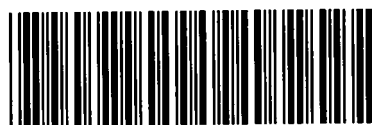


Company Registration No. 03446822 (England and Wales)

ADVINIA HEALTH CARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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ADVINIA HEALTH CARE LIMITED

COMPANY INFORMATION

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

Company number 03446822

Registered office Edelman House
1238 High Road
London
N20 0LH

Auditors Gerald Edelman
73 Cornhill
London
EC3V 3QQ

ADVINIA HEALTH CARE LIMITED

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ADVINIA HEALTH CARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Business overview and results

Advinia Health Care is a leading care home operator and conducts business through a number of groups including that headed by Advinia Health Care Limited (AHCL or the Group). AHCL operates 19 care homes in England and 16 care homes in Scotland, providing services to more than 3,300 residents.

On 1st October 2017, AHCL was part of a group restructure resulting in the transfer of ownership of 11 care home companies. As a result, from that date the Group operated 13 care homes in England and Wales (2017: 2 care homes).

On 14th February 2018, AHCL acquired Bupa Care Homes Investment Limited (Bupa) which operates 22 care homes located throughout England and Scotland. The acquisition has increased the geographical area now serviced by the Group, which has been supported by a regional structure. The acquisition was funded through bank debt and equity. The administrative expenses increased in order to manage the larger portfolio of 2,700 beds acquired from Bupa. The full effect of the enhanced turnover is not seen in this year as the acquisition happened just 6 weeks before the reporting date. The expected turnover for the next financial year is c.£100m and the administrative expenses against this will be approximately 6%, which is industry average.

The group statement of comprehensive income shows a profit for the year ended 31 March 2018 of £2,926,248 (2017: profit of £473,793). The Group operating profit for the year ended 31 March 2018 was £1,327,451 (2017: £490,290). As at 31 March 2018 the Group's net assets were £11,202,832 (2017: £8,276,584).

Key Performance Indicators (KPIs)

Occupancy across the care homes has fluctuated during the year but the average of 90% was slightly below last year (93%) and still reflects good demand for care home beds and the efforts of our stable local management teams. Our occupancy compares well with the market average of 85%, but management is not complacent on occupancy levels.

We invest in the care homes with the needs of our residents uppermost in our minds. Specialist dementia areas that have been created, coupled with dementia specialist training, which has assisted our strategic plan to become a centre of excellence in dementia for older people.

Industry overview

The demand for care services continues to rise as life expectancies increase and the UK's population grows. Over the last decade, the supply of care home beds has also increased but this trend has now reversed with a reduction in the number of care beds in the UK in recent years. The demand and supply of care home beds varies from region to region naturally but demand is higher than supply generally in the market.

There continues to be an acute shortage of nurses in the UK and this has meant the competition for those nurses is high. In addition, the National Living Wage was introduced in April 2016, setting the minimum wage for over 25s and increasing the cost base for carers in care homes.

Regulation compliance

The Care Quality Commission (CQC) and The Care Inspectorate (CI) are independent regulators of health and social care in England and Scotland, respectively. The CQC and CI regularly inspect care homes and these inspections have become tougher. We have robust internal audit processes to ensure compliance.

Government funding

The government has improved funding methodologies due to pressures on bed blocking, however they continue to restrict the funding available to Local Authorities and the National Health Service who in turn are unwilling to increase fee levels for beds. We have increased the number of residents who are funded by private resources by 19% during the year.

ADVINIA HEALTH CARE LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Principal risks and risk management

Credit risk

The Group's credit risk is mainly attributable to its trade receivables. These trade receivables are to a well diversified set of third parties such as local authorities, CCGs, NHS trusts and private clients which reduces the inherent risk. A regular review of receivables is undertaken.

Liquidity risk

The Group maintains liquidity and sufficient working capital for its ongoing operations and future developments.

Operational risk

The operation of care homes are managed by an experienced team of senior management, regional managers and local care home managers.

Reputational risk

Reputational risk is managed through mandatory and specialist training and development of staff. All care staff are subject to induction training and Disclosure and Barring Service checks.

Outlook

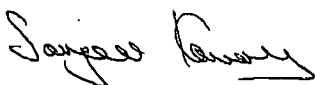
The performance of the care homes has improved during the year ended March 2018 mainly due to better average weekly fee rates across the care homes and tight cost control. We expect a similar performance during the coming year. There was modest growth in fee rates in the year ending March 2018 reflecting government's desire to reduce bed blocking and we expect this to continue looking forward.

