

Company registration number 03742352

Springfield Home Care Services Limited

**Consolidated financial statements
for**

31st March 2015

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Financial statements
for the year ended 31st March 2015

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Officers and professional advisers

The board of directors

G S Lee
P R Phillips
M R S Beadle
T R Jackson
A Jetten

Registered office

2 Fusion Court
Aberford Road
Garforth
Leeds
LS25 2GH

Auditor

Sagars Accountants Ltd
Chartered Accountants
& Statutory Auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

Bankers

National Westminster Bank Plc
7 Hustlergate
Bradford
West Yorkshire
BD1 1PP

Directors' report for the year ended 31st March 2015

The directors present their report and the financial statements of the group for the year ended 31st March 2015.

Results and dividends

The loss for the year amounted to £1,300,171. The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

G S Lee
P R Phillips
R J Steele
A N Gregory
I D Robins
R R Nevins
R D Taylor
M R S Beadle

R R Nevins was appointed as a director on 14th April 2014.
R D Taylor was appointed as a director on 15th May 2014.
M R S Beadle was appointed as a director on 31st October 2014.

R J Steele retired as a director on 18th June 2014.
A N Gregory retired as a director on 15th May 2014.
I D Robins retired as a director on 7th April 2014.
R R Nevins retired as a director on 9th January 2015.
T R Jackson was appointed as a director on 22nd January 2016.
A Jetten was appointed as a director on 22nd January 2016.
R D Taylor retired as a director on 24th March 2016.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report *(continued)*
for the year ended 31st March 2015

Disabled employees

Disabled persons are employed and trained whenever their aptitudes and abilities allow and suitable vacancies are available. Where an employee becomes disabled, an attempt is made to continue his or her employment and to arrange appropriate re-training or transfer if necessary.

Employee involvement

Regular meetings are held involving employees and management at which employees are informed of matters concerning them, company development and financial and economic factors affecting the performance of the company.

Strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Auditor

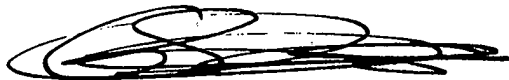
Sagars Accountants Ltd are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Registered office:
2 Fusion Court
Aberford Road
Garforth
Leeds
LS25 2GH

Signed on behalf of the directors



Mr G S Lee
Group CEO
Director

Approved by the directors on 5th April 2016

Strategic report

year ended 31st March 2015

The directors present their strategic report for the company for the year ended 31 March 2015.

Review of the business in the year

The principal activity of the group during the year was that of the provision of domiciliary home care services.

Due to challenging market conditions, the Directors report an increase in revenue of 4.9% on the previous year although this includes a full year of turnover for the acquisitions made part way through the 2014 period. The underlying revenue is broadly in line with the prior year performance which is in part due to the challenges the industry faces in recruiting and retaining carers.

The majority of our business is conducted through local authorities who continue to challenge the hourly rate charges at the same time as direct costs increase due to National Minimum Wages increases. Due to trading difficulties at one specific branch the business incurred significant agency costs. The branch has since returned to normal trading. Subsequently, the business saw a decrease in gross margin, achieving 23.3% against a prior year of 27.1%.

The business, as part of a restructure, incurred higher overheads during the year as part of a plan for growth. These growth plans could not be fully implemented and as a result overheads were reduced towards the end of the year.

The combination of the trading conditions, use of agency staff and higher overheads resulted in an Operating loss before exceptional items of £302,645, compared to a prior year operating profit before exceptional items of £353,783. The trading results for the year were adversely affected by some one-off restructure costs which amounted to £491,221 (2014 costs of £100,435) and goodwill impairment of £335,893.

The company has enjoyed a positive and supportive banking relationship with National Westminster Bank PLC for over ten years and continues to do so.

Position of the company's business at the end of the year

The company has experienced a number of years of successful growth through demonstrable strong relationships with local councils via provision of excellent care services. Looking forward, the business aims to consolidate its position by further diversification of its care and support service offering.

The business has finished the year in a much stronger position to be able to grow organically by focusing on the recruitment and retention of quality carers. The business has invested in its management team to enable more focus on the underlying performance and quality of services of its branches and contracts.

