Company Registration No. 04319271 (England and Wales)

WYATT HOUSE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

WYATT HOUSE LIMITED

COMPANY INFORMATION

Directors	F Sheikh	
	G Dufton	(Appointed 9 January 2019)
Secretary	G Dufton	
Company number	04319271	
Registered office	5th Floor Metropolitan House 3 Darkes Lane Potters Bar Hertfordshire EN6 1AG	

WYATT HOUSE LIMITED

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WYATT HOUSE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2018

The directors present their annual report and financial statements for the year ended 30 September 2018.

Cessation of trading
The company ceased trading on 31 March 2014. The company is now dormant.

Review of business
The income statement on page 3 sets out the results for the year.

Strategic report exemption
The company has taken advantage of the small companies exemption under S414B of the Companies Act 2006 from the requirement to prepare a strategic report.

Future prospects
The directors are satisfied with the results for the year and the future prospects of the company.

Key performance indicators
Client occupation levels and associated income streams are the key monitor of performance and these have been maintained during the year.

Principal risks and uncertainties
The company's performance and its reputation is underpinned by the quality of its services. To this end, the company invests significantly in its quality management processes. There are also a number of financial risks and uncertainties which could impact the company's performance and these are set out in note 11.

Disabled persons
It is the company's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities should be based on a realistic assessment of their aptitudes and abilities. Wherever possible, the company will continue the employment of persons who become disabled during the course of their employment with the company through retraining, acquisition of special aids and equipment or the provision of suitable alternative employment.

Employee information programme
The directors recognise the benefits which arise from keeping employees informed of the company's progress and plans and through their participation in the company's performance. The company is, therefore, committed to providing its employees with information on a regular basis, to consulting with them on a regular basis so that their views may be taken into account when taking decisions which may affect their interests and to encourage their participation in schemes through which they will benefit from the company's progress and profitability.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

F Sheikh	
M G Hill	(Deceased 9 December 2018)
G Dufton	(Appointed 9 January 2019)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

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G Dufton

Director

Date: .....17/..6/..19

WYATT HOUSE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £'000	2017 £'000
Income tax expense		-	-
Profit and total comprehensive income for the year	**8**	-	-

The income statement has been prepared on the basis that all operations are continuing operations.

WYATT HOUSE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Property, plant and equipment	3	2	2
Current assets			
Trade and other receivables	4	5	5
Current tax recoverable		1	1
		6	6
Total assets		8	8
Current liabilities			
Trade and other payables	5	2	2
Borrowings		1	1
		3	3
Net current assets		3	3
Non-current liabilities			
Deferred tax liabilities	6	7	7
Total liabilities		10	10
Net liabilities		(2)	(2)
Equity			
Capital redemption reserve	7	210	210
Retained earnings	8	(212)	(212)
Total equity		(2)	(2)

For the financial year ended 30 September 2017 the company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

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 members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 .

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

WYATT HOUSE LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 SEPTEMBER 2018

The financial statements were approved by the board of directors and authorised for issue on 17 JUNE 2019 and are signed on its behalf by:

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G Dufton

Director

Company Registration No. 04319271

WYATT HOUSE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Capital contribution £'000	Retained earnings £'000	Total £'000
Balance at 1 October 2016	210	(212)	(2)
Year ended 30 September 2017:			
Profit and total comprehensive income for the year	-	-	-
Balance at 30 September 2017	210	(212)	(2)
Year ended 30 September 2018:			
Profit and total comprehensive income for the year	-	-	-
Balance at 30 September 2018	210	(212)	(2)

WYATT HOUSE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash outflow from operating activities			-		-
Net cash used in investing activities			-		-
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			-		-
Cash and cash equivalents at beginning of year			(1)		(1)
Cash and cash equivalents at end of year			(1)		(1)

1 Accounting policies

1.1 Basis of preparation

The company is registered and domiciled in the UK.

1.2 Applicable accounting standards

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements on the grounds that it is a wholly owned subsidiary of CareTech Holdings PLC, for which consolidated financial statements are prepared and are publicly available from Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire EN6 1AG.

The company financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs").

