

**Springfield Home Care Services Limited****Financial statements****31 March 2021**

# **Springfield Home Care Services Limited**

## **Strategic report**

**year ended 31 March 2021**

### **Review of Business at year end**

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

This year, whilst being one of the most challenging years in the company's history due to Covid-19, the business has performed well and is ahead of budget expectations.

Covid-19 has created very difficult trading conditions and challenges around all areas of staffing and will remain challenging moving forward. Our ability to grow our weekly hours has been impacted across our business, but our relationship with our local authority stakeholder partners remains very strong and arguably enhanced in 2021.

### **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, Knaresborough/York, Newcastle/North Tyneside, Darlington, and Hartlepool with all 6 branches achieving CQC "Good" ratings. We stopped providing services in Wakefield due to low margins and frustrations with the local authority.

We will continue to focus on increasing our operational efficiencies and improvement in gross margin across the business. The implementation of Access as our chosen rostering software should give greater visibility and improvement in these areas. Our shift to more specialist and private healthcare markets, which include live in, remain a key focus whilst maintaining our core strength and dominance in the regional social care market. Both our cash position and balance sheet has strengthened and the ability to now generate cash will continue.

### **Employee Consultation**

Providing up to date and relevant company information is done through a variety of mediums to ensure communication with all employees is maintained:

- regular business review meetings with all managers to provide company performance and progress updates, which they cascade to their teams;
- employee performance reviews and 1:1 meetings are completed throughout the year;
- consultation meetings as and when required, for any matter that will directly affect an employee;
- the implementation of our "My Springfield" app, to provide an instant communication platform for both the company and employees; and
- regular communication by email direct to all employees.

### **Principal risks and uncertainties**

As we appear to be coming out of the Covid-19 pandemic with the vaccination roll out, it is fair to say that the care sector has been significantly impacted both positively and negatively. This, combined with the post Brexit shortage of European workers also creates challenges for the growth in the company's turnover.

Whilst we have seen support from local and central government with grant monies, IPC measures and in the way we are paid, the concern is that this support will not continue, and the sector becomes compromised again.

Whilst the uncertainty and natural concern around the safety of care homes exists in the short term, the domiciliary care sector has the ability to benefit from a number of opportunities that this creates. Firstly, families may consider keeping their elderly loved ones in the community for longer and choose a domiciliary care option as more favourable until confidence in the care home sector returns. Secondly, with the significant Covid-19 impact on other key sectors such as hotel, hospitality, leisure and retail; areas historically where the domiciliary care sector has lost its workforce to, the likely increase in unemployment from these sectors moving forward should produce significant recruitment and retention opportunities for Springfield to maximise. As recruitment and retention has been our biggest challenge in this last year, this bodes very well for the current year and beyond. On current trading, I can report that our performance for April and May of this financial year is on budget and our visibility of care hours looks positive.

Our efforts on reducing group overheads, improving margin, operating more efficiently and collecting cash have been successful and continue to further strengthen the balance sheet. The continued focus on processes and the investment in our finance team has proven successful and our investment will continue in 2021/22.

We continue to have a positive and supportive banking relationship with NatWest PLC which has now extended for 15 years. Recruiting and retaining good quality care staff will continue to be a key focus of the business as we try and improve

# Springfield Home Care Services Limited

## Strategic report *(continued)*

### year ended 31 March 2021

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.

In summary, whilst we appear likely to be released from most pandemic restrictions imminently, the short and mid-term impact on health and social care will remain challenging. We will continue to work with our local and central government stakeholder partners to attempt to ensure the appropriate support in the sector is given and acknowledged.

Domiciliary care will always remain the most accessible and best value option of caring for people in the community, and if employment opportunities for our sector increase, then the opportunities are significant.

This report was approved by the board of directors on 21 July 2021 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 2021**

The directors present their report and the financial statements of the company for the year ended 31 March 2021.

#### **Directors**

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

G S Lee  
P R Phillips

#### **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)*

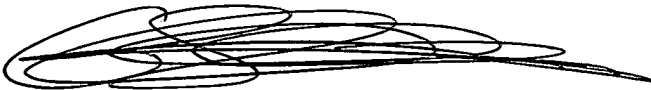
year ended 31 March 2021

### 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 21 July 2021 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 2021**

### **Opinion**

We have audited the financial statements of Springfield Home Care Services Limited (the 'company') for the year ended 31 March 2021 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 2021 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **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.

# **Springfield Home Care Services Limited**

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

**year ended 31 March 2021**

### **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.

### **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.

# Springfield Home Care Services Limited

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

**year ended 31 March 2021**

### **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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that compliance with might be fundamental to the company's ability to operate or to avoid a material penalty. We identified the following as those areas most likely to have such an effect: Care Quality Commission Regulations, employment law and health and safety.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We also considered the opportunities and incentives that may exist within the company for fraud. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of contract income and the override of controls by management.