Principal risks and uncertainties facing the business

The Health & Social Care sector is facing a number of challenges due to reductions in central government funding and the requirement nationally to reduce spending on Health & Social Care. A number of Local Authorities and PCT's are therefore looking to make significant savings from care providers and we are no exception. The business faces issues over the recruitment and retention of staff. Central Government has also announced the new "Living Wage" which will have significant impact on payroll costs throughout the sector.

The business is fully aware of the challenges it faces and continues to lobby local Government for there to be adequate funding for the provision of Health and Social Care Services. The business is also working closely with the CQC to ensure we not only comply with current legislation but we exceed expectations. Initiatives for the recruitment and retention of staff are in place and under constant review. Although the business anticipates that the coming years will be challenging it is well placed to meet those challenges.

On 24 March 2016 Mr G S Lee acquired 100% of the A ordinary shares, which were held by The Business Growth Fund, as part of their investment in the Group. At the same time, loans from the Business Growth Fund totalling £1,058,999 were restructured. £441,773 of the loan balance was swapped to one £1 C ordinary share. £200,000 of the loan was purchased by Springfield Care Services Limited, a company controlled by Mr G S Lee. Interest on the loans held by Springfield Care Services Limited will be charged at 5% per annum. Accrued interest and fees of £284,696 were converted to one £1 D ordinary share. The remaining loans totalling £417,227 will accrue interest at 5% and will be repaid in four six monthly instalments commencing September 2019.

On 24 March 2016 the company sold the intercompany debtor relating to Hartlepool Park Road Properties Limited (formally Springfield Health Care (Hartlepool) Limited) for £450,000. The proceeds of the sale were used to repay £416,792 of bank loans. As a consequence of the reduced bank debt the Company is now free of financial covenants.

Strategic report *(continued)*

year ended 31st March 2015

If the debt and share capital restructuring were to have taken place on 31 March 2015 then the deficit in shareholders' funds would have reduced from £938,992 to £212,523. Bank debt and overdraft would reduce from £1,185,316 to £735,316 and debtors would reduce by a corresponding amount. Loan notes would reduce from £1,212,121 to £617,227.

Much of the uncertainty and issues regarding the introduction of the National Living Wage in April 2016 have been mitigated through positive renegotiation of our local authority contracts. In addition the Board are pleased to announce that the Company successfully tendered to be a framework provider on the new Hull and Leeds City Councils homecare contracts, thus securing revenue in these key areas for four years and five years respectively.

The Board believe that the reduction in the Group debt, lower finance servicing costs and deferment of capital repayments until September 2019 will greatly strengthen the balance sheet and better enable the Group to face the Principal risk and uncertainties in the coming year.

Signed on behalf of the directors



Mr G S Lee
Group CEO
Director

Approved by the directors on 5th April 2016

Independent auditor's report to the shareholders of Springfield Home Care Services Limited

for the year ended 31st March 2015

We have audited the group and parent company financial statements of Springfield Home Care Services Limited for the year ended 31st March 2015 which comprise the Group Profit and Loss Account, Group Balance Sheet and Company Balance Sheet, Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report to the shareholders of Springfield Home Care Services Limited *(continued)*

for the year ended 31st March 2015

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31st March 2015 and of the group's loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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.



KEVIN HOULT BA, FCA (Senior Statutory Auditor)
For and on behalf of
SAGARS ACCOUNTANTS LTD
Chartered Accountants & Statutory Auditor

Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

5 APRIL 2016

Group Profit and Loss Account
for the year ended 31st March 2015

	Note	2015 £	2014 £
Group turnover	2	11,878,398	11,487,815
Cost of sales		<u>9,111,232</u>	<u>8,376,033</u>
Gross profit		2,767,166	3,111,782
Administrative expenses		3,896,925	2,877,334
Other operating income	3	<u>—</u>	<u>(18,900)</u>
Operating (loss)/profit	4	(1,129,759)	253,348
Attributable to:			
Operating (loss)/profit before exceptional items		(302,645)	353,783
Exceptional items	4	<u>(827,114)</u>	<u>(100,435)</u>
		(1,129,759)	253,348
Interest receivable		—	168
Interest payable and similar charges	7	<u>(185,437)</u>	<u>(161,349)</u>
(Loss)/profit on ordinary activities before taxation		(1,315,196)	92,167
Tax on (loss)/profit on ordinary activities	8	<u>(15,025)</u>	<u>5,581</u>
(Loss)/profit for the financial year	9	<u>(1,300,171)</u>	<u>86,586</u>

All of the activities of the group are classed as continuing.

