

Registered number: 03861603

My Choice Children's Homes Limited

Unaudited

Financial statements

Information for filing with the registrar

For the Year Ended 31 March 2021



My Choice Children's Homes Limited

Chartered accountants' report to the board of directors on the preparation of the unaudited statutory financial statements of My Choice Children's Homes Limited for the Year Ended 31 March 2021

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of My Choice Children's Homes Limited for the year ended 31 March 2021 which comprise the Balance sheet and the related notes from the Company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation>.

This report is made solely to the Board of directors of My Choice Children's Homes Limited, as a body, in accordance with the terms of our engagement letter dated 24 November 2020. Our work has been undertaken solely to prepare for your approval the financial statements of My Choice Children's Homes Limited and state those matters that we have agreed to state to the Board of directors of My Choice Children's Homes Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than My Choice Children's Homes Limited and its Board of directors, as a body, for our work or for this report.

It is your duty to ensure that My Choice Children's Homes Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of My Choice Children's Homes Limited. You consider that My Choice Children's Homes Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of My Choice Children's Homes Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Kreston Reeves LLP
Chartered Accountants
Springfield House
Springfield Road
Horsham
West Sussex
RH12 2RG
29 September 2021

My Choice Children's Homes Limited
Registered number: 03861603

Balance sheet
As at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	878,059	4,122,526
		878,059	4,122,526
Current assets			
Stocks	5	5,708	5,615
Debtors: amounts falling due after more than one year	6	26,240	36,800
Debtors: amounts falling due within one year	6	1,656,696	451,907
Cash at bank and in hand		840,803	16,386
		2,529,447	510,708
Creditors: amounts falling due within one year	7	(714,271)	(917,610)
Net current assets/(liabilities)		1,815,176	(406,902)
Total assets less current liabilities		2,693,235	3,715,624
Creditors: amounts falling due after more than one year	8	(34,122)	(1,156,965)
Provisions for liabilities			
Deferred tax	10	-	(140,653)
		-	(140,653)
Net assets		2,659,113	2,418,006
Capital and reserves			
Called up share capital		4	4
Revaluation reserve	12	-	1,232,419
Profit and loss account	12	2,659,109	1,185,583
		2,659,113	2,418,006

My Choice Children's Homes Limited
Registered number: 03861603

Balance sheet (continued)
As at 31 March 2021

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



P C Kazmarski
Director
Date: 29 September 2021



D M Ives
Director
Date: 29 September 2021

My Choice Children's Homes Limited

Notes to the financial statements For the Year Ended 31 March 2021

1. General information

The company is limited by shares and incorporated in England and Wales with the registration number 03861603. The principal activities of the company throughout the year were those of residential care activities. The registered office address is Unit 3a, Mill Green Business Estate, Mill Green Road, Haywards Heath, West Sussex, RH16 1XQ.

The accounts are presented in sterling and round to the nearest £1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Revenue

Turnover represents fees receivable in the year from residential homes and schools.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

My Choice Children's Homes Limited

Notes to the financial statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.3 Tangible fixed assets (continued)

Freehold land and buildings are not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Short term leasehold property	- over the term of the lease
Plant and machinery	- 3 to 5 years
Motor vehicles	- 2 to 4 years
Fixtures, fittings and equipment	- 2 to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.4 Revaluation of tangible fixed assets

Individual freehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance sheet date.

Fair values are determined from market based evidence including periodic professional valuations.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**Notes to the financial statements
For the Year Ended 31 March 2021**

2. Accounting policies (continued)

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.11 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.14 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

My Choice Children's Homes Limited

Notes to the financial statements For the Year Ended 31 March 2021

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 116 (2020 - 113).

My Choice Children's Homes Limited

Notes to the financial statements For the Year Ended 31 March 2021

4. Tangible fixed assets

	Land and buildings £	Plant and machinery £	Total £
Cost or valuation			
At 1 April 2020	4,099,431	232,378	4,331,809
Additions	1,639,819	84,272	1,724,091
Disposals	(4,886,029)	(44,123)	(4,930,152)
At 31 March 2021	<u>853,221</u>	<u>272,527</u>	<u>1,125,748</u>
Depreciation			
At 1 April 2020	63,702	145,581	209,283
Charge for the year on owned assets	15,781	53,288	69,069
Disposals	-	(30,663)	(30,663)
At 31 March 2021	<u>79,483</u>	<u>168,206</u>	<u>247,689</u>
Net book value			
At 31 March 2021	<u>773,738</u>	<u>104,321</u>	<u>878,059</u>
At 31 March 2020	<u>4,035,729</u>	<u>86,797</u>	<u>4,122,526</u>

The net book value of land and buildings may be further analysed as follows:

	2021 £	2020 £
Freehold	756,052	4,002,262
Short leasehold	17,686	33,467
	<u>773,738</u>	<u>4,035,729</u>

My Choice Children's Homes Limited

Notes to the financial statements For the Year Ended 31 March 2021

Cost or valuation at 31 March 2021 was as follows:

	Land and building £
At Cost	2,699,238
Revaluation in 2005	53,487
Revaluation in 2006	65,000
Revaluation in 2011	(3,634)
Revaluation in 2016	875,040
Revaluation in 2019	410,300
Addition during the year	1,639,819
Transfer to Inter group	(4,886,029)
	<u>853,221</u>

The valuation in 2021 was conducted by the Directors on an open market basis.