Our audit procedures to respond to these risks included:

- enquiries of management and the Directors about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals,
- reviewing accounting estimates for biases; and
- reviewing contracts and carrying out detailed substantive testing on income.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with the auditing standards. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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.



# Springfield Home Care Services Limited

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

year ended 31 March 2021

- 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.

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 accountants & statutory auditor  
Gresham House  
5-7 St Paul's Street  
Leeds  
LS1 2JG

21 July 2021

# Springfield Home Care Services Limited

## Statement of income and retained earnings

year ended 31 March 2021

	Note	2021 £	2020 £
<b>Turnover</b>	<b>4</b>	<b>14,067,786</b>	13,030,966
Cost of sales		<u>(9,948,204)</u>	<u>(8,730,384)</u>
<b>Gross profit</b>		<b>4,119,582</b>	4,300,582
Administrative expenses		<u>(4,478,388)</u>	(3,994,913)
Other operating income	<b>5</b>	<u>967,741</u>	—
<b>Operating profit</b>	<b>6</b>	<b>608,935</b>	305,669
Other interest receivable and similar income	<b>10</b>	53,152	—
Interest payable and similar expenses	<b>11</b>	<u>(32,669)</u>	<u>(41,827)</u>
<b>Profit before taxation</b>		<b>629,418</b>	263,842
Tax on profit	<b>12</b>	<u>(124,071)</u>	<u>(61,458)</u>
<b>Profit for the financial year and total comprehensive income</b>		<u><b>505,347</b></u>	<u>202,384</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 23 form part of these financial statements.

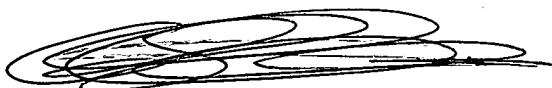
# Springfield Home Care Services Limited

## Statement of financial position

31 March 2021

	Note	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Intangible assets	13		144,634		204,717
Tangible assets	14		53,212		51,014
Investments	15		197,738		197,738
			<u>395,584</u>		<u>453,469</u>
<b>Current assets</b>					
Debtors	16	1,961,901		1,657,642	
Cash at bank and in hand		<u>454,818</u>		<u>71,201</u>	
		2,416,719		1,728,843	
<b>Creditors: amounts falling due within one year</b>	17	<u>(1,914,830)</u>		<u>(1,790,186)</u>	
<b>Net current assets/(liabilities)</b>			<u>501,889</u>		<u>(61,343)</u>
<b>Total assets less current liabilities</b>			<u>897,473</u>		<u>392,126</u>
<b>Net assets</b>			<u>897,473</u>		<u>392,126</u>
<b>Capital and reserves</b>					
Called up share capital	20		19,593		19,593
Share premium account	21		907,575		907,575
Capital redemption reserve	21		721		721
Profit and loss account	21		<u>(30,416)</u>		<u>(535,763)</u>
<b>Shareholders funds</b>			<u>897,473</u>		<u>392,126</u>

These financial statements were approved by the board of directors and authorised for issue on 21 July 2021, and are signed on behalf of the board by:



G S Lee  
Director

Company registration number: 03742352

The notes on pages 12 to 23 form part of these financial statements.

# Springfield Home Care Services Limited

## Statement of cash flows

year ended 31 March 2021

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	505,347	202,384
<i>Adjustments for:</i>		
Depreciation of tangible assets	32,571	31,171
Amortisation of intangible assets	60,083	60,083
Other interest receivable and similar income	(53,152)	–
Interest payable and similar expenses	32,669	41,827
Tax on profit	124,071	61,458
Accrued expenses/(income)	258,408	(44,972)
<i>Changes in:</i>		
Trade and other debtors	(283,918)	331,943
Trade and other creditors	47,139	(438,557)
Cash generated from operations	723,218	245,337
Interest paid	(32,669)	(41,827)
Interest received	53,152	–
Tax paid	(61,071)	(68,458)
Net cash from operating activities	<u>682,630</u>	<u>135,052</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(34,769)	(35,587)
Net cash used in investing activities	<u>(34,769)</u>	<u>(35,587)</u>
<b>Cash flows from financing activities</b>		
Repayments of borrowings	(243,903)	(27,201)
Payments of loans to connected companies	(20,341)	(123,180)
Net cash used in financing activities	<u>(264,244)</u>	<u>(150,381)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>383,617</b>	<b>(50,916)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>71,201</b>	<b>122,117</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>454,818</u></b>	<b><u>71,201</u></b>

The notes on pages 12 to 23 form part of these financial statements.