The group has no recognised gains or losses other than the results for the year as set out above.

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account.

The notes on pages 12 to 26 form part of these financial statements.

**Group balance sheet
as at 31st March 2015**

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	10	796,490	1,345,456
Tangible assets	11	<u>133,332</u>	<u>130,511</u>
		<u>929,822</u>	<u>1,475,967</u>
Current assets			
Debtors	13	2,303,618	2,133,174
Cash at bank and in hand		<u>126,656</u>	<u>111,624</u>
		2,430,274	2,244,798
Creditors: Amounts falling due within one year	14	<u>2,231,638</u>	<u>2,219,880</u>
Net current assets		<u>198,636</u>	<u>24,918</u>
Total assets less current liabilities		<u>1,128,458</u>	<u>1,500,885</u>
Creditors: Amounts falling due after more than one year	15	2,067,449	1,117,488
Provisions for liabilities			
Deferred taxation	16	<u>—</u>	<u>15,007</u>
		<u>(938,991)</u>	<u>368,390</u>
Capital and reserves			
Called up equity share capital	19	19,591	20,312
Share premium account	20	181,108	181,108
Other reserves	20	721	—
Profit and loss account	20	<u>(1,140,411)</u>	<u>166,970</u>
(Deficit)/shareholders' funds	21	<u>(938,991)</u>	<u>368,390</u>

These financial statements were approved by the directors and authorised for issue on 5th April 2016, and are signed on their behalf by:



T R Jackson

The notes on pages 12 to 26 form part of these financial statements.

**Balance sheet
as at 31st March 2015**

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	10	796,490	428,588
Tangible assets	11	133,332	106,606
Investments	12	197,738	1,121,401
		<u>1,127,560</u>	<u>1,656,595</u>
Current assets			
Debtors	13	2,303,618	1,865,194
Cash at bank and in hand		126,656	54,118
		<u>2,430,274</u>	<u>1,919,312</u>
Creditors: Amounts falling due within one year	14	<u>2,429,377</u>	<u>2,093,739</u>
Net current assets/(liabilities)		897	(174,427)
Total assets less current liabilities		<u>1,128,457</u>	<u>1,482,168</u>
Creditors: Amounts falling due after more than one year	15	2,067,449	1,117,488
Provisions for liabilities			
Deferred taxation	16	–	10,500
		<u>(938,992)</u>	<u>354,180</u>
Capital and reserves			
Called up equity share capital	19	19,591	20,312
Share premium account	20	181,108	181,108
Other reserves	20	721	–
Profit and loss account	20	(1,140,412)	152,760
(Deficit)/shareholders' funds		<u>(938,992)</u>	<u>354,180</u>

These financial statements were approved by the directors and authorised for issue on 5th April 2016, and are signed on their behalf by:



T R Jackson

Company Registration Number: 03742352

The notes on pages 12 to 26 form part of these financial statements.

Group cash flow statement
year ended 31st March 2015

	Note	2015 £	2014 £
Net cash (outflow)/inflow from operating activities	22	(582,440)	1,036,395
Returns on investments and servicing of finance	22	(185,437)	(161,181)
Taxation	22	(30,757)	(105,714)
Capital expenditure and financial investment	22	(72,347)	(133,190)
Acquisitions and disposals	22	—	(967,502)
Cash outflow before financing		(870,981)	(331,192)
Financing	22	873,411	112,176
Increase/(decrease) in cash	22	<u>2,430</u>	<u>(219,016)</u>

The notes on pages 12 to 26 form part of these financial statements.

Notes to the financial statements

for the year ended 31st March 2015

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Directors are required to make an assessment of whether the company is a going concern when preparing annual financial statements. Following the restructure of debt, as detailed in the post balance sheet events note, the company has prepared forecasts for the period to 31 March 2017 and subjected these to reasonable sensitivities. The forecasts indicated that the cash flows generated from the company's business activities together with the current level of bank and other funding available will be sufficient to meet the company's and the group's requirements and to enable the company and the group to pay their liabilities as they fall due for the foreseeable future. Based on these forecasts the directors consider that the going concern basis of accounting is appropriate to the company.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over ten to twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the group profit and loss account after or up to the date that control passes respectively. As a consolidated group profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Related parties transactions

Positive Life Choices Limited, Pathways to Independence (DO) Limited and Helping Hands HCS Limited are wholly owned subsidiaries of Springfield Home Care Services Limited, and included in the consolidated accounts for the group.