Staff costs are our largest cost and we have worked hard to recruit, motivate and retain our staff.

The CQC and CI inspections continue to be stringent and we are remaining diligent with our processes and audit systems over the coming period. We will continue to work hard to provide quality care to our residents.

The group is constantly looking for investment opportunities to expand.

On behalf of the board



Dr S Kanoria (Chairman)

Director

13 December 2018

ADVINIA HEALTH CARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

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

Mr A Verma (Non-executive director)

(Appointed 7 November 2017)

Results and dividends

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

No ordinary dividends were paid (2017: £400,000). The directors do not recommend payment of a further 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 2018

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.

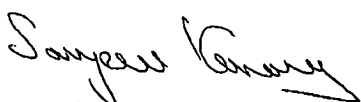
Statement of disclosure to auditors

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 therefore continued to adopt the going concern basis in preparing the financial statements for the year ended 31 March 2018.

On behalf of the board



Dr S Kanoria (Chairman)

Director

13 December 2018

ADVINIA HEALTH CARE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADVINIA HEALTH CARE LIMITED

Opinion

We have audited the financial statements of Advinia Health Care Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows 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 2018 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 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.

Other information

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

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

We have nothing to report in this regard.

ADVINIA HEALTH CARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ADVINIA HEALTH CARE LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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, 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.

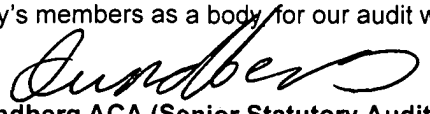
In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend 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.

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

13 December 2018

Chartered Accountants
Statutory Auditor

ADVINIA HEALTH CARE LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

		2018	2017
	Notes	£	(pro-forma) £
Turnover	3	25,515,906	12,165,335
Cost of sales		(17,343,508)	(7,924,461)
Gross profit		8,172,398	4,240,874
Administrative expenses	5	(7,185,093)	(4,036,168)
Other operating income		340,146	285,584
Operating profit	4	1,327,451	490,290
Interest receivable and similar income	8	934	565
Interest payable and similar expenses	9	(420,920)	-
Profit before taxation		907,465	490,855
Taxation	10	(191,655)	(53,495)
Profit for the financial year		715,810	437,360
Other comprehensive income			
Revaluation of tangible fixed assets		2,663,178	-
Tax relating to other comprehensive income		(452,740)	36,433
Total comprehensive income for the year		2,926,248	473,793

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

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

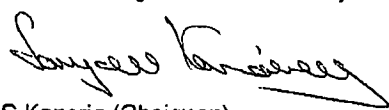
ADVINIA HEALTH CARE LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2018

		2018		2017 (pro-forma)	
	Notes	£	£	£	£
Fixed assets					
Goodwill	12		2,722,426		3,500,263
Negative goodwill	12		(10,431,587)		-
Net goodwill			(7,709,161)		3,500,263
Tangible assets	13		87,127,530		4,840,431
			79,418,369		8,340,694
Current assets					
Debtors	17	8,758,650		2,419,321	
Cash at bank and in hand		13,944,312		202,220	
		22,702,962		2,621,541	
Creditors: amounts falling due within one year	18	(23,692,168)		(2,382,273)	
Net current (liabilities)/assets			(989,206)		239,268
Total assets less current liabilities			78,429,163		8,579,962
Creditors: amounts falling due after more than one year	19		(59,000,000)		-
Provisions for liabilities	21		(8,226,331)		(303,378)
Net assets			11,202,832		8,276,584
Capital and reserves					
Called up share capital	23		1,000,000		1,000,000
Revaluation reserve			5,038,599		2,828,161
Merger reserve			4,910,555		4,910,555
Profit and loss reserves			253,678		(462,132)
Total equity			11,202,832		8,276,584

The financial statements were approved by the board of directors and authorised for issue on 13 December 2018 and are signed on its behalf by:


 Dr S Kanoria (Chairman)
 Director

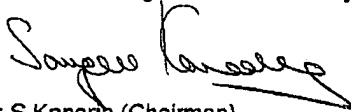
ADVINIA HEALTH CARE LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	13	6,724,457		4,452,513	
Investments	14	63,683,196		1,166,911	
		<u>70,407,653</u>		<u>5,619,424</u>	
Current assets					
Debtors	17	6,705,858	1,533,622		
Cash at bank and in hand		7,641,427	93,275		
		<u>14,347,385</u>	<u>1,626,897</u>		
Creditors: amounts falling due within one year	18	<u>(19,312,201)</u>	<u>(3,104,942)</u>		
Net current liabilities		<u>(4,964,816)</u>		<u>(1,478,045)</u>	
Total assets less current liabilities		<u>65,442,837</u>		<u>4,141,379</u>	
Creditors: amounts falling due after more than one year	19	(59,000,000)			-
Provisions for liabilities	21	(665,809)		(303,378)	
Net assets		<u>5,777,028</u>		<u>3,838,001</u>	
Capital and reserves					
Called up share capital	23	1,000,000		1,000,000	
Revaluation reserve		4,597,677		2,828,161	
Profit and loss reserves		179,351		9,840	
Total equity		<u>5,777,028</u>		<u>3,838,001</u>	

The financial statements were approved by the board of directors and authorised for issue on 13 December 2018 and are signed on its behalf by:


 Dr S Kanona (Chairman)
 Director

Company Registration No. 03446822

ADVINIA HEALTH CARE LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Revaluation reserve £	Merger reserves	Profit and loss reserves £	Total £
Balance at 1 April 2016 (pro-forma)		1,000,000	2,791,728	-	(499,492)	3,292,236
Year ended 31 March 2017:						
Profit for the year		-	-	-	437,360	437,360
Other comprehensive income:						
Tax relating to other comprehensive income		-	36,433	-	-	36,433
Total comprehensive income for the year		-	36,433	-	437,360	473,793
Dividends	11	-	-	-	(400,000)	(400,000)
Merger transfers		-	-	4,910,555	-	4,910,555
Balance at 31 March 2017 (pro-forma)		1,000,000	2,828,161	4,910,555	(462,132)	8,276,584
Year ended 31 March 2018:						
Profit for the year		-	-	-	715,810	715,810
Other comprehensive income:						
Revaluation of tangible fixed assets		-	2,210,438	-	-	2,210,438
Total comprehensive income for the year		-	2,210,438	-	715,810	2,926,248
Balance at 31 March 2018		1,000,000	5,038,599	4,910,555	253,678	11,202,832

ADVINIA HEALTH CARE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 April 2016		1,000,000	2,791,728	395,899	4,187,627
Year ended 31 March 2017:					
Profit for the year		-	-	13,941	13,941
Other comprehensive income:					
Tax relating to other comprehensive income		-	36,433	-	36,433
Total comprehensive income for the year		-	36,433	13,941	50,374
Dividends	11	-	-	(400,000)	(400,000)
Balance at 31 March 2017		1,000,000	2,828,161	9,840	3,838,001
Year ended 31 March 2018:					
Profit for the year		-	-	169,511	169,511
Other comprehensive income:					
Revaluation of tangible fixed assets		-	1,769,516	-	1,769,516
Total comprehensive income for the year		-	1,769,516	169,511	1,939,027
Balance at 31 March 2018		1,000,000	4,597,677	179,351	5,777,028

ADVINIA HEALTH CARE LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

		2018		2017 (pro-forma)	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	27		8,083,916		(802,881)
Interest paid			(420,920)		-
Income taxes paid			(62,011)		(82,400)
Net cash inflow/(outflow) from operating activities			7,600,985		(885,281)
Investing activities					
Business combinations		(56,135,928)		-	
Cash acquired with subsidiary		2,200		-	
Purchase of tangible fixed assets		(2,872,653)		(144,713)	
Proceeds on disposal of tangible fixed assets		-		5,000	
Interest received		934		565	
Net cash used in investing activities			(59,005,447)		(139,148)
Financing activities					
New bank loans		59,000,000		-	
Working capital advance		6,146,554			
Dividends paid to equity shareholders		-		(400,000)	
Net cash generated from/(used in) financing activities			65,146,554		(400,000)
Net increase/(decrease) in cash and cash equivalents			13,742,092		(1,424,429)
Cash and cash equivalents at beginning of year			202,220		1,626,649
Cash and cash equivalents at end of year			13,944,312		202,220

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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 Edelman House, 1238 High Road, London, N20 0LH.

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 profit for the year was £169,511 (2017: profit £13,941).