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.3 Adopted IFRS not yet applied

At the date of authorization of these financial statements, certain new standards, amendment and interpretations to existing standards have been publishing by the IASB but are not yet effective and have not been applied early by the Company. Management anticipates that the following pronouncements relevant to the Company's operation will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement, once adopted by the EU:

- IFRS 9 Financial Instruments (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)
- IFRS 16 Leases (effective 1 January 2019)
- Clarification and Measurement of Share-based Payment Transactions (Amendment to IFRS 2) (effective 1 January 2018)

IFRS 16 will replace IAS 17 for accounting periods commencing on or after 1 January 2019 and from the perspective of the group as lessee will require (subject to certain practical expedients) most of the group's lease obligations (including the recent sale and leaseback transaction) to be reflected on balance sheet with a corresponding asset reflecting the right to use the underlying leased asset.

Management are currently performing a detailed review of the lease arrangements and are deciding on how IFRS 16 will be implemented and are considering which practical expedients might apply and whether or not the standard will be implemented on a full or partial retrospective basis. The full impact of IFRS 16 is therefore not yet known.

The current lease accounting policy and lease disclosures are included in the notes.

There are other standards and interpretations in issue but these are not considered to be relevant to the Company.

The directors expect that the adoption of the standards listed below, other than IFRS 16, will not have a material impact on the financial information of the Company in future reporting periods. This includes both IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts from Customers.

1.4 Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value and contingent consideration is stated at fair value through profit or loss.

1 Accounting policies **(Continued)**

Revenue in respect of the provision of care services is measured as the fair value of fee income received or receivable in respect of the services provided and is recognised in respect of the care that has been provided in the relevant period. Any additional services provided by the group are recognised on provision of the service. Fostering revenue is recognised on the basis of the daily placements made with a full day's revenue recognised for every night a placement is with a foster carer.

Revenue in respect of learning services is directly linked to specific achievements, and milestones reached by apprentices at which point the funding from the Skills Funding Agency is receivable. A corresponding balance is recognised in receivables.

Income which has been invoiced but irrecoverable is treated as a bad debt expense. Revenue invoiced in advance is included in deferred income until the service is provided. Revenue is recognised net of VAT and credit notes.

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement over the estimated useful lives of each part of an item of property, plant and equipment. Land (which comprises approximately 50% of the land and buildings balance) is not depreciated. The directors reassess the residual value estimates, particularly in respect of properties, on an annual basis. The estimated useful lives are as follows:

Freehold land and buildings	2% straight-line to residual value
Leasehold land and buildings	Over the life of the lease (to a maximum of 50 years)
Leasehold improvements	Over the life of the lease
Fixtures and fittings	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1 Accounting policies **(Continued)**

1.6 Intangible assets and goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the excess of the fair value of the consideration over the fair value of the assets, liabilities and contingent liabilities acquired on acquisition of subsidiaries. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Negative goodwill (bargain purchase credit) arising on an acquisition is recognised in the statement of comprehensive income.

Other intangible assets that are acquired by the company are stated at cost less accumulated depreciation and impairment losses.

Amortisation is charged to the statement of comprehensive income on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Customer relationships	1 - 20 years; and
Software and licences	5 years.

1.7 Impairment (excluding deferred tax assets)

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Calculation of recoverable amount

The recoverable amount of the company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

1 Accounting policies **(Continued)**

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.8 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between proceeds (net of transaction costs) and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Interest associated with qualifying properties under development is capitalised in accordance with IAS 23 borrowing costs.

1.9 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on a first-in first-out cost basis.

1.10 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

1.11 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

1 Accounting policies **(Continued)**

Classification and subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at fair value through profit or loss (FVTPL)

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in the statement of comprehensive income are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other administrative expenses.

Financial assets at FVTPL
Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition. All derivative financial instruments fall into this category. Assets in this category are measured at fair value with gains or losses recognised in statement of comprehensive income. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest rate method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identifiable group.

Classification and subsequent measurement of financial liabilities
The company's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in the statement of comprehensive income. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in the statement of comprehensive income are included within finance costs or finance income.