Accordingly, advantage has been taken of the exemption in accounting standard FRS8, Related Party Disclosures, from disclosing transactions with members of the group.

Turnover

The turnover shown in the group profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	-	10 - 20 years straight line
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Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings	-	33% straight line
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Notes to the financial statements

for the year ended 31st March 2015

1. Accounting policies (continued)

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the group profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the group profit and loss account on a straight line basis over the lease term.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the group.

An analysis of turnover is given below:

	2015 £	2014 £
United Kingdom	<u>11,878,398</u>	<u>11,487,815</u>

3. Other operating income

	2015 £	2014 £
Rent receivable	<u>—</u>	<u>18,900</u>

Notes to the financial statements

for the year ended 31st March 2015

4. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2015 £	2014 £
Amortisation of intangible assets	213,073	184,990
Normal depreciation of owned fixed assets	69,526	31,015
Normal depreciation of assets held under hire purchase agreements	–	7,433
Goodwill impairment	335,893	–
Auditor's remuneration		
- as auditor	11,175	10,275
Exceptional staff costs - administrative expenses	98,762	87,323
Exceptional legal and professional fees	16,772	13,112
Exceptional loan waiver on debtor balance	<u>375,687</u>	<u>–</u>

Exceptional staff costs of £98,762 (2014 - £87,323) relate to restructuring and employee costs.

Exceptional legal and professional fees relate to aborted acquisition costs of £14,372 (2014 £10,316) and a bond variation fee of £2,400 (2014 £nil).

Exception administration expenses of £375,687 (2014 - nil) relate to a waiver of part of a debtor loan in the period with a connected company.

An additional amortisation charge of £335,853 (2014 - £nil) has been included in respect of goodwill impairment relating to specific performance in certain regional units.

5. Particulars of employees

The average number of staff employed by the group during the financial year amounted to:

	2015 No	2014 No
Care delivery staff	843	800
Administrative staff	<u>81</u>	<u>55</u>
	<u>924</u>	<u>855</u>

The aggregate payroll costs of the above were:

	2015 £	2014 £
Wages and salaries	10,222,651	9,346,493
Social security costs	547,458	469,519
Other pension costs	34,721	7,864
Exceptional staff costs - administrative expenses	<u>98,762</u>	<u>87,323</u>
	<u>10,903,592</u>	<u>9,911,199</u>

Notes to the financial statements
for the year ended 31st March 2015

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2015 £	2014 £
Remuneration receivable	<u>236,486</u>	<u>321,167</u>

The remuneration in the year for the highest paid director was £97,419 (2014 - £108,000).

7. Interest payable and similar charges

	2015 £	2014 £
Interest payable on bank borrowing	23,076	25,797
Finance charges	—	1,152
Other similar charges payable	<u>162,361</u>	<u>134,400</u>
	<u>185,437</u>	<u>161,349</u>

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2015 £	2014 £
Current tax:		
UK Corporation tax based on the results for the year at 20% (2014 - 23%)	—	11,000
(Over)/under provision in prior year	<u>(18)</u>	<u>581</u>
Total current tax	<u>(18)</u>	<u>11,581</u>
Deferred tax:		
Origination and reversal of timing differences	<u>(15,007)</u>	<u>(6,000)</u>
Tax on (loss)/profit on ordinary activities	<u>(15,025)</u>	<u>5,581</u>

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2014 - 23%).

	2015 £	2014 £
(Loss)/profit on ordinary activities before taxation	<u>(1,315,196)</u>	<u>92,167</u>
(Loss)/profit on ordinary activities by rate of tax	<u>(263,039)</u>	21,198
Deferred tax timing differences	263,019	(12,436)
Permanent disallowables	20	2,378
Under/(over) provision in prior period	(18)	581
(Under)/overprovision in current period	<u>—</u>	<u>(140)</u>
Total current tax (note 8(a))	<u>(18)</u>	<u>11,581</u>

Notes to the financial statements
for the year ended 31st March 2015

8. Taxation on ordinary activities (continued)

(c) Factors that may affect future tax charges

At the year end the group had tax losses available for relief against future trading profits of approximately £595,000 (2014 £nil).

9. Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company was £(1,285,962) (2014 - £76,430).

