

COMPANY REGISTRATION NUMBER: 03742352

Springfield Home Care Services Limited

Financial statements

31 March 2018

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Springfield Home Care Services Limited
Financial statements
year ended 31 March 2018

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 8
Statement of income and retained earnings	9
Statement of financial position	10
Statement of cash flows	11
Notes to the financial statements	12 to 20

Springfield Home Care Services Limited

Officers and professional advisers

The board of directors

G S Lee
P R Phillips

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 2018

Review of Business at year end

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

Following on from the previous year's activity and the restructuring of the business, Springfield Homecare Services Ltd has continued to perform well and has exceeded budget expectations.

Important contract wins in our two biggest branches, Leeds and Hull, during the previous year allowed us the opportunity to continue to consolidate on these important contracts resulting in stability and a solid performance across these and our other four branch locations for another year.

Our focus on negotiating sustainable contracts with our Local Authority partners in these other locations continues and the positive relationship with each of them has been vital to our continued success. These strong local personal relationships we have built with each authority have again helped in our negotiations and improving gross margin for a second successive year after years of decline in margin.

As I stated in last years' financial statement, the number of Domiciliary Care providers in the market has continued to shrink as Care Providers, often who are highly leveraged, struggle to make a profit. As a result, they keep exiting the sector or handing back unsustainable contracts across the country. This provides good growth opportunities for Springfield as being a strong regional provider we can move into the space created and work with the Authority to deliver a positive and sustainable contractual outcome.

Our efforts to reduce group overheads, improving our margin and being more efficient in how we operate and collect cash have been very successful throughout the year. This has led to a significant increase in profitability of the business and continues to strengthen the balance sheet further. The continued focus on how we do business and the investment in our finance team and structure has proved invaluable in our shift in fortunes and successful performance.

This can be seen in the shift in profitability over the last 3 years results despite difficult national sector conditions and the increases in National Living Wage (NLW). 2015/16 operating loss £104,287. 2016/17 operating profit £64,479. 2017/18 operating profit £579,503.

We continue to have a positive and supportive banking relationship with Nat West PLC which has now extended for 13 years.

Position of the business at year end

The company continues to deliver high standard quality care services from each of its six branches in Leeds/Wakefield, Hull/ East Riding, Knaresborough/York, Newcastle/ North Tyneside, Darlington and Hartlepool with 4 CQC "Good" ratings obtained.

We will continue to focus on increasing our operational efficiencies and improvement in gross margin across the business.

We will continue to look to shift to more specialised NHS and private healthcare markets whilst maintaining our core strength and dominance in the regional social care market. Our reliance on our banking arrangements will continue to reduce as our balance sheet improves and our ability to generate a cash surplus will continue.

Principal risks and uncertainties

The health and social care sector continues to face a number of challenges due to long term under funding from central and local government. This will not be resolved in the short term. Brexit continues to create uncertainty around employment for EU nationals and recruitment of good quality, caring and passionate people is getting harder and harder.

Certain legal challenges around HMRC and their focus into NMW enquiries around travel time, and around sleep nights / live in clients is another key challenge to the sector. Springfield has been prudent and consistently aware of our legal obligations in its behaviour over the years around compliance in these areas and our exposure to these risks are seen as minimal. We intend though to make a small provision for any eventuality in the accounts for prudence sake.

However, we do see this as another area of opportunity for Springfield as we are aware some other providers that may well be exposed to significant financial penalties due to non-compliance in these areas and this could have a further impact on these Care Providers decision or ability to continue to stay in, or to exit, the sector.

In summary, Springfield Home Care has delivered its best trading performance in five years and has a strong and effective management team in place to continue this trend. Profitability has improved year on year; our systems and processes are much improved. We will continue to work on evolving these and embedding all the best practices implemented over the last eighteen months. We expect to build on this year's success and to continue an improving profitable position moving forward into 2018/19.

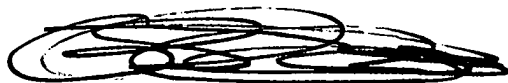
Springfield Home Care Services Limited

Strategic report *(continued)*

year ended 31 March 2018

Recruiting and retaining good quality care staff will continue to be a key focus of the business as we try and improve the contractual arrangements with them through positive negotiations with our local authority customers. Our staff are our lifeblood and they continue to deliver high quality care to all our service users in often very difficult circumstances and conditions. We will continue to focus our efforts this year on how we look after them and making them feel an integral part of the Springfield Family.