Where a non-substantial modification to the terms of a financial liability arises this is accounted for as an adjustment to the existing liability. The carrying value of the existing liabilities is adjusted for fees paid or costs incurred. The effective interest rate method is amended such that the adjusted carrying amount and the revised estimate of future cash flows are discounted over the revised, estimated life of the liability. No gain or loss is recorded on modification.

1 Accounting policies **(Continued)**

Derivative financial instruments and hedging

From time to time, the company enters into derivative financial instruments, such as interest rate swaps, to manage its exposure to interest rate risk.

Derivatives are initially recognised at fair value at the date a derivative is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in statement of comprehensive income immediately.

A derivative is presented as a non-current asset or non-current liability if the company has an unconditional right to defer payment beyond twelve months. Otherwise derivatives are presented as current assets or liabilities.

1.12 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

1.13 Provisions

A provision, other than provisions for deferred taxation, is recognised in the balance sheet when the company has a present, legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate.

1.14 Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.15 Financing costs

Financing costs, comprising interest payable on bank loans and overdrafts, finance charges on finance leases, the unwinding of the discount on provisions and the costs incurred in connection with the arrangement of borrowings are recognised in the statement of comprehensive income using the effective interest rate method.

Interest income and interest payable is recognised in the statement of comprehensive income as it accrues, using the effective interest method. Interest income also includes gains arising on the change in fair value of hedging instruments in the statement of comprehensive income.

Financing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset.

Financing costs also include losses arising on the change in fair value of derivatives that are recognised in the statement of comprehensive income.

1 Accounting policies (Continued)

1.16 Operating leases

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income on a straight-line basis over the lease term.

1.17 Segmental analysis

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Based on an analysis of risks and returns, the directors consider that the company has one identifiable business segment; being the provision of care services. The company likewise operates entirely in the UK and the directors consider the risks and returns do not differ between geographical locations. As such, no additional segmental disclosure is necessary.

2 Employees

None of the directors received any remuneration for their services to the company during the period (2017: none). The number of directors to whom pension contributions are accruing is nil (2017: nil).

3 Property, plant and equipment

	Freehold land and buildings £'000
Cost	
At 1 October 2016	2
At 30 September 2017	2
At 30 September 2018	2
Carrying amount	
At 30 September 2018	2
At 30 September 2017	2
At 30 September 2016	2

4 Trade and other receivables

	Current 2018 £'000	2017 £'000
Amounts due from fellow group undertakings	5	5

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

5 Trade and other payables

	Current 2018 £'000	2017 £'000
Other payables	2	2

6 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Property, plant and equipment £'000
Deferred tax liability at 1 October 2016	7
Deferred tax liability at 1 October 2017 and 30 September 2018	7

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2018 £'000	2017 £'000
Deferred tax liabilities	7	7

7 Capital redemption reserve

	2018 £'000	2017 £'000
At beginning and end of year	210	210

8 Retained earnings

	2018 £'000	2017 £'000
At the beginning and end of the year	(212)	(212)

9 Related party transactions

The company has conducted a commercial trading relationship with a number of companies in its wider group.

The company had the following transactions in the year with related parties:

	2018 £'000 Receivable/ (Payable) balance	£'000 Revenue	£'000 Purchases	2017 £'000 Receivable/ (Payable) balance	£'000 Revenue	£'000 Purchases
Parent company	43	-	-	43	-	-
Fellow group undertakings	(38)	-	-	(38)	-	-
	5	-	-	5	-	-

The movement during the year is due to cash advances made by the company.

The directors are considered to be the key management personnel of the company. Their emoluments are disclosed in note 2.

10 Ultimate parent undertaking

The company's ultimate parent undertaking is CareTech Holdings PLC. The consolidated financial statements of this Group are available to the public and may be obtained from Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire, EN6 1AG.

11 FINANCIAL INSTRUMENTS

These are designed to reduce the financial risks faced by the company, which primarily relate to credit, interest and liquidity risks, which arise in the normal course of the company's business.

Credit risk

Financial instruments which potentially expose the company to credit risk consist primarily of cash equivalents and trade receivables. Cash equivalents are deposited only with major financial institutions that satisfy certain credit criteria.