10. Intangible assets

Group	Goodwill £
Cost	
At 1st April 2014 and 31st March 2015	<u>2,467,618</u>
Amortisation	
At 1st April 2014	1,122,162
Charge for the year	<u>548,966</u>
At 31st March 2015	<u>1,671,128</u>
Net book value	
At 31st March 2015	<u>796,490</u>
At 31st March 2014	<u>1,345,456</u>

Notes to the financial statements
for the year ended 31st March 2015

10. Intangible assets (continued)

Company	Goodwill £
Cost	
At 1st April 2014	1,511,041
Additions	944,092
At 31st March 2015	<u>2,455,133</u>
Amortisation	
At 1st April 2014	1,082,453
Charge for the year	576,190
At 31st March 2015	<u>1,658,643</u>
Net book value	
At 31st March 2015	<u>796,490</u>
At 31st March 2014	<u>428,588</u>

£923,663 of the goodwill additions in the year were created from a true and fair reclassification of investment cost following the hive up of the trade and assets on 29 March 2015 of the subsidiary companies, the balance of the additions, £20,429, represents goodwill acquired directly from the subsidiaries as part of the hive up:

	Goodwill cost reclassified from investments under true and fair override £	Goodwill acquired directly from subsidiaries £	Total £
Positive Life Choices Ltd	275,000	10,429	285,429
Helping Hands HCS Ltd	240,603	–	240,603
Pathways to Independence (DO) Ltd	408,060	10,000	418,060
	<u>923,663</u>	<u>20,429</u>	<u>944,092</u>

11. Tangible assets

Group	Fixtures & Fittings £
Cost	
At 1st April 2014	444,350
Additions	72,347
At 31st March 2015	<u>516,697</u>
Depreciation	
At 1st April 2014	313,839
Charge for the year	69,526
At 31st March 2015	<u>383,365</u>
Net book value	
At 31st March 2015	<u>133,332</u>
At 31st March 2014	<u>130,511</u>

Notes to the financial statements
for the year ended 31st March 2015

11. Tangible assets (*continued*)

Company	Fixtures & Fittings £
Cost	
At 1st April 2014	410,870
Additions	81,755
At 31st March 2015	<u>492,625</u>
Depreciation	
At 1st April 2014	304,264
Charge for the year	55,029
At 31st March 2015	<u>359,293</u>
Net book value	
At 31st March 2015	<u>133,332</u>
At 31st March 2014	<u>106,606</u>

12. Investments

Company	Group companies £
Cost	
At 1st April 2014	1,121,401
Disposals	(923,663)
At 31st March 2015	<u>197,738</u>
Net book value	
At 31st March 2015	<u>197,738</u>
At 31st March 2014	<u>1,121,401</u>

Notes to the financial statements

for the year ended 31st March 2015

Subsidiary undertakings

The company owns 100% of the issued share capital of the companies listed below who all operated as providers of domiciliary care and support services.

Details of the net assets and profit for the latest period are noted below.

	2015 £	2014 £
Aggregate capital and reserves		
Positive Life Choices Limited	2	5,598
Pathways to Independence (DO) Limited	85,447	114,477
Helping Hands HCS Limited	112,291	121,932
Profit for the period ended 31 March 2015		
Positive Life Choices Limited	(5,596)	4,932
Pathways to Independence (DO) Limited	60,052	29,030
Helping Hands HCS Limited	2,519	9,642

During the year, investments in Positive Life Choices Ltd, Helping Hands HCS Ltd and Pathways to Independence (DO) Ltd were transferred to goodwill due to the trade and assets being hived up to this company on 29 March 2015, the true and fair override principle has been used. Included in investments at the year end, is an amount equal to the net assets of the above named companies.

13. Debtors

	Group 2015 £	2014 £	Company 2015 £	2014 £
Trade debtors	1,651,336	1,681,155	1,651,336	1,364,113
Amounts owed by group undertakings	–	–	–	56,157
Amounts owed by undertakings in which the company has a participating interest	540,384	69,676	540,384	69,676
Other debtors	19,858	242,640	19,858	237,948
Directors loan accounts	–	47,788	–	47,788
Prepayments and accrued income	92,040	91,915	92,040	89,512
	<u>2,303,618</u>	<u>2,133,174</u>	<u>2,303,618</u>	<u>1,865,194</u>

14. Creditors: Amounts falling due within one year

	Group 2015 £	2014 £	Company 2015 £	2014 £
Invoice discounting facility	769,704	787,175	769,704	701,852
Deferred consideration	92,381	198,993	92,381	198,993
Bank loans and overdrafts	329,958	386,696	329,958	386,696
Trade creditors	111,392	115,013	111,392	106,546
Amounts owed to group undertakings	–	–	196,730	113,948
Directors' loan accounts	25,530	–	25,530	–
Other creditors including taxation and social security:				
Corporation tax	–	30,775	–	1,500
Other taxation and social security	234,858	124,855	234,858	113,106
Other creditors	136,563	89,257	–	88,695
Other creditors	–	–	137,572	–
Accruals and deferred income	531,252	487,116	531,252	382,403
	<u>2,231,638</u>	<u>2,219,880</u>	<u>2,429,377</u>	<u>2,093,739</u>

Notes to the financial statements
for the year ended 31st March 2015

14. Creditors: Amounts falling due within one year (continued)

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	329,958	386,696	329,958	386,696
Other creditors including taxation and social security	769,704	701,852	769,704	701,852
	<u>1,099,662</u>	<u>1,088,548</u>	<u>1,099,662</u>	<u>1,088,548</u>

15. Creditors: Amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	855,328	275,921	855,328	275,921
Other creditors including: Loan notes	1,212,121	841,567	1,212,121	841,567
	<u>2,067,449</u>	<u>1,117,488</u>	<u>2,067,449</u>	<u>1,117,488</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	<u>855,328</u>	<u>275,921</u>	<u>855,328</u>	<u>275,921</u>

16. Deferred taxation

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Provision brought forward	15,007	20,000	10,500	20,000
Decrease in provision	(15,007)	(4,993)	(10,500)	(9,500)
Provision carried forward	<u>-</u>	<u>15,007</u>	<u>-</u>	<u>10,500</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Group	2015		2014	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>-</u>	<u>-</u>	<u>15,007</u>	<u>-</u>

Notes to the financial statements
for the year ended 31st March 2015

16. Deferred taxation (continued)

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of:

Company	2015		2014	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	-	-	10,500	-

17. Commitments under operating leases

At 31st March 2015 the group had annual commitments under non-cancellable operating leases as set out below.

Group	2015		2014	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	18,770	4,320	31,775	2,160
Within 2 to 5 years	109,100	12,960	79,070	10,800
	<u>127,870</u>	<u>17,280</u>	<u>110,845</u>	<u>12,960</u>

At 31st March 2015 the company had annual commitments under non-cancellable operating leases as set out below.

Company	2015		2014	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	18,770	4,320	31,775	2,160
Within 2 to 5 years	109,100	12,960	79,070	10,800
	<u>127,870</u>	<u>17,280</u>	<u>110,845</u>	<u>12,960</u>

Notes to the financial statements

for the year ended 31st March 2015

18. Related party transactions

The company was under the control of Mr G S Lee throughout the current and previous year. Mr G S Lee is a director and majority shareholder of the company.

Springfield Care Services Limited

During the year the following transactions took place between the company and Springfield Care Services Limited, a company controlled by Mr G S Lee.

	2015	2014
	£	£
Purchases on behalf of Springfield Care Services	6,720	4,586
Sales to Springfield Care Services	11,595	7,505
Payments received from and on behalf of Springfield Care Services	(3,007)	449
Trade balance acquired on purchase of Definitive Training	–	36,043

At the year end a balance of £90,384 (2014 - £89,677) was owed from Springfield Care Services Limited to the company, this amount is included within debtors, amounts owed from connected companies.

Springfield Care Services Ltd have provided security to the bank over certain properties.

The Business Growth Fund

As part of the investment in the company the Business Growth Fund has provided loans totalling £1,058,999 which are subject to interest at a rate of 10% per annum. Deferred interest is charged at 12% per annum compounding. £93,051 of interest was charged in the year of which £21,834 (2014 - £60,831) was paid and the remainder is included within creditors at the year end.

Springfield Healthcare (The Grange) Limited

During the year the company made payments to suppliers on behalf of Springfield Healthcare (The Grange) Limited, a company in which Mr G S Lee and the Business Growth Fund hold an interest. At the year end a balance was owed to the company amounting to £10,318 which is included in other debtors. This balance is currently interest free and repayable on demand.

