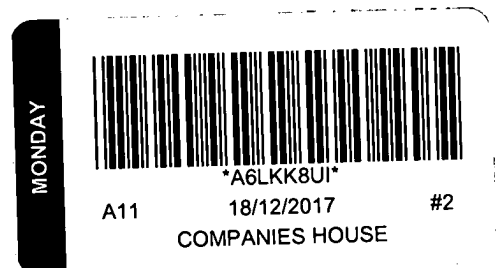


**Springfield Home Care Services Limited**

**Financial statements**

**31 March 2017**



# **Springfield Home Care Services Limited**

## **Financial statements**

**year ended 31 March 2017**

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# **Springfield Home Care Services Limited**

## **Officers and professional advisers**

### **The board of directors**

G S Lee  
P R Phillips  
T Fiorentino

### **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 31 March 2017**

### **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.

Following the debt and share capital restructure on 24 March 2016, the business has been entirely focused on the retention and recruitment of carers and the improvement of gross margin.

The majority of our business is conducted through Local Authorities (LAs) who continue to challenge the hourly rate charges at the same time as direct costs increase as uplifts in the National minimum wage and National living wage continue.

The business successfully tendered for the new Leeds City Council and Hull City council contracts which are now fully up and running and contribute over 40 % of the turnover. These contracts are in place for a further four/ five years respectively.

Despite initial and ongoing contractual and operational challenges inherent with these contracts that affected performance in the short term, the company is pleased with the contract performance of the contracts and continues to work with each local authority to improve contract conditions.

Recent increases in the National Living and Minimum wage were mitigated more successfully this year through positive but robust renegotiation of our other LA contracts. This year saw greater than normal success in this area as more Corporate providers handed contracts back to LAs due to their inability to make a good enough gross margin.

Our strong local personal relationships with all our LA partners has significantly helped us in these renegotiations and in our gross margin improvement and we expect this to continue for the next few years as more providers exit the sector and we can demand better fee increases as a result.

This arrest of gross margin erosion after years of decline in margin and its subsequent improvement this year is a big shift in the Domiciliary care market as demand for quality care services outstrips the supply of providers to ably deliver these contracts and bodes well for the 2017/18 financial year.

The Board believe that the reduction in the group debt following the restructure on the 24 March 2016, with lower finance servicing costs and deferment of capital repayments until September 2019 will greatly strengthen the balance sheet and better enable the business to face the principal risk and uncertainties in the foreseeable future.

The company will continue to consolidate and to work at reducing group overhead, improving margin and being more efficient and effective in its financial and operational systems and practices.

This has already resulted in an improvement in the profitability of the business and an operating profit of £64,479, in the 2016/17 financial year compared to a previous year loss of £104,287 in 2015/16.

The company continues to enjoy a positive and supportive banking relationship with Nat West PLC for twelve years and continues to do so.

### **Position of the business at year end**

The company has experienced many years of successful and strong relationships with local councils via provision of good quality care services. Looking forward, the business aims to consolidate its position further in working with the local authorities to improve the viability of every contract, to improving gross margin by improved financial systems and reducing its cost base and improving operational efficiency. The company will also continue to look at diversifying its range of care services into more specialist and private markets where better margin can be found. This will be done in part by tender activity and working with local authority partners on local opportunities that present themselves.

The business has finished the year in a much stronger position and performance throughout 2017/18 has been even better and running ahead of forecast.

### **Principal risks and uncertainties**

The health and social care sector continues to face a number of challenges of under funding from central and local government.

Brexit is creating uncertainty around employment for EU nationals and recruitment of good quality of staff is getting harder and harder to find.

The continued increase in the National living and minimum wage will continue to challenge us should LAs try not recognise these cost uplifts in existing and new contracts.

# Springfield Home Care Services Limited

## Strategic report *(continued)*

### year ended 31 March 2017

However, with the exiting of a number of care providers in a number of areas we operate in, we have seen and continue to see an improvement in the LAs annual pay increases that demonstrate a change in LA thinking to ensure a quality and sustainable Dom care market is achieved.

Initiatives to recruit the correct staff and retain them are in place and being constantly reviewed as is our pay structure for each area.

Although the business anticipates that the coming years will be challenging the business is well placed to meet those challenges now and during the 2017/ 18 financial year we have forecasted a significant improvement in profitability and performance.

As the 2017/18 year unfolds I am able to report and confirm that the actual performance of the business in this financial year is actually tracking ahead of forecast. This is due to all the factors highlighted above that are contributing to this.