If the remaining land and buildings had not been included at fair value, they would have been included under the historical cost convention as follows:

	2021 £	2020 £
Cost	853,221	2,662,385
Accumulated depreciation	(79,483)	(63,702)
Net book value	<u>773,738</u>	<u>2,598,683</u>

5. Stocks

	2021 £	2020 £
Consumables	5,708	5,615
	<u>5,708</u>	<u>5,615</u>

My Choice Children's Homes Limited

**Notes to the financial statements
For the Year Ended 31 March 2021**

6. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	26,240	36,800
	<u>26,240</u>	<u>36,800</u>
	2021 £	2020 £
Due within one year		
Trade debtors	250,703	200,314
Amounts owed by group undertakings	1,186,033	4
Other debtors	93,723	161,659
Prepayments and accrued income	92,515	89,930
Deferred taxation	33,722	-
	<u>1,656,696</u>	<u>451,907</u>

7. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	-	23,184
Bank loans	-	99,778
Other loans	46,677	109,797
Trade creditors	218,792	282,471
Corporation tax	129,238	130,121
Other taxation and social security	80,183	69,232
Obligations under finance lease and hire purchase contracts	7,564	5,192
Other creditors	68,772	55,801
Accruals and deferred income	163,045	142,034
	<u>714,271</u>	<u>917,610</u>

My Choice Children's Homes Limited

**Notes to the financial statements
For the Year Ended 31 March 2021**

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

	2021	2020
	£	£
Bank loans	-	1,097,727
Other loans	-	32,395
Net obligations under finance leases and hire purchase contracts	34,122	26,843
	34,122	1,156,965

9. Loans

Analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year		
Bank loans	-	99,778
Other loans	46,677	109,797
	46,677	209,575
Amounts falling due 1-2 years		
Bank loans	-	99,778
Other loans	-	32,395
	-	132,173
Amounts falling due 2-5 years		
Bank loans	-	299,334
	-	299,334
Amounts falling due after more than 5 years		
Bank loans	-	698,615
	-	698,615
	46,677	1,339,697

My Choice Children's Homes Limited

Notes to the financial statements For the Year Ended 31 March 2021

10. Deferred taxation

	2021 £	2020 £
At beginning of year	(140,653)	(131,446)
Released/(Charged) to profit and loss in the year	174,375	8,888
Released/(Charged) to other comprehensive income	-	(18,095)
At end of year	33,722	(140,653)

The deferred taxation balance is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	-	24,450
Other timing differences	33,722	2,674
Freehold property revaluations	-	(167,777)
	33,722	(140,653)

11. Share capital

	2021 £	2020 £
Authorised		
1,000 (2020 - 1,000) Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
4 (2020 - 4) Ordinary shares of £1 each	4	4

12. Reserves

Revaluation reserve

The company uses the revaluation model for the measurement of its freehold property. This reserve records the revaluation surplus recognised less the related provision for deferred tax. This is a non-distributable reserve.

Profit and loss account

The profit and loss account comprises all current and prior period retained profits and losses after deducting any distributions made to the company's shareholders. This is a distributable reserve.

My Choice Children's Homes Limited

Notes to the financial statements For the Year Ended 31 March 2021

13. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund and amounted to £84,645 (2020 - £79,055). At the balance sheet date, the amount payable to the fund was £20,033 (2020 - £14,075).

14. Related party transactions

The dividends voted in the year and payable to the Company's parent, My Choice Group Limited, were £448,000 (2020: £160,000).

During the year, the Company transferred £4,886,029 of freehold property to My Choice Group Limited. As part of the consideration for the transfer, the Company transferred its secured bank loans to its parent Company. The Company has given a guarantee to its parent Company's bankers by way of a first legal charge over the freehold properties that it owns.

At the balance sheet date, £1,186,033 (2020: £4) was due to the Company by the parent company.

My Choice Children's Homes Limited

Notes to the financial statements For the Year Ended 31 March 2021

15. Controlling party

The parent and ultimate parent undertaking is My Choice Group Limited (company registration number 05128633), a company incorporated in England and Wales.

My Choice Group Limited is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts.