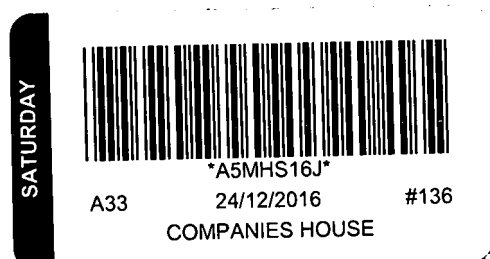


COMPANY REGISTRATION NUMBER: 03742352

Springfield Home Care Services Limited

Financial statements

31st March 2016



Springfield Home Care Services Limited

Financial statements

year ended 31st March 2016

Contents	Pages
Officers and professional advisers	1
Strategic report	2 to 3
Directors' report	4 to 5
Independent auditor's report to the members	6 to 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 to 24

Springfield Home Care Services Limited

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 accountant & 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

Springfield Home Care Services Limited

Strategic report

year ended 31st March 2016

The directors present their strategic report for the company for the year ended 31 March 2016.

Review of business at year end

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

Despite challenging market conditions, the Directors report a increase in revenue of 5.5% on the combined group turnover from the previous year. This is in part due to the strong growth in the hours and carer numbers in the North East of England.

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 uplifts in the National Minimum Wage and National Living Wage. Despite this, the business saw an increase in gross margin, achieving 24.3% against a prior year of 23.2%.

Much of the uncertainty and issues regarding the introduction of the National Living Wage in April 2016 were 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.

The combination of the lower use of agency staff and lower overheads resulted in an operating profit before exceptional items of £160,559, compared to a prior year operating loss before exceptional items of £345,090. The trading results for the year were adversely affected by some one-off restructure costs which amounted to £83,391 (2015 £533,871) and goodwill impairment of £181,455 (2015 £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 year end

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 introduced 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 to meet those challenges.

Springfield Home Care Services Limited

Strategic report *(continued)*

year ended 31st March 2016

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.

This report was approved by the board of directors on 22nd December 2016 and signed on behalf of the board by:



G S Lee
Director

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

Springfield Home Care Services Limited

Directors' report

year ended 31st March 2016

The directors present their report and the financial statements of the company for the year ended 31st March 2016.

Directors

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

G S Lee	
P R Phillips	
M R S Beadle	
T R Jackson	(Appointed 22nd January 2016)
A Jetten	(Appointed 22nd January 2016)
R D Taylor	(Resigned 24th March 2016)

Dividends

The directors do not recommend the payment of a dividend.

Employment of disabled persons

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.

Disclosure of information in the 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.

Directors' responsibilities statement

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 profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Springfield Home Care Services Limited

Directors' report *(continued)*

year ended 31st March 2016

Auditor

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have 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.

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

This report was approved by the board of directors on 22nd December 2016 and signed on behalf of the board by:



G S Lee
Director

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

Springfield Home Care Services Limited

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

year ended 31st March 2016

We have audited the financial statements of Springfield Home Care Services Limited for the year ended 31st March 2016, on pages 8 to 24. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. 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 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 strategic report and the directors' 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2016 and of its 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Springfield Home Care Services Limited

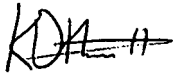
Independent auditor's report to the members of Springfield Home Care Services Limited *(continued)*

year ended 31st March 2016

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



Kevin Hoult BA, FCA (Senior Statutory Auditor)

For and on behalf of
Sagars Accountants Ltd
Chartered accountant & statutory auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

22nd December 2016

Springfield Home Care Services Limited

Statement of comprehensive income

year ended 31st March 2016

	Note	2016 £	2015 £
Turnover	4	12,536,322	9,561,367
Cost of sales		<u>(9,492,396)</u>	<u>(7,345,305)</u>
Gross profit		3,043,926	2,216,062
Administrative expenses		<u>(3,191,942)</u>	<u>(3,475,916)</u>
Other operating income	5	<u>43,729</u>	<u>45,000</u>
Operating profit (loss) before exceptional items		160,559	(345,090)
Exceptional items	10	<u>(264,846)</u>	<u>(869,764)</u>
Operating loss after exceptional items	6	(104,287)	(1,214,854)
Income from shares in group undertakings	11	–	101,242
Interest payable and similar charges	12	<u>(198,165)</u>	<u>(182,868)</u>
Loss on ordinary activities before taxation		(302,452)	(1,296,480)
Tax on loss on ordinary activities	13	–	10,518
Loss for the financial year and total comprehensive income		<u>(302,452)</u>	<u>(1,285,962)</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 24 form part of these financial statements.


Springfield Home Care Services Limited

Statement of financial position

31st March 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	14	455,233	796,490
Tangible assets	15	93,720	133,332
Investments	16	197,738	197,738
		<u>746,691</u>	<u>1,127,560</u>
Current assets			
Debtors	17	1,978,598	2,303,618
Cash at bank and in hand		23,993	126,656
		<u>2,002,591</u>	<u>2,430,274</u>
Creditors: amounts falling due within one year	19	<u>2,540,795</u>	<u>2,429,377</u>
Net current (liabilities)/assets		<u>(538,204)</u>	<u>897</u>
Total assets less current liabilities		<u>208,487</u>	<u>1,128,457</u>
Creditors: amounts falling due after more than one year	20	<u>723,462</u>	<u>2,067,449</u>
Net liabilities		<u>(514,975)</u>	<u>(938,992)</u>
Capital and reserves			
Called up share capital	23	19,593	19,591
Share premium account	24	907,575	181,108
Capital redemption reserve	24	721	721
Profit and loss account	24	(1,442,864)	(1,140,412)
Members deficit		<u>(514,975)</u>	<u>(938,992)</u>

These financial statements were approved by the board of directors and authorised for issue on 22nd December 2016, and are signed on behalf of the board by:



G S Lee
Director

Company registration number: 03742352

The notes on pages 12 to 24 form part of these financial statements.

Springfield Home Care Services Limited

Statement of changes in equity

year ended 31st March 2016

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
At 1st April 2014	20,312	181,108	–	152,760	354,180
Loss for the year	—	—	—	(1,285,962)	(1,285,962)
Total comprehensive income for the year	–	–	–	(1,285,962)	(1,285,962)
Cancellation of subscribed capital	(721)	–	721	(7,210)	(7,210)
Total investments by and distributions to owners	(721)	–	721	(7,210)	(7,210)
At 31st March 2015	19,591	181,108	721	(1,140,412)	(938,992)
Loss for the year	—	—	—	(302,452)	(302,452)
Total comprehensive income for the year	–	–	–	(302,452)	(302,452)
Issue of shares	2	726,467	–	–	726,469
Total investments by and distributions to owners	2	726,467	–	–	726,469
At 31st March 2016	<u>19,593</u>	<u>907,575</u>	<u>721</u>	<u>(1,442,864)</u>	<u>(514,975)</u>

The notes on pages 12 to 24 form part of these financial statements.

Springfield Home Care Services Limited

Statement of cash flows

year ended 31st March 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Loss for the financial year		(302,452)	(1,285,962)
<i>Adjustments for:</i>			
Depreciation of tangible assets		81,961	55,029
Amortisation of intangible assets		159,803	576,190
Impairment of intangible assets		181,454	–
Income from shares in group undertakings		–	(101,242)
Interest payable and similar charges		198,165	182,868
Tax on loss on ordinary activities		–	(10,518)
Accrued expenses		192,781	148,849
<i>Changes in:</i>			
Trade and other debtors		325,020	(837,431)
Trade and other creditors		(586,845)	722,652
Cash generated from operations		249,887	(549,565)
Interest paid		(198,165)	(182,868)
Tax paid		–	(1,482)
Net cash from/(used in) operating activities		<u>51,722</u>	<u>(733,915)</u>
Cash flows from investing activities			
Purchase of tangible assets		(42,349)	(81,755)
Purchase of intangible assets		–	(944,092)
Proceeds from sale of other investments		–	923,663
Dividends received		–	101,242
Net cash used in investing activities		<u>(42,349)</u>	<u>(942)</u>
Cash flows from financing activities			
Purchase of own shares		–	(7,210)
Proceeds from borrowings		(2,057)	535,597
Proceeds from loans from group undertakings		1,008	196,730
Proceeds from loans from participating interests		(3,153)	69,676
Net cash (used in)/from financing activities		<u>(4,206)</u>	<u>794,793</u>
Net increase in cash and cash equivalents		5,167	59,936
Cash and cash equivalents at beginning of year		<u>(117,596)</u>	<u>(177,532)</u>
Cash and cash equivalents at end of year	18	<u>(112,429)</u>	<u>(117,596)</u>

The notes on pages 12 to 24 form part of these financial statements.

Springfield Home Care Services Limited

Notes to the financial statements

year ended 31st March 2016

1. General information

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

The company is a private limited company, which is incorporated and registered in England (company number 03742352). The address of the registered office is:

2 Fusion Court
Aberford Road
Garforth
Leeds
LS25 2GH

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

Going concern

The company has prepared forecasts for the period to 31 January 2018 and subjected these to reasonable sensitivities. The forecasts indicate 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 requirements and to enable the company to pay its 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.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 28.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered.

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31st March 2016

3. Accounting policies *(continued)*

Revenue recognition *(continued)*

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Exceptional items

Exceptional items are disclosed separately in the financial statements in order to provide further understanding of the financial performance of the entity. They are material items of income or expense that have been shown separately because of their nature or amount.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Goodwill

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

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

Goodwill	-	10 years on a straight line basis
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31st March 2016

3. Accounting policies *(continued)*

Depreciation

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

Fixtures and fittings - 33% on a straight line basis

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Financial instruments

The company only has financial assets and financial liabilities of a kind that would qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement date.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2016 £	2015 £
Rendering of services	<u>12,536,322</u>	<u>9,561,367</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Other operating income

	2016 £	2015 £
Management charges receivable	<u>43,729</u>	<u>45,000</u>

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31st March 2016

6. Operating profit

Operating profit or loss is stated after charging:

	2016 £	2015 £
Amortisation of intangible assets	159,803	240,297
Depreciation of tangible assets	81,961	55,029
Impairment of intangible assets recognised in:		
Administrative expenses	181,455	335,893
Impairment of trade debtors	12,859	5,524

7. Auditor's remuneration

	2016 £	2015 £
Fees payable for the audit of the financial statements	9,250	8,275

8. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2016 No	2015 No
Administrative staff	79	64
Care delivery staff	866	654
	945	718

The aggregate payroll costs incurred during the year, relating to the above, were:

	2016 £	2015 £
Wages and salaries	10,474,466	8,399,436
Social security costs	557,158	457,891
Other pension costs	49,657	44,145
	11,081,281	8,901,472

The total remuneration for key management personnel, including pension costs totals £257,222 (2015 - £236,486).

9. Directors' remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016 £	2015 £
Remuneration	69,798	236,486

Remuneration of the highest paid director in respect of qualifying services:

	2016 £	2015 £
Aggregate remuneration	37,200	97,419

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31st March 2016

10. Exceptional items

	2016 £	2015 £
Exceptional staff costs - administrative expenses	—	98,762
Exceptional legal and professional fees	—	16,772
Exceptional administrative expenses	83,391	418,337
Impairment of intangibles	181,455	335,893
	<u>264,846</u>	<u>869,764</u>

Exceptional staff costs of £nil (2015 - £98,762) relate to restructuring and employee costs.

Exceptional legal and professional fees relate to aborted acquisition costs of £nil (2015 £14,372) and a bond variation fee of £nil (2015 £2,400).

Exception administration expenses of £83,391 (2014 - £418,337) relate to Business Growth Fund exit fees in the current year and provisions and waivers of debtor loans in the prior year with connected companies.

An additional amortisation charge of £181,455 (2015 - £335,853) has been included in respect of goodwill impairment relating to specific performance in certain regional units.

11. Income from shares in group undertakings

	2016 £	2015 £
Income from group undertakings	—	101,242

12. Interest payable and similar charges

	2016 £	2015 £
Interest on banks loans and overdrafts	36,662	23,030
Interest due to group undertakings	219	—
Interest payable on Directors Loan	5,018	—
HMRC Interest Paid	335	—
Other interest payable and similar charges	155,931	159,838
	<u>198,165</u>	<u>182,868</u>

13. Tax on loss on ordinary activities

Major components of tax income

	2016 £	2015 £
Current tax:		
Adjustments in respect of prior periods	—	(18)

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31st March 2016

13. Tax on loss on ordinary activities *(continued)*

	2016 £	2015 £
Deferred tax:		
Origination and reversal of timing differences	—	(10,500)
Tax on loss on ordinary activities	<u>—</u>	<u>(10,518)</u>

Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20%).

	2016 £	2015 £
Loss on ordinary activities before taxation	<u>(302,452)</u>	<u>(1,296,480)</u>
Loss on ordinary activities by rate of tax	(60,490)	(259,296)
Adjustment to tax charge in respect of prior periods	—	(18)
Deferred tax timing differences	60,151	248,776
Permanent disallowables	<u>339</u>	<u>20</u>
Tax on loss on ordinary activities	<u>—</u>	<u>(10,518)</u>

Factors that may affect future tax income

At the year end the company had tax losses available for relief against future trading profits of approximately £614,000 (2015 £595,000).

14. Intangible assets

	Goodwill £
Cost	
At 1 Apr 2015 and 31 Mar 2016	<u>2,455,133</u>
Amortisation	
At 1st April 2015	1,658,643
Charge for the year	159,803
Impairment losses	181,454
At 31st March 2016	<u>1,999,900</u>
Carrying amount	
At 31st March 2016	<u>455,233</u>
At 31st March 2015	<u>796,490</u>

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31st March 2016

15. Tangible assets

	Fixtures and fittings £
Cost	
At 1st April 2015	492,625
Additions	42,349
At 31st March 2016	534,974
Depreciation	
At 1st April 2015	359,293
Charge for the year	81,961
At 31st March 2016	441,254
Carrying amount	
At 31st March 2016	93,720
At 31st March 2015	133,332

16. Investments

	Investments in subsidiary undertakings £
Cost	
At 1 Apr 2015 and 31 Mar 2016	197,738
Impairment	
At 1 Apr 2015 and 31 Mar 2016	—
Carrying amount	
At 31st March 2016	197,738

Subsidiaries, associates and other investments

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
Positive Life Choices Limited	United Kingdom	Ordinary	100
Pathways to Independence (DO) Limited	United Kingdom	Ordinary	100
Helping Hands HCS Limited	United Kingdom	Ordinary	100

The results and capital and reserves for the year are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2016 £	2015 £	2016 £	2015 £
Subsidiary undertakings				
Positive Life Choices Limited	2	2	—	(5,596)
Pathways to Independence (DO) Limited	85,447	85,447	—	60,052
Helping Hands HCS Limited	112,291	112,291	—	2,519

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31st March 2016

16. Investments *(continued)*

During the prior 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.

17. Debtors

	2016 £	2015 £
Trade debtors	1,804,559	1,651,336
Amounts owed by undertakings in which the company has a participating interest	9,927	540,384
Prepayments and accrued income	148,578	92,040
Corporation tax repayable	3,950	—
Other debtors	11,584	19,858
	<u>1,978,598</u>	<u>2,303,618</u>

18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2016 £	2015 £
Cash at bank and in hand	23,993	126,656
Bank overdrafts	(136,422)	(244,252)
	<u>(112,429)</u>	<u>(117,596)</u>

19. Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	268,682	329,958
Trade creditors	204,276	111,392
Amounts owed to group undertakings	197,738	196,730
Amounts owed to undertakings in which the company has a participating interest	246,843	—
Accruals and deferred income	724,033	531,252
Social security and other taxes	137,660	234,858
Director loan accounts	—	25,530
Invoice discounting facility	725,895	769,704
Deferred consideration	—	92,381
Other creditors	35,668	137,572
	<u>2,540,795</u>	<u>2,429,377</u>

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

	2016 £	2015 £
Bank loans and overdrafts	268,682	329,958
Invoice discounting facility	725,895	769,704
	<u>994,577</u>	<u>1,099,662</u>

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31st March 2016

20. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Bank loans and overdrafts	305,778	855,328
Loan notes	417,684	1,212,121
	<u>723,462</u>	<u>2,067,449</u>

The loan notes are due to Business Growth Fund plc. Repayments are due to start in 2018 when the balance will be repaid in 8 quarterly instalments.