The consolidated financial statements incorporate those of Advinia Health Care Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). The entity acquired Advinia Care Homes Limited, formerly Bupa Care Home Investments Limited during the year has been consolidated using the purchase method. Their results are incorporated from the date that control passes.

During the year, there was a group reorganisation which has been accounted for using merger accounting. Under the merger accounting method, the carrying value of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value. Rather, the net assets are combined using existing book value, with adjustments made as necessary to ensure that the same accounting policies are applied to the calculation of net assets. No amount is recognised as consideration for goodwill or negative goodwill.

The comparative consolidated figures are based on pro-forma numbers calculated as if the components of the group acquired as part of the group reorganisation existed in the prior year.

All financial statements are made up to 31 March 2018. 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.

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 £989,206 (2017: assets of £239,268) and net assets of £11,202,832 (2017: £8,276,584). 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.

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.3 Turnover

Turnover represents amounts receivable for the provision of services in relation to care home services. 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 10 years.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost 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.

1.6 Fixed asset investments

In the parent 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.

1.7 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.

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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

If the recoverable amount of an asset (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.

1.8 Cash and cash equivalents

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

1.9 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 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.

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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.

Basic financial liabilities

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

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

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

Derecognition of financial liabilities

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

1.10 Equity instruments

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

1.11 Taxation

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

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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.

1.12 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.

1.13 Retirement benefits

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

1.14 Leases

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

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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 qualified Chartered Surveyors and market evidence to assess an appropriate value at the year end.

Amortization 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.

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

3 Turnover

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

	2018	2017 (pro-forma)
	£	£
Turnover	25,515,906	12,165,335

Turnover analysed by geographical market

	2018	2017
	£	£
United Kingdom	25,515,906	12,165,335

4 Operating profit

	2018	2017
	£	£
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	1,033,732	166,482
(Profit)/loss on disposal of tangible fixed assets	-	694
Amortisation of intangible assets	648,227	61,592
Operating lease charges	126,690	16,103

5 Administrative expenses

Administration expenses in the last quarter of the year ended 31 March 2017 and in the year ended 31 March 2018 were increased due to the addition of costs relating to the hiring of extra staff and both legal and consultation costs for the acquisition of the larger Bupa (Project Oval) portfolio and subsequently the Bupa (Project Aqua) portfolio.

6 Auditor's remuneration

	2018	2017
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	55,000	7,470

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

7 Employees

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

	2018 Number	2017 Number
Operations	1,017	576

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	16,301,956	7,429,195
Social security costs	1,178,949	469,711
Pension costs	157,638	6,644
	17,638,543	7,905,550

8 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Interest on bank deposits	934	565

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	934	565
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9 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	420,920	-

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	191,655	53,495

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

	2018 £	2017 £
Profit before taxation	907,465	490,855
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	172,418	98,171
Tax effect of expenses that are not deductible in determining taxable profit	-	43,702
Tax effect of income not taxable in determining taxable profit	(95,000)	-
Tax effect of utilisation of tax losses not previously recognised	(35,127)	-
Group relief	-	(46,082)
Permanent capital allowances in excess of depreciation	(96,402)	-
Depreciation on assets not qualifying for tax allowances	167,919	-
Amortisation on assets not qualifying for tax allowances	146,672	-
Other taxation adjustments	(68,825)	(42,296)
Taxation charge for the year	191,655	53,495

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:

	2018 £	2017 £
Deferred tax arising on:		
Revaluation of property	452,740	(36,433)

11 Dividends

	2018 £	2017 £
Final paid	-	400,000

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

12 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Total £
Cost			
At 1 April 2017	7,778,363	-	7,778,363
Additions - separately acquired	-	(10,561,197)	(10,561,197)
At 31 March 2018	7,778,363	(10,561,197)	(2,782,834)
Amortisation and impairment			
At 1 April 2017	4,278,100	-	4,278,100
Amortisation charged for the year	777,837	(129,610)	648,227
At 31 March 2018	5,055,937	(129,610)	4,926,327
Carrying amount			
At 31 March 2018	2,722,426	(10,431,587)	(7,709,161)
At 31 March 2017	3,500,263	-	3,500,263

The company had no intangible fixed assets at 31 March 2018 or 31 March 2017.