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are carried out on all significant prospective customers and all existing customers requiring credit beyond a certain threshold. Varying approval levels are set on the extension of credit depending upon the value of the sale.

Where the credit risk is deemed to have risen to an unacceptable level, remedial actions including the variation of terms of trade are implemented under the guidance of senior management until the level of credit risk has been normalised.

11 FINANCIAL INSTRUMENTS **(Continued)**

The company provides credit to customers in the normal course of business with a provision for specific doubtful receivables. The balance includes the amounts considered recoverable which also equals their fair value. The company does not require collateral in respect of financial assets. During the year there was no charge to the income statement for bad or doubtful debts (30 September 2017: £Nil).

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The trade receivables as at 30 September are aged as follows:

	2018 £'000	2017 £'000
Not due	-	-
Not more than three months past due	-	-
More than three months but not more than six months past due	-	-
More than six months past due	-	-
Trade receivables	-	-

Interest rate risk
The company finances its operations through called up share capital, retained profits, intergroup borrowings and bank borrowings. The company's income is by its nature relatively stable and its growth is, inter alia, impacted by inflation. Company policy is to balance interest rate fixes between the short, medium and long term. The benchmark rate for bank borrowings is LIBOR.

Liquidity Risk
The company prepares annual cash flow forecasts reflecting known commitments and anticipated projects. Borrowing facilities are arranged as necessary to finance requirements. The wider group has available bank and overdraft facilities, sufficient, with cash flow from profits, to fund present commitments. Term facilities are utilised to fund capital expenditure and short term flexibility is achieved by the utilisation of overdraft facilities in respect of financial liabilities. There were no contractual cash flow maturities at 30 September 2018 (30 September 2017: £Nil).

Capital risk management
The company manages its capital to ensure that activities of the company will be able to continue as going concerns whilst maximising returns for stakeholders through the optimisation of debt and equity. The company does not currently have any external debt and details of the company's equity are disclosed in the Statement of Financial Position.

Foreign currency risk
The company operates entirely in the UK and is not exposed to any foreign currency risks.

Sensitivity analysis
In managing interest rate risks the company aims to reduce the impact of short-term fluctuations on the company's earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on earnings. However, the wider group's financing arrangements mean that there is not expected to be a significant impact from interest rate changes on the company.

11 FINANCIAL INSTRUMENTS **(Continued)**

Fair values
Book values are considered to be equivalent to fair values.

12 Accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions which effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected

In the process of applying the company's accounting policies, the directors have made the following estimates and judgements which have the most significant effect on the amounts recognised in the financial statements:

Customer relationships
The company's management team assess each acquisition in the historical financial information period to identify the intangible assets that were acquired in each transaction that qualify for separate recognition. The assessment of the future economic benefits generated from acquired customer relationships, and the determination of the related amortisation profile, involves a significant degree of judgement based on management estimation of future potential revenue and profit and the useful lives of the assets. The valuation method used to value customer relationships is a multi-period excess earnings method. The useful economic life has been assessed as ranging from 1 to 20 years across the acquisitions. Annual reviews are performed to ensure the recoverability of this intangible asset.

Property, plant and equipment
It is company policy to depreciate property, plant and equipment to their estimated residual value over their estimated useful lives. This applies an appropriate matching of the revenue earned with the capital costs of delivery of services. A key element of this policy is the annual estimate of the residual value of such assets. Similarly the directors estimate the useful life applied to each category of property, plant and equipment which, in turn, determines the annual depreciation charge. Variations in residual values or asset lives could impact significantly company profit through an increase in the depreciation charge.

Judgements

Current asset provisions
In the course of normal trading activities, judgement is used to establish the net realisable value of various elements of working capital, principally trade receivables. Provisions are established for bad and doubtful debts. Provisions are based on the facts available at the time and are also determined by using profiles, based upon past practise, applied to aged receivables.

Deferred taxation
The company may recognise deferred tax assets in respect of temporary differences arising. This requires management to make decisions on the recoverability of such deferred tax assets based on future forecasts of taxable profit. If these forecast profits do not materialise, or there are changes in the tax rates or to the period over which the losses or timing difference might be recognised, the value of the deferred tax asset will need to be revised in a future period.