# Springfield Home Care Services Limited

## Notes to the financial statements

year ended 31 March 2021

### 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 30 September 2022 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.

In arriving at this conclusion, the directors have given due consideration to the impact of the worldwide Covid-19 pandemic on future operations and the ability of the company to continue to operate as a going concern. The directors recognise that the situation remains highly fluid and as a result making accurate forecasts on the likely implications is difficult but the directors do recognise that trading over the coming months could potentially be adversely affected.

Despite this, the directors remain confident that the company can continue to operate as a going concern. This assessment is based on the understanding that the company will continue to trade over the coming months. This, along with government support and retained reserves will allow the company to continue to meet its obligations as they fall due and operate as a going concern.

As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

# Springfield Home Care Services Limited

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

### year ended 31 March 2021

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

##### **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 it is probable the expenses recognised will be recovered.

##### **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.

# Springfield Home Care Services Limited

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

year ended 31 March 2021

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

#### **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.

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

# Springfield Home Care Services Limited

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

### year ended 31 March 2021

#### 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:

	2021 £	2020 £
Rendering of services	<u>14,067,786</u>	<u>13,030,966</u>

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 2021

### 5. Other operating income

	2021 £	2020 £
Government grant income	<u>967,741</u>	<u>–</u>

### 6. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021 £	2020 £
Amortisation of intangible assets	60,083	60,083
Depreciation of tangible assets	32,571	31,171
Impairment of trade debtors	<u>(21,133)</u>	<u>(2,850)</u>

### 7. Auditor's remuneration

	2021 £	2020 £
Fees payable for the audit of the financial statements	<u>10,200</u>	<u>10,000</u>

### 8. Staff costs

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

	2021 No.	2020 No.
Administrative staff	82	85
Care delivery staff	<u>673</u>	<u>661</u>
	<u>755</u>	<u>746</u>

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

	2021 £	2020 £
Wages and salaries	12,035,101	10,673,475
Social security costs	765,352	651,382
Other pension costs	<u>188,394</u>	<u>162,826</u>
	<u>12,988,847</u>	<u>11,487,683</u>

The total remuneration for key management personnel, including pension costs totals £167,588 (2020 - £131,372).

### 9. Directors' remuneration

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

	2021 £	2020 £
Remuneration	<u>167,588</u>	<u>131,372</u>

# Springfield Home Care Services Limited

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

### year ended 31 March 2021

#### 9. Directors' remuneration *(continued)*

The number of directors who accrued benefits under company pension plans was as follows:

	2021 No.	2020 No.
Defined contribution plans	<u>2</u>	<u>2</u>

#### 10. Other interest receivable and similar income

	2021 £	2020 £
Other interest receivable and similar income	<u>53,152</u>	<u>—</u>

#### 11. Interest payable and similar expenses

	2021 £	2020 £
Interest on banks loans and overdrafts	30,351	24,006
HMRC Interest Paid	2,032	—
Other interest payable and similar charges	286	17,821
	<u>32,669</u>	<u>41,827</u>

#### 12. Tax on profit

##### Major components of tax expense

	2021 £	2020 £
<b>Current tax:</b>		
UK current tax expense	125,000	62,000
Adjustments in respect of prior periods	(929)	(542)
Total current tax	<u>124,071</u>	<u>61,458</u>
<b>Tax on profit</b>	<u>124,071</u>	<u>61,458</u>

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021 £	2020 £
Profit on ordinary activities before taxation	<u>629,418</u>	<u>263,842</u>
Profit on ordinary activities by rate of tax	119,589	50,130
Adjustment to tax charge in respect of prior periods	(929)	(542)
Rounding on tax charge	(453)	930
Unrecognised deferred tax timing differences	5,395	6,828
Expenses not deductible for tax purposes	469	4,112
Tax on profit	<u>124,071</u>	<u>61,458</u>

# Springfield Home Care Services Limited

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

### year ended 31 March 2021

#### 12. Tax on profit *(continued)*

##### 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 (2019 - £nil).

#### 13. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 April 2020 and 31 March 2021	<u>2,455,133</u>
<b>Amortisation</b>	
At 1 April 2020	2,250,416
Charge for the year	60,083
<b>At 31 March 2021</b>	<u>2,310,499</u>
<b>Carrying amount</b>	
At 31 March 2021	<u>144,634</u>
At 31 March 2020	<u>204,717</u>