	2015	2014
	£	£
Sales to the Grange	1,680	5,400
Recharge of Director salaries	99,531	138,791
Purchase on behalf of the Grange	11,008	47,492
Payments received from the Grange	1,060,303	2,334,704
Payments on behalf of the Grange	742,658	204,454

Springfield Health Care (Hartlepool) Limited

During the year the company provided a loan to Springfield Health Care (Hartlepool) Limited, the balance at the year end was £822,189 (2014 - £nil) together with accrued interest of £20,789 (2014 - £nil). £372,189 of the loan and the accrued interest of £20,789 have been waived by the company to reduce the loan to its expected recoverable amount of £450,000 which is included with debtors at the year end.

The company paid property rentals in respect of its head office amounting to £50,100 (2014 - £45,350) to the director's pension scheme.

At the year end a balance of £25,530 was owed to Mr G S Lee by the company, this balance is included within creditors (2014 - £47,788 debtor). Interest of £121 was charged but not paid during the year.

Mr G S Lee has given a personal guarantee to the bank to the value of £200,000 and provided security over selected investment properties he owns personally.

Notes to the financial statements
for the year ended 31st March 2015

19. Share capital

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
A Ordinary shares of £1 each	5,057	5,057	5,057	5,057
B Ordinary shares (2014 - 1,442) of £1 each	721	721	1,442	1,442
A1 Ordinary shares of £1 each	7,779	7,779	7,779	7,779
Deferred shares of £1 each	6,034	6,034	6,034	6,034
	<u>19,591</u>	<u>19,591</u>	<u>20,312</u>	<u>20,312</u>

The different share classes have equal voting rights apart from deferred shares which have no voting rights. The A ordinary shares have the right to a preferential fixed cash dividend together with full rights to participate in any dividend pro rata. The B ordinary shares have limited rights to participate in a distribution including on a winding up. Full details of the share rights are included in the Articles of Association.

During the year 721 £1 B ordinary shares were purchased from shareholders by the company at £10 each.

20. Reserves

Group	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	181,108	—	166,970
Loss for the year	—	—	(1,300,171)
Other movements	—	—	—
Purchase of own shares	—	721	(7,210)
Balance carried forward	<u>181,108</u>	<u>721</u>	<u>(1,140,411)</u>
Company	Share premium account £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	181,108	—	152,760
Loss for the year	—	—	(1,285,962)
Other movements	—	—	—
Purchase of own shares	—	721	(7,210)
Balance carried forward	<u>181,108</u>	<u>721</u>	<u>(1,140,412)</u>

Notes to the financial statements
for the year ended 31st March 2015

21. Reconciliation of movements in shareholders' funds

	2015 £	2014 £
(Loss)/Profit for the financial year	(1,300,171)	86,586
New equity share capital subscribed	–	721
Premium on new share capital subscribed	–	6,489
Purchase of own ordinary shares	(721)	–
Premium on purchase of own ordinary shares	(6,489)	–
	<u>(7,210)</u>	
Net (reduction)/addition to shareholders' funds	(1,307,381)	93,796
Opening shareholders' funds	368,390	274,594
Closing shareholders' (deficit)/funds	<u>(938,991)</u>	<u>368,390</u>

22. Notes to the cash flow statement

Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities

	2015 £	2014 £
Operating (loss)/profit	(1,129,759)	253,348
Amortisation	548,966	184,990
Depreciation	69,526	38,448
Increase in debtors	(170,444)	(16,904)
Increase in creditors	99,271	576,513
Net cash (outflow)/inflow from operating activities	<u>(582,440)</u>	<u>1,036,395</u>

Returns on investments and servicing of finance

	2015 £	2014 £
Interest received	–	168
Interest paid	(185,437)	(160,197)
Interest element of hire purchase	–	(1,152)
Net cash outflow from returns on investments and servicing of finance	<u>(185,437)</u>	<u>(161,181)</u>

Taxation

	2015 £	2014 £
Taxation	<u>(30,757)</u>	<u>(105,714)</u>

Capital expenditure

	2015 £	2014 £
Payments to acquire tangible fixed assets	<u>(72,347)</u>	<u>(133,190)</u>
Net cash outflow from capital expenditure	<u>(72,347)</u>	<u>(133,190)</u>

