to be sold at their carrying value.

20 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	992,074	685,928

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

21 Share capital

	Group and company 2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
5,000,000 Ordinary of £1 each	5,000,000	1,000,000

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

21 Share capital

(Continued)

Reconciliation of movements during the year:

	Number of shares
At 1 April 2019	1,000,000
Issue of fully paid shares	4,000,000
At 31 March 2020	<u>5,000,000</u>

On 1 November 2019, 4,000,000 £1 shares were issued at par to St Carmen Limited.

22 Operating lease commitments

Lessee

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

	Group 2020 £	2019 £	Company 2020 £	2019 £
Within one year	52,901	58,351	28,843	30,184
Between two and five years	104,321	112,280	27,826	29,224
In over five years	15,794	33,368	-	-
	<u>173,016</u>	<u>203,999</u>	<u>56,669</u>	<u>59,408</u>

23 Related party transactions

Group and company

The group and company have taken advantage of the exemption under terms of FRS102 not to disclose related party transactions with wholly owned subsidiaries within the group.

24 Controlling party

The ultimate controlling parties are the trustees of the Paraman Trust Settlement.

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

25 Cash generated from group operations

	2020 £	2019 £
Profit for the year after tax	886,811	4,328,520
Adjustments for:		
Taxation charged/(credited)	321,625	(1,115,645)
Finance costs	4,230,045	4,010,592
Investment income	(16,322)	(21,416)
Amortisation and impairment of intangible assets	(1,515,959)	(1,334,401)
Depreciation and impairment of tangible fixed assets	4,500,747	3,137,796
Movements in working capital:		
Decrease/(increase) in debtors	11,117,710	(13,265,520)
(Decrease)/increase in creditors	(8,683,346)	8,326,838
Cash generated from operations	10,841,311	4,066,764

26 Analysis of changes in net debt - group

	1 April 2019 £	Cash flows £	31 March 2020 £
Cash at bank and in hand	3,985,427	302,597	4,288,024
Borrowings excluding overdrafts	(59,000,000)	2,700,000	(56,300,000)
	<u>(55,014,573)</u>	<u>3,002,597</u>	<u>(52,011,976)</u>

27 Analysis of changes in net debt - company

	1 April 2019 £	Cash flows £	31 March 2020 £
Cash at bank and in hand	3,960,846	(1,740,725)	2,220,121
Borrowings excluding overdrafts	(59,000,000)	2,700,000	(56,300,000)
	<u>(55,039,154)</u>	<u>959,275</u>	<u>(54,079,879)</u>