The company has also recently won a new and potentially lucrative LD Contract in The North east that commenced in October 2017 which was not in the original forecasts and demonstrates our ability to compete and win profitable contracts in this highly competitive tender environment.

This report was approved by the board of directors on 14 December 2017 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 31 March 2017**

The directors present their report and the financial statements of the company for the year ended 31 March 2017.

#### **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  
A Jetten

#### **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)*

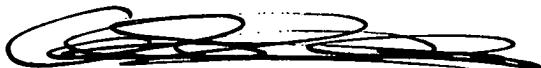
**year ended 31 March 2017**

### 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.

This report was approved by the board of directors on 14 December 2017 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 31 March 2017**

We have audited the financial statements of Springfield Home Care Services Limited for the year ended 31 March 2017 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and the related notes. 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 31 March 2017 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

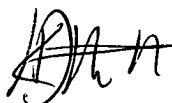
## Independent auditor's report to the members of Springfield Home Care Services Limited *(continued)*

**year ended 31 March 2017**

### **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

14 December 2017

# Springfield Home Care Services Limited

## Statement of comprehensive income

year ended 31 March 2017

	Note	2017 £	2016 £
<b>Turnover</b>	<b>4</b>	11,890,381	12,536,322
Cost of sales		(9,042,770)	(9,492,396)
<b>Gross profit</b>		2,847,611	3,043,926
Administrative expenses		(2,790,397)	(2,927,096)
Other operating income	<b>5</b>	7,265	43,729
Exceptional items		—	(264,846)
<b>Operating profit/(loss)</b>	<b>6</b>	64,479	(104,287)
Other interest receivable and similar income	<b>11</b>	29	—
Interest payable and similar expenses	<b>12</b>	(90,627)	(198,165)
<b>Loss before taxation</b>		(26,119)	(302,452)
Tax on loss	<b>13</b>	5,160	—
<b>Loss for the financial year and total comprehensive income</b>		<u>(20,959)</u>	<u>(302,452)</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 22 form part of these financial statements.

# Springfield Home Care Services Limited

## Statement of financial position

31 March 2017

	Note	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Intangible assets	14		384,966		455,233
Tangible assets	15		59,019		93,720
Investments	16		197,738		197,738
			<u>641,723</u>		<u>746,691</u>
<b>Current assets</b>					
Debtors	17	1,800,447		1,978,598	
Cash at bank and in hand		<u>13,551</u>		<u>23,993</u>	
		1,813,998		2,002,591	
<b>Creditors: amounts falling due within one year</b>	19	<u>(2,390,276)</u>		<u>(2,540,795)</u>	
<b>Net current liabilities</b>			<u>(576,278)</u>		<u>(538,204)</u>
<b>Total assets less current liabilities</b>			65,445		208,487
<b>Creditors: amounts falling due after more than one year</b>	20		<u>(601,379)</u>		<u>(723,462)</u>
<b>Net liabilities</b>			<u>(535,934)</u>		<u>(514,975)</u>
<b>Capital and reserves</b>					
Called up share capital	23		19,593		19,593
Share premium account	24		907,575		907,575
Capital redemption reserve	24		721		721
Profit and loss account	24		<u>(1,463,823)</u>		<u>(1,442,864)</u>
<b>Shareholders deficit</b>			<u>(535,934)</u>		<u>(514,975)</u>

These financial statements were approved by the board of directors and authorised for issue on 14 December 2017, and are signed on behalf of the board by:



G S Lee  
Director

Company registration number: 03742352

The notes on pages 12 to 22 form part of these financial statements.

# Springfield Home Care Services Limited

## Statement of changes in equity

year ended 31 March 2017

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total £
<b>At 1 April 2015</b>	19,591	181,108	721	(1,140,412)	(938,992)
Loss for the year	—	—	—	(302,452)	(302,452)
<b>Total comprehensive income for the year</b>	—	—	—	(302,452)	(302,452)
Issue of shares	2	726,467	—	—	726,469
<b>Total investments by and distributions to owners</b>	2	726,467	—	—	726,469
<b>At 31 March 2016</b>	19,593	907,575	721	(1,442,864)	(514,975)
Loss for the year	—	—	—	(20,959)	(20,959)
<b>Total comprehensive income for the year</b>	—	—	—	(20,959)	(20,959)
<b>At 31 March 2017</b>	<u>19,593</u>	<u>907,575</u>	<u>721</u>	<u>(1,463,823)</u>	<u>(535,934)</u>

The notes on pages 12 to 22 form part of these financial statements.

# Springfield Home Care Services Limited

## Statement of cash flows

year ended 31 March 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Loss for the financial year		(20,959)	(302,452)
<i>Adjustments for:</i>			
Depreciation of tangible assets		62,515	81,961
Amortisation of intangible assets		70,267	159,803
Impairment of intangible assets		–	181,454
Other interest receivable and similar income		(29)	–
Interest payable and similar expenses		90,627	198,165
Tax on loss		(5,160)	–
Accrued (income)/expenses		(85,841)	192,781
<i>Changes in:</i>			
Trade and other debtors		178,151	325,020
Trade and other creditors		(71,288)	(586,845)
Cash generated from operations		218,283	249,887
Interest paid		(90,627)	(198,165)
Interest received		29	–
Net cash from operating activities		<u>127,685</u>	<u>51,722</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible assets		(27,814)	(42,349)
Net cash used in investing activities		<u>(27,814)</u>	<u>(42,349)</u>
<b>Cash flows from financing activities</b>			
Repayments of borrowings		(132,119)	(2,057)
Proceeds from loans from group undertakings		–	1,008
Proceeds from loans from participating interests		7,138	(3,157)
Net cash used in financing activities		<u>(124,981)</u>	<u>(4,206)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(25,110)	5,167
<b>Cash and cash equivalents at beginning of year</b>		(112,429)	(117,596)
<b>Cash and cash equivalents at end of year</b>	<b>18</b>	<u>(137,539)</u>	<u>(112,429)</u>

The notes on pages 12 to 22 form part of these financial statements.

# Springfield Home Care Services Limited

## Notes to the financial statements

year ended 31 March 2017

### 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, limited by shares, 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.

#### Consolidation

The company has taken advantage of the exemption provided by Section 402 of the Companies Act 2006 not to prepare group accounts on the basis that all of its subsidiary undertakings have been dormant in the period.

#### Going concern

The company has prepared forecasts for the period to 31 March 2019 and subjected these to reasonable sensitivities. Like many businesses the company obtains funding from its bank through a mixture of loan and overdraft facilities. The overdraft facility will fall due for renewal within the next twelve months but from discussions with the bank the directors believe this will continue to be renewed at the existing level.

The forecasts indicate that the cash flows generated from the company's business activities together with the current level of bank loan and overdraft facilities 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.

#### 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.

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.

# Springfield Home Care Services Limited

## Notes to the financial statements *(continued)*

year ended 31 March 2017

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

#### **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

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.

#### **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.

#### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

# Springfield Home Care Services Limited

## Notes to the financial statements *(continued)*

### year ended 31 March 2017

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

##### Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

##### Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised. 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.

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:

	2017 £	2016 £
Rendering of services	11,890,381	12,536,322

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



# Springfield Home Care Services Limited

## Notes to the financial statements *(continued)*

year ended 31 March 2017

### 5. Other operating income

	2017 £	2016 £
Management charges receivable	<u>7,265</u>	<u>43,729</u>

### 6. Operating profit

Operating profit or loss is stated after charging:

	2017 £	2016 £
Amortisation of intangible assets	70,267	159,803
Depreciation of tangible assets	62,515	81,961
Impairment of trade debtors	<u>11,967</u>	<u>12,859</u>

### 7. Auditor's remuneration

	2017 £	2016 £
Fees payable for the audit of the financial statements	<u>9,550</u>	<u>9,250</u>

### 8. Staff costs

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

	2017 No.	2016 No.
Administrative staff	85	79
Care delivery staff	<u>781</u>	<u>866</u>
	<u>866</u>	<u>945</u>

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

	2017 £	2016 £
Wages and salaries	9,933,837	10,474,466
Social security costs	577,445	557,158
Other pension costs	<u>32,884</u>	<u>49,657</u>
	<u>10,544,166</u>	<u>11,081,281</u>

The total remuneration for key management personnel, including pension costs totals £112,328 (2016 - £257,222).

### 9. Directors' remuneration

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

	2017 £	2016 £
Remuneration	<u>111,213</u>	<u>69,798</u>

# Springfield Home Care Services Limited

## Notes to the financial statements *(continued)*

year ended 31 March 2017

### 10. Exceptional items

	2017 £	2016 £
Exceptional administrative expenses	-	83,391
Impairment of intangibles	-	181,455
	<u>-</u>	<u>264,846</u>

Exceptional administration expenses of £nil (2016 - £83,391) relate to Business Growth Fund exit fees in the prior year. There are no such costs to be disclosed in the current year.