Notes to the financial statements
for the year ended 31st March 2015

22. Notes to the cash flow statement (continued)

Acquisitions and disposals

	2015 £	2014 £
Cash paid to acquire trade/business	–	(272,442)
Cash paid to acquire subsidiaries	–	(846,400)
Net cash acquired with subsidiary	–	151,340
Net cash outflow from acquisitions and disposals	<u>–</u>	<u>(967,502)</u>

Financing

	2015 £	2014 £
Issue of equity share capital	–	721
Share premium on issue of equity share capital	–	6,489
Purchase of own equity shares	(721)	–
Premium on purchase of own equity shares	(6,489)	–
Increase in/(repayment of) bank loans	510,067	(167,807)
Net outflow from long-term trade creditors	–	(8,912)
Capital element of hire purchase	–	(4,147)
Net inflow from other long-term creditors	370,554	285,832
Net cash inflow from financing	<u>873,411</u>	<u>112,176</u>

Reconciliation of net cash flow to movement in net debt

	2015 £	2014 £
Increase/(decrease) in cash in the period	2,430	(219,016)
Net cash (inflow) from/outflow from bank loans	(510,067)	167,807
Net cash outflow from long-term trade creditors	–	8,912
Cash outflow in respect of hire purchase	–	4,147
Net cash (inflow) from other long-term creditors	<u>(370,554)</u>	<u>(285,832)</u>
	<u>(878,191)</u>	<u>(323,982)</u>
Change in net debt	(878,191)	(323,982)
Net debt at 1 April 2014	<u>(1,392,560)</u>	<u>(1,068,578)</u>
Net debt at 31 March 2015	<u>(2,270,751)</u>	<u>(1,392,560)</u>

Notes to the financial statements
for the year ended 31st March 2015

22. Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At 1 Apr 2014 £	Cash flows £	At 31 Mar 2015 £
Net cash:			
Cash in hand and at bank	111,624	15,032	126,656
Overdrafts	(231,650)	(12,602)	(244,252)
	<u>(120,026)</u>	<u>2,430</u>	<u>(117,596)</u>
Debt:			
Debt due within 1 year	(155,046)	69,340	(85,706)
Debt due after 1 year	(1,117,488)	(949,961)	(2,067,449)
	<u>(1,272,534)</u>	<u>(880,621)</u>	<u>(2,153,155)</u>
Net debt	<u>(1,392,560)</u>	<u>(878,191)</u>	<u>(2,270,751)</u>

23. Post balance sheet events

On 24 March 2016 Mr G S Lee acquired 100% of the A ordinary shares, which were held by The Business Growth Fund, as part of their investment in the Group. At the same time, loans from the Business Growth Fund totalling £1,058,999 were restructured. £441,773 of the loan balance was swapped to one £1 C ordinary share. £200,000 of the loan was purchased by Springfield Care Services Limited, a company controlled by Mr G S Lee. Interest on the loans held by Springfield Care Services Limited will be charged at 5% per annum. Accrued interest and fees of £284,696 were converted to one £1 D ordinary share. The remaining loans totalling £417,227 will accrue interest at 5% and will be repaid in four six monthly instalments commencing September 2019.

On 24 March 2016 the company sold the intercompany debtor relating to Hartlepool Park Road Properties Limited (formally Springfield Health Care (Hartlepool) Limited) for £450,000. The proceeds of the sale were used to repay £416,792 of bank loans. As a consequence of the reduced bank debt the Company is now free of financial covenants.

If the debt and share capital restructuring were to have taken place on 31 March 2015 then the deficit in shareholders' funds would have reduced from £938,992 to £212,523. Bank debt and overdraft would reduce from £1,185,316 to £735,316 and debtors would reduce by a corresponding amount. Loan notes would reduce from £1,212,121 to £617,227.

Much of the uncertainty and issues regarding the introduction of the National Living Wage in April 2016 have been mitigated through positive renegotiation of our local authority contracts. In addition the Board are pleased to announce that the Company successfully tendered to be a framework provider on the new Hull and Leeds City Councils homecare contracts, thus securing revenue in these key areas for four years and five years respectively.

24. Acquisitions and disposals

In the comparative period the following acquisitions took place:

On 1 July 2013 the company acquired the trade and fixed assets of Definitive Training for £160,350 including legal fees on acquisition.

On 8 October 2013 the company acquired the trade and fixed assets of Ruby Slippers for £132,092 including legal fees on acquisition.