13 Tangible fixed assets

Group	Freehold land and buildings £	Assets under construction £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 April 2017	4,933,510	169,235	3,368,634	8,471,379
Additions	-	2,100,997	771,656	2,872,653
Business combinations	56,813,541	-	20,971,459	77,785,000
Revaluation	1,546,310	-	-	1,546,310
At 31 March 2018	63,293,361	2,270,232	25,111,749	90,675,342
Depreciation and impairment				
At 1 April 2017	500,771	-	3,130,177	3,630,948
Depreciation charged in the year	286,825	-	746,907	1,033,732
Eliminated in respect of revaluations	(671,661)	-	(445,207)	(1,116,868)
At 31 March 2018	115,935	-	3,431,877	3,547,812
Carrying amount				
At 31 March 2018	63,177,426	2,270,232	21,679,872	87,127,530
At 31 March 2017	4,808,683	-	31,748	4,840,431

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

13 Tangible fixed assets

(Continued)

Company	Freehold land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2017	4,933,510	1,047,362	5,980,872
Additions	-	362,446	362,446
Revaluation	1,546,490	-	1,546,490
At 31 March 2018	6,480,000	1,409,808	7,889,808
Depreciation and impairment			
At 1 April 2017	500,771	1,027,588	1,528,359
Depreciation charged in the year	183,185	39,264	222,449
Revaluation	(585,457)	-	(585,457)
At 31 March 2018	98,499	1,066,852	1,165,351
Carrying amount			
At 31 March 2018	6,381,501	342,956	6,724,457
At 31 March 2017	4,432,739	19,774	4,452,513

14 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	15	-	-	63,683,196	1,166,911

Movements in fixed asset investments

Company	Shares £
Cost	
At 31 March 2017	1,166,911
Transferred	6,378,157
Additions	56,138,128
At 31 March 2018	63,683,196
Carrying amount	
At 31 March 2018	63,683,196
At 31 March 2017	1,166,911

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

15 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held Direct	
Roseacres Care Home Limited	England & Wales	Care home operator	Ordinary	100.00
Companies transferred on 1st October 2017 as part of Restructure				
Annan Court Care Home Limited	England & Wales	Care home operator	Ordinary	100.00
Goldielea Care Home Limited	England & Wales	Care home operator	Ordinary	100.00
Kingsway Care Home Limited	England & Wales	Care home operator	Ordinary	100.00
Longwood Care Home Limited	England & Wales	Care home operator	Ordinary	100.00
Priory Supporting Care Limited	England & Wales	Care home operator	Ordinary	100.00
Woodstock Care Home Limited	England & Wales	Care home operator	Ordinary	100.00
Barrock Court Care Home Limited	England & Wales	Care home operator	Ordinary	100.00
Roberttown Care Home Limited	England & Wales	Care home operator	Ordinary	100.00
Woodfield Care Home Limited	England & Wales	Care home operator	Ordinary	100.00
Madeira Care Home Limited	England & Wales	Care home operator	Ordinary	100.00
Maycroft Care Home Limited	England & Wales	Care home operator	Ordinary	100.00
Company Acquired on 14th February 2018				
Advinia Care Homes Limited	England & Wales	Care home operator	Ordinary	100.00

16 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	22,563,509	4,523,136	14,454,954	287,477
Carrying amount of financial liabilities				
Measured at amortised cost	83,940,160	5,249,613	69,301,922	1,776,283

17 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	3,896,742	528,819	145,775	194,201
Corporation tax recoverable	9,355	-	-	-
Amounts owed by group undertakings	-	1,300,219	3,919,316	911,965
Other debtors	2,595,276	432,188	481,968	387,534
Prepayments and accrued income	2,257,277	158,095	2,158,899	39,922
	8,758,650	2,419,321	6,705,958	1,533,622

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

18 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Advance of working capital	20	6,146,554	-	6,146,554	-
Trade creditors		1,908,176	674,296	754,961	86,826
Amounts due to group undertakings	20	4,211,030	912,029	4,211,030	20,551
Corporation tax payable		725,826	53,495	695	695
Other taxation and social security		1,260,083	138,864	120,523	25,324
Other creditors		5,230,566	188,316	324,241	2,878,724
Accruals and deferred income		4,209,933	415,273	7,754,197	92,822
		<u>23,692,168</u>	<u>2,382,273</u>	<u>19,312,201</u>	<u>3,104,942</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	20	<u>59,000,000</u>	<u>-</u>	<u>59,000,000</u>	<u>-</u>

20 Loans and overdrafts

		Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans		59,000,000	-	59,000,000	-
Advance of working capital		6,146,554	-	6,146,554	-
Loans from related parties		4,211,030	-	4,211,030	-
		<u>69,357,584</u>	<u>-</u>	<u>69,357,584</u>	<u>-</u>
Payable within one year		10,357,584	-	10,357,584	-
Payable after one year		<u>59,000,000</u>	<u>-</u>	<u>59,000,000</u>	<u>-</u>

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 3.75% and 4.25%.