An additional amortisation charge of £nil (2016 - £181,455) was included in the prior year in respect of goodwill impairment relating to specific performance in certain regional units.

### 11. Other interest receivable and similar income

	2017 £	2016 £
Bank interest received	5	-
HMRC interest received	24	-
	<u>29</u>	<u>-</u>

### 12. Interest payable and similar expenses

	2017 £	2016 £
Interest on banks loans and overdrafts	50,388	36,662
Interest due to group undertakings	4,220	219
Interest payable on Directors Loan	-	5,018
HMRC Interest Paid	-	335
Other interest payable and similar charges	36,019	155,931
	<u>90,627</u>	<u>198,165</u>

### 13. Tax on loss

#### Major components of tax income

	2017 £	2016 £
<b>Current tax:</b>		
UK current tax income	(5,160)	-
<b>Tax on loss</b>	<u>(5,160)</u>	<u>-</u>

# Springfield Home Care Services Limited

## Notes to the financial statements *(continued)*

### year ended 31 March 2017

#### 13. Tax on loss *(continued)*

##### Reconciliation of tax income

The tax assessed on the loss on ordinary activities for the year is lower than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Loss on ordinary activities before taxation	(26,119)	(302,452)
Loss on ordinary activities by rate of tax	(4,818)	(60,490)
Deferred tax timing differences	4,546	60,151
Permanent disallowables	272	339
Prior period adjustments	(5,160)	–
Tax on loss	(5,160)	–

##### 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 £444,000 (2016 - £500,000).

#### 14. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 April 2016 and 31 March 2017	2,455,133
<b>Amortisation</b>	
At 1 April 2016	1,999,900
Charge for the year	70,267
At 31 March 2017	2,070,167
<b>Carrying amount</b>	
At 31 March 2017	384,966
At 31 March 2016	455,233

# Springfield Home Care Services Limited

## Notes to the financial statements *(continued)*

year ended 31 March 2017

### 15. Tangible assets

	Fixtures and fittings £
<b>Cost</b>	
At 1 April 2016	534,974
Additions	27,814
<b>At 31 March 2017</b>	<u>562,788</u>
<b>Depreciation</b>	
At 1 April 2016	441,254
Charge for the year	62,515
<b>At 31 March 2017</b>	<u>503,769</u>
<b>Carrying amount</b>	
At 31 March 2017	<u>59,019</u>
At 31 March 2016	<u>93,720</u>

### 16. Investments

	Investments in subsidiary undertakings £
<b>Cost</b>	
At 1 April 2016 and 31 March 2017	<u>197,738</u>
<b>Impairment</b>	
At 1 April 2016 and 31 March 2017	<u>-</u>
<b>Carrying amount</b>	
At 31 March 2017	<u>197,738</u>
At 31 March 2016	<u>197,738</u>

#### Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Positive Life Choices Limited	Ordinary	100
Pathways to Independence (DO) Limited	Ordinary	100
Helping Hands HCS Limited	Ordinary	100

All of the subsidiaries are dormant and have the same registered office as the parent company being 2 Fusion Court, Aberford Road, Garforth, Leeds, LS25 2GH.

# Springfield Home Care Services Limited

## Notes to the financial statements (continued)

year ended 31 March 2017

### 17. Debtors

	2017 £	2016 £
Trade debtors	1,653,736	1,804,559
Amounts owed by undertakings in which the company has a participating interest	–	9,927
Prepayments and accrued income	110,710	148,578
Corporation tax repayable	–	3,950
Directors loan account	4,689	–
Other debtors	31,312	11,584
	<u>1,800,447</u>	<u>1,978,598</u>

### 18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2017 £	2016 £
Cash at bank and in hand	13,551	23,993
Bank overdrafts	(151,090)	(136,422)
	<u>(137,539)</u>	<u>(112,429)</u>

### 19. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	295,776	268,682
Trade creditors	122,298	204,276
Amounts owed to group undertakings	197,738	197,738
Amounts owed to undertakings in which the company has a participating interest	253,981	246,843
Accruals and deferred income	638,192	724,033
Social security and other taxes	135,048	137,660
Invoice discounting facility	720,955	725,895
Other creditors	26,288	35,668
	<u>2,390,276</u>	<u>2,540,795</u>

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

	2017 £	2016 £
Bank loans and overdrafts	295,776	268,682
Invoice discounting facility	720,955	725,895
	<u>1,016,731</u>	<u>994,577</u>

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

	2017 £	2016 £
Bank loans and overdrafts	161,233	305,778
Loan notes	440,146	417,684
	<u>601,379</u>	<u>723,462</u>

The loan notes are due to Business Growth Fund plc. Repayments are due to start in 2019 when the balance will be repaid in 8 quarterly instalments.