This report was approved by the board of directors on 3 August 2018 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 2018

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

Directors

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

G S Lee	
P R Phillips	
M R S Beadle	(Resigned 7 December 2017)
T R Jackson	(Resigned 28 July 2017)
A Jetten	(Resigned 21 April 2017)
T Fiorentino	(Served from 28 July 2017 to 27 December 2017)

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.

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.

Springfield Home Care Services Limited

Directors' report *(continued)*

year ended 31 March 2018

This report was approved by the board of directors on 3 August 2018 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 2018

Opinion

We have audited the financial statements of Springfield Home Care Services Limited (the 'company') for the year ended 31 March 2018 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Springfield Home Care Services Limited

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

year ended 31 March 2018

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Springfield Home Care Services Limited

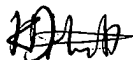
Independent auditor's report to the members of Springfield Home Care Services Limited *(continued)*

year ended 31 March 2018

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



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

3 August 2018

Springfield Home Care Services Limited

Statement of income and retained earnings

year ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	11,991,637	11,890,381
Cost of sales		<u>(7,963,205)</u>	<u>(9,042,770)</u>
Gross profit		4,028,432	2,847,611
Administrative expenses		<u>(3,448,929)</u>	<u>(2,790,397)</u>
Other operating income	5	<u>–</u>	<u>7,265</u>
Operating profit	6	579,503	64,479
Other interest receivable and similar income	10	<u>–</u>	<u>29</u>
Interest payable and similar expenses	11	<u>(78,813)</u>	<u>(90,627)</u>
Profit/(loss) before taxation		500,690	(26,119)
Tax on profit/(loss)	12	<u>(17,500)</u>	<u>5,160</u>
Profit/(loss) for the financial year and total comprehensive income		<u>483,190</u>	<u>(20,959)</u>
Retained losses at the start of the year		<u>(1,463,823)</u>	<u>(1,442,864)</u>
Retained losses at the end of the year		<u>(980,633)</u>	<u>(1,463,823)</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 20 form part of these financial statements.

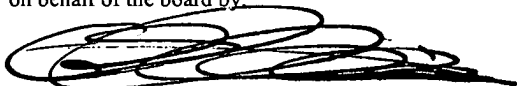
Springfield Home Care Services Limited

Statement of financial position

31 March 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	324,883	384,966
Tangible assets	14	41,363	59,019
Investments	15	197,738	197,738
		<u>563,984</u>	<u>641,723</u>
Current assets			
Debtors	16	1,845,581	1,800,447
Cash at bank and in hand		6,241	13,551
		<u>1,851,822</u>	<u>1,813,998</u>
Creditors: amounts falling due within one year	18	<u>(2,007,548)</u>	<u>(2,390,276)</u>
Net current liabilities		<u>(155,726)</u>	<u>(576,278)</u>
Total assets less current liabilities		<u>408,258</u>	<u>65,445</u>
Creditors: amounts falling due after more than one year	19	<u>(461,002)</u>	<u>(601,379)</u>
Net liabilities		<u>(52,744)</u>	<u>(535,934)</u>
Capital and reserves			
Called up share capital	22	19,593	19,593
Share premium account	23	907,575	907,575
Capital redemption reserve	23	721	721
Profit and loss account	23	(980,633)	(1,463,823)
Shareholders deficit		<u>(52,744)</u>	<u>(535,934)</u>

These financial statements were approved by the board of directors and authorised for issue on 3 August 2018, and are signed on behalf of the board by:



G S Lee
Director

Company registration number: 03742352

The notes on pages 12 to 20 form part of these financial statements.

Springfield Home Care Services Limited

Statement of cash flows

year ended 31 March 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit/(loss) for the financial year		483,190	(20,959)
<i>Adjustments for:</i>			
Depreciation of tangible assets		38,023	62,515
Amortisation of intangible assets		60,083	70,267
Other interest receivable and similar income		—	(29)
Interest payable and similar expenses		78,813	90,627
Tax on profit/(loss)		17,500	(5,160)
Accrued income		(82,759)	(85,841)
<i>Changes in:</i>			
Trade and other debtors		(45,134)	178,151
Trade and other creditors		(136,277)	(71,288)
Cash generated from operations		413,439	218,283
Interest paid		(57,957)	(90,627)
Interest received		—	29
Net cash from operating activities		<u>355,482</u>	<u>127,685</u>
Cash flows from investing activities			
Purchase of tangible assets		(20,367)	(27,814)
Net cash used in investing activities		<u>(20,367)</u>	<u>(27,814)</u>
Cash flows from financing activities			
Repayments of borrowings		(160,048)	(132,119)
Proceeds from loans from group undertakings		4,245	—
Proceeds from loans from participating interests		(65,766)	7,138
Net cash used in financing activities		<u>(221,569)</u>	<u>(124,981)</u>
Net increase/(decrease) in cash and cash equivalents		113,546	(25,110)
Cash and cash equivalents at beginning of year		<u>(137,539)</u>	<u>(112,429)</u>
Cash and cash equivalents at end of year	17	<u>(23,993)</u>	<u>(137,539)</u>

The notes on pages 12 to 20 form part of these financial statements.

Springfield Home Care Services Limited

Notes to the financial statements

year ended 31 March 2018

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 2020 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.

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.

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31 March 2018

3. Accounting policies *(continued)*

Taxation *(continued)*

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.

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31 March 2018

3. Accounting policies *(continued)*

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:

	2018 £	2017 £
Rendering of services	<u>11,991,637</u>	<u>11,890,381</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

	2018 £	2017 £
Management charges receivable	<u>—</u>	<u>7,265</u>

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31 March 2018

6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2018 £	2017 £
Amortisation of intangible assets	60,083	70,267
Depreciation of tangible assets	38,023	62,515
Impairment of trade debtors	<u>(51,813)</u>	<u>11,967</u>

7. Auditor's remuneration

	2018 £	2017 £
Fees payable for the audit of the financial statements	<u>9,800</u>	<u>9,550</u>

8. Staff costs

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

	2018 No.	2017 No.
Administrative staff	60	85
Care delivery staff	<u>694</u>	<u>781</u>
	<u>754</u>	<u>866</u>

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

	2018 £	2017 £
Wages and salaries	9,775,946	9,933,837
Social security costs	556,916	577,445
Other pension costs	<u>36,685</u>	<u>32,884</u>
	<u>10,369,547</u>	<u>10,544,166</u>

The total remuneration for key management personnel, including pension costs totals £220,788 (2017 - £112,328).

9. Directors' remuneration

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

	2018 £	2017 £
Remuneration	<u>180,138</u>	<u>111,213</u>

10. Other interest receivable and similar income

	2018 £	2017 £
Bank interest received	-	5
HMRC interest received	<u>-</u>	<u>24</u>
	<u>-</u>	<u>29</u>

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31 March 2018

11. Interest payable and similar expenses

	2018 £	2017 £
Interest on banks loans and overdrafts	62,553	50,388
Interest due to group undertakings	–	4,220
Other interest payable and similar charges	16,260	36,019
	<u>78,813</u>	<u>90,627</u>

12. Tax on profit/(loss)

Major components of tax expense/(income)

	2018 £	2017 £
Current tax:		
UK current tax expense/(income)	17,500	(5,160)
Tax on profit/(loss)	<u>17,500</u>	<u>(5,160)</u>

Reconciliation of tax expense/(income)

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 20%).

	2018 £	2017 £
Profit/(loss) on ordinary activities before taxation	500,690	(26,119)
Profit/(loss) on ordinary activities by rate of tax	95,131	(4,818)
Rounding on tax charge	49	–
Unrecognised deferred tax timing differences	(77,680)	4,546
Permanent disallowables	–	272
Prior period adjustments	–	(5,160)
Tax on profit/(loss)	<u>17,500</u>	<u>(5,160)</u>

Factors that may affect future tax expense

At the year end the company had tax losses available for relief against future trading profits of £nil (2017 - £444,000).

13. Intangible assets

	Goodwill £
Cost	
At 1 April 2017 and 31 March 2018	<u>2,455,133</u>
Amortisation	
At 1 April 2017	2,070,167
Charge for the year	60,083
At 31 March 2018	<u>2,130,250</u>
Carrying amount	
At 31 March 2018	<u>324,883</u>
At 31 March 2017	<u>384,966</u>

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31 March 2018

14. Tangible assets

	Fixtures and fittings £
Cost	
At 1 April 2017	562,788
Additions	20,367
At 31 March 2018	583,155
Depreciation	
At 1 April 2017	503,769
Charge for the year	38,023
At 31 March 2018	541,792
Carrying amount	
At 31 March 2018	41,363
At 31 March 2017	59,019

15. Investments

	Investments in subsidiary undertakings £
Cost	
At 1 April 2017 and 31 March 2018	197,738
Impairment	
At 1 April 2017 and 31 March 2018	—
Carrying amount	
At 31 March 2018	197,738
At 31 March 2017	197,738

Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
Subsidiary undertakings		
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.