The bank loans are secured by group companies.

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

20 Loans and overdrafts

(Continued)

The term loan facility has following repayment schedule:

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

Working capital advance

The working capital advance was provided as deferred consideration on the acquisition of 22 care homes on 14 February 2018. Subsequent to year end, £6,174,845 was repaid, including interest of £28,291, which accrued at a rate of 2.0% per annum.

21 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 2018 £	Liabilities 2017 £
Group		
Accelerated capital allowances	3,511,987	-
Revaluations	756,118	303,378
Fair value movements	3,958,226	-
	<u>8,226,331</u>	<u>303,378</u>
	Liabilities 2018 £	Liabilities 2017 £
Company		
Revaluations	<u>665,809</u>	<u>303,378</u>
	Group 2018 £	Company 2018 £
Movements in the year:		
Liability at 1 April 2017	303,378	303,378
Fair value movements	3,958,226	-
Accelerated capital allowances	3,511,987	-
Revaluations	<u>452,740</u>	<u>362,431</u>
Liability at 31 March 2018	<u>8,226,331</u>	<u>665,809</u>

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

21 Deferred taxation

(Continued)

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

22 Retirement benefit schemes

	2018	2017
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	157,638	6,644

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.

23 Share capital

	Group and company	
	2018	2017
Ordinary share capital	£	£
Issued and fully paid		
1,000,000 Ordinary of £1 each	1,000,000	1,000,000

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

24 Operating lease commitments

Lessee

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

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	113,541	12,327	62,730	6,131
Between two and five years	125,362	10,177	31,958	7,274
In over five years	51,188	-	-	-
	<u>290,091</u>	<u>22,504</u>	<u>94,688</u>	<u>13,405</u>

25 Related party transactions

Group and company

No guarantees have been given or received.

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.

During the year a loan for £125,000 was made to the company by one of the directors, S Kanoria. The balance was fully repaid during the year.

26 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 2018

27 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	715,810	437,360
Adjustments for:		
Taxation charged	191,655	53,495
Finance costs	420,920	-
Investment income	(934)	(565)
Loss on disposal of tangible fixed assets	-	694
Amortisation and impairment of intangible assets	648,227	61,592
Depreciation and impairment of tangible fixed assets	1,033,732	166,482
Movements in working capital:		
(Increase) in debtors	(1,226,634)	(1,842,500)
Increase in creditors	6,301,140	320,561
Cash generated from/(absorbed by) operations	8,083,916	(802,881)

ADVINIA HEALTH CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

28 Acquisitions

Advinia Health Care Limited acquired 100% of the shares in Advinia Care Homes Limited (formerly Bupa Care Homes Investments Limited) for net consideration paid of £53,072,122, excluding acquisition transaction costs.

As part of the deal, a working capital advance of £6,146,554 was made by the vendor by way of a reduction in the completion payment. The working capital advance plus interest, totalling £28,291 was repaid to the vendor on 9 May 2018.

The fair value of the identifiable assets and liabilities at the date of acquisition were:

	2018 £
Assets	
Lands and buildings	48,909,294
Fixtures, fittings and equipment	28,875,706
Trade and other debtors	2,991,661
Prepayments and accrued income	2,121,034
	82,897,695
Liabilities	
Trade and other payables	527,243
Other creditors and accruals	4,891,933
Deferred income	929,453
Corporation tax payable	523,461
Deferred tax liability	7,470,215
Other liabilities	1,858,265
	16,200,570
Total fair value of net assets acquired	66,697,125
Negative goodwill	(10,561,197)
Purchase consideration transferred	56,135,928
Cash flow on acquisition	
Deposit paid	3,000,000
Paid on completion	46,056,961
Deferred consideration (working capital advance)	6,146,554
Acquisition transaction costs incurred	3,066,006
Cash received back from vendor (consideration adjustments true-up)	(2,131,393)
Cash acquired	(2,200)
Total purchase consideration, net of cash acquired	56,135,928