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

	2016 £	2015 £
Bank loans and overdrafts	<u>305,778</u>	<u>855,328</u>

21. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £49,657 (2015: £44,145).

22. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2016 £	2015 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>1,845,013</u>	<u>2,338,234</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>3,126,603</u>	<u>4,261,968</u>

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31st March 2016

23. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No	£	No	£
A Ordinary shares of £1 each	5,057	5,057	5,057	5,057
B Ordinary shares of £1 each	721	721	721	721
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
C Ordinary shares of £1 each	1	1	—	—
D Ordinary shares of £1 each	1	1	—	—
	<u>19,593</u>	<u>19,593</u>	<u>19,591</u>	<u>19,591</u>

Share movements

	No	£
C Ordinary		
At 1st April 2015	—	—
Issue of shares under share options	<u>1</u>	<u>1</u>
At 31st March 2016	<u>1</u>	<u>1</u>
	No	£
D Ordinary		
At 1st April 2015	—	—
Issue of shares under share options	<u>1</u>	<u>1</u>
At 31st March 2016	<u>1</u>	<u>1</u>

The number of shares outstanding at the year end date for all other classes of shares is consistent with the prior year.

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.

On 23 March 2016 1 C Ordinary shares and 1 D Ordinary share were issued at par for consideration of £441,773 and £284,696 respectively, creating share premium of £726,467.

24. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31st March 2016

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2016 £	2015 £
Not later than 1 year	11,721	24,642
Later than 1 year and not later than 5 years	394,115	85,617
Later than 5 years	—	317,377
	<u>405,836</u>	<u>207,118</u>

26. Directors' advances, credits and guarantees

At the year end a balance of £nil (2015 - £25,530) was owed to Mr G S Lee, a director of the company, this balance was included within creditors in the prior year. Interest of £nil (2015 - £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.

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31st March 2016

27. 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 Springfield Home Care Services Limited paid for goods and services including wages and salaries on behalf of Springfield Care Services, a company in which Mr G S Lee is the sole shareholder and director, of £1,154,055 (2015 - £843) and provided training services amounting to £33,120 (2015 - £11,595), which were subsequently reimbursed by Springfield Care Services Limited.

At 31 March 2016 there was a balance of £246,843 (2015 - £86,402 owed from Springfield Care Services) owed to Springfield Care Services by Springfield Home Care Services.

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 £417,227 (2015 - £1,058,999) which are subject to interest at a rate of 5% per annum, to be repaid in four six monthly instalments commencing September 2016. Deferred interest is charged at 12% per annum compounding. £456 of interest was charged in the year of which £nil (2015 - £21,834) 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 £5,322 which is included in amounts due from connected companies. This balance is currently interest free and repayable on demand.

	2016 £	2015 £
Sales to the Grange		1,680
Recharge of Director salaries		99,531
Purchase on behalf of the Grange		11,008
Payments received from the Grange		1,060,303
Payments on behalf of the Grange		742,658

Hartlepool Park Road Properties Limited

During the prior year the company provided a loan to Hartlepool Park Road Properties Limited, the balance at the year end was £2,496 (2015 - £450,000) which is included in amounts due from connected companies at the year end.

SHG (Care Villages) Limited

During the prior year the company provided a loan to SHG (Care Villages) Limited, a company in which Mr G S Lee is a director, the balance at the year end was £2,109 (2015 - £nil) which is included in amounts due from connected companies at the year end.

Pathways to Independence Limited

During the prior year the trade and assets of Pathways to Independence Limited, a 100% subsidiary company, were hived up into the company. At the year end the balance on goodwill with Pathways to Independence Limited was £326,947 (2015 - £368,753) and the amount included in investments is £85,447 (2015 - £85,447) being the net assets of the company.

Helping Hands Limited

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31st March 2016

During the prior year the trade and assets of Helping Hands Limited, a 100% subsidiary company, were hived up into the company. At the year end the balance on goodwill with Helping Hands Limited was £nil (2015 - £205,515) and the amount included in investments is £112,291 (2015 - £112,291) being the net assets of the company.

28. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1st April 2014.

No transitional adjustments were required in equity or profit or loss for the year.