# Springfield Home Care Services Limited

## Notes to the financial statements *(continued)*

### year ended 31 March 2017

#### 20. Creditors: amounts falling due after more than one year *(continued)*

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

	2017	2016
	£	£
Bank loans and overdrafts	<u>161,233</u>	<u>305,778</u>

#### 21. Employee benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £32,884 (2016: £34,454).

#### 22. Financial instruments

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

	2017	2016
	£	£
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets that are debt instruments measured at amortised cost	<u>1,689,737</u>	<u>1,845,013</u>
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	<u>2,856,607</u>	<u>3,126,603</u>

#### 23. Called up share capital

##### Issued, called up and fully paid

	2017		2016	
	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	1	1
D Ordinary shares of £1 each	1	1	1	1
	<u>19,593</u>	<u>19,593</u>	<u>19,593</u>	<u>19,593</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.

#### 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 31 March 2017

### 25. Operating leases

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

	2017 £	2016 £
Not later than 1 year	14,462	11,721
Later than 1 year and not later than 5 years	279,546	394,115
	<u>294,008</u>	<u>405,836</u>

### 26. Directors' advances, credits and guarantees

At the period end an amount of £4,689 (2016 - £2,757) was owing to the company from one of the directors. The amount is interest free and repaid in full after the year end.

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 31 March 2017

#### 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, services, wages and salaries on behalf of Springfield Care Services Limited totalling £1,106,426 and invoiced £34,469 for management charges to the company. In addition, interest of £11,508 was charged on loan notes of £200,000 held by Springfield Care Services Limited on behalf of Springfield Home Care Services Limited. A further £10,787 of interest was charged on a trading balance between the entities. An amount of £1,140,453 was reimbursed by Springfield Care Services to the company during the year.

At 31 March 2017 there was a balance of £257,457 (2016 - £246,843) due to Springfield Care Services Limited, the balance is included in creditors in the accounts.

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 £417,000 (2016 - £417,000) which are subject to interest at a rate of 5% per annum, to be repaid in four six monthly instalments commencing September 2019. Deferred interest is charged at 12% per annum compounding. £22,462 (2016 - £456) of interest was charged in the year of which £nil (2016 - £nil) 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 on behalf of Springfield Healthcare (The Grange) Limited in relation to goods, services, wages and salaries totalling £2,224,197. Springfield Healthcare (The Grange) Limited reimbursed £2,222,286. At the year end a balance was owed to the company amounting to £1,911 (2016 - £5,322) which is included in debtors. This balance is currently interest free and repayable on demand.

##### **Hartlepool Park Road Properties Limited**

During the year, the company recharged rent and paid for services on behalf of Hartlepool Park Road Properties Limited totalling £39,793 of which Hartlepool reimbursed £43,582. At the year end, £3,789 (2016 - £2,496 due from Hartlepool Park Road Properties Limited) was due to Hartlepool Park Road Properties Limited, this amount is included within creditors.

##### **SHG (Care Villages) Limited**

During the year Springfield Home Care Services Limited made payments on behalf of SHG (Care Villages) Limited in relation to goods, services and wages and salaries totaling £350,498. In addition Springfield Home Care Services Limited recharged directors salaries totalling £194,157 to SHG (Care Villages) Limited and charged for management services of £40,283. An amount of £568,553 was reimbursed from SHG (Care Villages) Limited in the year.

At the period end a balance of £16,386 (2016 - £2,109) was due from SHG (Care Villages) Limited and is included in debtors.

##### **Springfield Court**

During the period an amount of £1,000 was charged to the company by Springfield Court. This amount remains unpaid at the year end and is included in debtors.

##### **Pathways to Independence Limited**

Pathways to Independence Limited is a 100% subsidiary of the company. At the year end the balance included in creditors was £85,447 (2016 - £85,447).

##### **Helping Hands Limited**

Helping Hands Limited is a 100% subsidiary of the company. At the year end the balance included in creditors was £112,291 (2016 - £112,291).