16. Debtors

	2018 £	2017 £
Trade debtors	1,694,969	1,653,736
Prepayments and accrued income	132,574	110,710
Directors loan account	9,135	4,689
Other debtors	8,903	31,312
	1,845,581	1,800,447

Springfield Home Care Services Limited

Notes to the financial statements *(continued)*

year ended 31 March 2018

17. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	2018 £	2017 £
Cash at bank and in hand	6,241	13,551
Bank overdrafts	(30,234)	(151,090)
	<u>(23,993)</u>	<u>(137,539)</u>

18. Creditors: amounts falling due within one year

	2018 £	2017 £
Bank loans and overdrafts	196,961	295,776
Trade creditors	148,017	122,298
Amounts owed to group undertakings	201,983	197,738
Amounts owed to undertakings in which the company has a participating interest	188,215	253,981
Accruals and deferred income	555,433	638,192
Corporation tax	17,500	–
Social security and other taxes	113,374	135,048
Invoice discounting facility	560,150	720,955
Other creditors	25,915	26,288
	<u>2,007,548</u>	<u>2,390,276</u>

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

	2018 £	2017 £
Bank loans and overdrafts	196,961	295,776
Invoice discounting facility	560,150	720,955
	<u>757,111</u>	<u>1,016,731</u>

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

	2018 £	2017 £
Bank loans and overdrafts	–	161,233
Loan notes	461,002	440,146
	<u>461,002</u>	<u>601,379</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.

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

	2018 £	2017 £
Bank loans and overdrafts	–	161,233

20. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £36,685 (2017: £32,884).

Springfield Home Care Services Limited

Notes to the financial statements (continued)

year ended 31 March 2018

21. Financial instruments

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

	2018 £	2017 £
Financial assets that are debt instruments measured at amortised cost		
Financial assets that are debt instruments measured at amortised cost	<u>1,719,248</u>	<u>1,689,737</u>
Financial liabilities measured at amortised cost		
Financial liabilities measured at amortised cost	<u>2,337,676</u>	<u>2,856,607</u>

22. Called up share capital

Issued, called up and fully paid

	2018		2017	
	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.

23. 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.

24. Operating leases

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

	2018 £	2017 £
Not later than 1 year	12,000	14,462
Later than 1 year and not later than 5 years	245,434	279,546
Later than 5 years	<u>184,767</u>	<u>-</u>
	<u>442,201</u>	<u>294,008</u>

25. Directors' advances, credits and guarantees

At the period end an amount of £9,135 (2017 - £4,689) 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 2018

26. 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 £1,257,936 which was fully repaid in the year. In addition, interest of £9,996 was charged on loan notes of £200,000 held by Springfield Care Services Limited on behalf of Springfield Home Care Services Limited.

At 31 March 2018 there was a balance of £188,215 (2017 - £257,457) 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 (2017 - £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. £19,195 (2017 - £22,462) of interest was charged in the year of which £nil (2017 - £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 £919,209 Springfield Healthcare (The Grange) Limited reimbursed £919,049. At the year end a balance was owed to the company amounting to £160 (2017 - £1,911) 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 was recharged rent by Hartlepool Park Road Properties Limited and paid for services on behalf of Hartlepool Park Road Properties Limited totalling £27,221 of which Hartlepool reimbursed/offset £30,754. At the year end, £3,533 (2017 -£3,789) 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 totalling £52,248. £47,985 was reimbursed from Springfield Homecare Services Limited in the year. In addition Springfield Home Care Services Limited recharged directors salaries and management recharges totalling £204,013 to SHG (Care Villages) Limited. An amount of £191,798 was reimbursed from SHG (Care Villages) Limited in the year.

At the period end a balance of £34,459 (2017 £16,386) was due from SHG (Care Villages) Limited and is included in debtors and £4,263 was owed to SHG (Care Villages) limited and is included in creditors.

Springfield Court

At the year end the balance was £1,000 (2017 - £1,000). 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 (2017 - £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 (2017 - £112,291).