#### 14. Tangible assets

	Fixtures and fittings £
<b>Cost</b>	
At 1 April 2020	655,652
Additions	34,769
<b>At 31 March 2021</b>	<u>690,421</u>
<b>Depreciation</b>	
At 1 April 2020	604,638
Charge for the year	32,571
<b>At 31 March 2021</b>	<u>637,209</u>
<b>Carrying amount</b>	
At 31 March 2021	<u>53,212</u>
At 31 March 2020	<u>51,014</u>

# Springfield Home Care Services Limited

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

year ended 31 March 2021

### 15. Investments

	Investments in subsidiary undertakings £
<b>Cost</b>	
At 1 April 2020 and 31 March 2021	<u>197,738</u>
<b>Impairment</b>	
At 1 April 2020 and 31 March 2021	<u>—</u>
<b>Carrying amount</b>	
At 31 March 2021	<u>197,738</u>
At 31 March 2020	<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.

### 16. Debtors

	2021 £	2020 £
Trade debtors	916,256	1,061,205
Amounts owed by connected companies	242,408	222,067
Prepayments and accrued income	127,466	154,029
Directors loan account	337,535	183,535
Invoice discounting	252,964	—
Other debtors	85,272	36,806
	<u>1,961,901</u>	<u>1,657,642</u>

# Springfield Home Care Services Limited

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

year ended 31 March 2021

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

	2021 £	2020 £
Bank loans and overdrafts	236,451	480,354
Trade creditors	256,361	135,966
Amounts owed to group undertakings	197,738	197,738
Accruals and deferred income	785,981	527,573
Corporation tax	125,000	62,000
Social security and other taxes	163,153	167,804
Invoice discounting facility	–	98,699
Other creditors	150,146	120,052
	<u>1,914,830</u>	<u>1,790,186</u>

Included in bank loans and overdrafts is £236,451 of loan notes which are due to Business Growth Fund plc. Repayments are due to finish in 2022 when the balance will be repaid in 2 biannual instalments.

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

	2021 £	2020 £
Invoice discounting facility	–	98,699

### 18. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £188,394 (2020: £162,826).

### 19. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2021 £	2020 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>967,741</u>	<u>–</u>

# Springfield Home Care Services Limited

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

### year ended 31 March 2021

#### 20. Called up share capital

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

	2021		2020	
	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.

#### 21. 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.

#### 22. Analysis of changes in net debt

	At 1 Apr 2020	Cash flows	At 31 Mar 2021
	£	£	£
Cash at bank and in hand	71,201	383,617	454,818
Debt due within one year	(678,092)	243,903	(434,189)
	<u>(606,891)</u>	<u>627,520</u>	<u>20,629</u>

#### 23. Operating leases

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

	2021	2020
	£	£
Not later than 1 year	15,526	22,680
Later than 1 year and not later than 5 years	223,364	287,784
	<u>238,890</u>	<u>310,464</u>

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

At the period end an amount of £337,535 (2020 - £183,535) was owing to the company from one of the directors.

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 2021

#### 25. 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 8,241, at the year end there was a balance of £1,194 which is included in debtors. In addition, interest of 20,460 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 2021 there was a balance of £214,270 due from Springfield Care Services Limited, the balance is included in debtor in the accounts (2020 - £197,348).

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 (2019 - £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. These instalments were deferred and commenced September 2020. Payments totalling £208,500 loan repayment and £35,403 for interest were made in the year, the remainder of £236,451 is included within creditors at the year end.

##### **Springfield Healthcare (The Grange) Limited**

At the year end a balance was owed to the company amounting to £nil (2020 - £nil).

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

During the year, the company was recharged rent by Hartlepool Park Road Properties Limited of £24,000 but paid for services on behalf of Hartlepool Park Road Properties Limited £27,778. At the year end, £28,138 was due from Hartlepool Park Road Properties Limited, this amount is included within debtors (2020 - £24,360 debtor).

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

Springfield Home Care Services Limited recharged directors salaries and management recharges and other disbursements totalling £197,838 to SHG (Care Villages) Limited.

At the period end a balance of £29,679 (2020 - 23,411) was due from SHG (Care Villages) Limited and is included in debtors

SHG recharged SHCS salaries and other disbursements totalling £164,532. At the period end a balance of £2,378 was due to SHG and is included in creditors

##### **Springfield Court**

At the year end the balance was £650 and is included in creditors (2020 - £nil).

##### **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 (2020 - £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 (2020 - £112,291).

# **Springfield Home Care Services Limited**

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

**year ended 31 March 2021**

### **Spring2**

Springfield Home Care Services Limited recharged payroll and management account support recharges and other disbursements totalling £2,685.

Springfield Home Care Services Limited paid for services on behalf of Spring2 of £157,227. At the year end, £23,123 was due from Spring2 and this is included in other debtors.