

Young Foundations Limited

Registered number: 05029887

Annual report

For the year ended 30 June 2020

YOUNG FOUNDATIONS LIMITED

COMPANY INFORMATION

Directors	N Kelly T Ellison MRA UK Investments Limited (appointed 18 November 2019)
Registered number	05029887
Registered office	7 Grosvenor Street Chester CH1 2DD
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 1 St Peter Square Manchester M2 3DE
Bankers	Barclays Bank plc 3rd Floor Windsor Court 3 Windsor Place Cardiff CF10 3ZL

CONTENTS

	Page
Strategic Report	1 - 3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12 - 26

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

Business review

The Company continued its principal activities throughout the current year as detailed in the Directors' Report.

As reported in the profit and loss account, revenue has shown an increase of 8.7% from £10,200,311 to £11,089,260 in the current period. Profit after tax has decreased from a profit of £837,885 to a profit of £131,990. These results are principally driven by an increase average occupancy resulting in an increase in revenue, this has been partially offset by an ongoing refurbishment program.

Financial position at the reporting date

The Balance Sheet shows that the Company's net assets have increased from £5,591,241 to £5,723,231. This is due to the profit made during the year.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

Principal risks and uncertainties

The Directors consider the key risks and uncertainties facing the group to be as follows:

Competitive pressure in a market for specialist challenging behaviour services is a continuing risk for the Company as a number of alternative providers exist across the UK. The wider group, headed by MRA UK Investments Limited ("the group") continues to mitigate for this risk by developing services which are sufficiently differentiated from the competition by means of both the behavioural models applied and the niche client groups cared for.

The service users are wholly funded by public sector sources. Consequently the Company is therefore exposed to risks surrounding changes in government policies and the impact of enacted and planned reductions in spending on health and social care. This risk is mitigated by providing robust evidence of quality and service user outcomes, as well as ensuring that the group continues to contract with a wide range of funding providers. The group will continue to review and amend its cost base to counteract funding changes.

The Directors have considered the group and subsidiary companies trading and cash flows for the foreseeable future taking into account reasonably possible changes in trading performance. After making enquiries and taking into account the uncertainties arising from the current economic circumstances, the Directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The withdrawal of the United Kingdom from the European Union

New trading arrangements between the United Kingdom and the European Union took effect on 31 December 2020. The Company's customers are all UK based. The workforce are mainly UK citizens. The Company mainly buys from UK suppliers, the source of the products purchased can be from the EU and includes medicines, and while management do not consider there will be significant cost and supply disruption, there may be circumstances outside their control.

COVID

COVID-19 is an extremely challenging event, particularly when operating residential and hospital care in a closed environment. The effects were felt from early 2020 onwards however the clear focus continues to be the health, safety and wellbeing of our service users, employees and visitors.

We have a team set up to regularly monitor the operations and review the latest guidance from the Government, Welsh Assembly, Public Health Wales and Public Health England and to adapt and respond quickly to guidance as it evolves. This team keeps the management team updated and regular communication is cascaded to our residential care homes and hospitals.

PPE is provided and with the dedication and hard work of our staff, during this unprecedented time, our priority is to ensure business continuity working with the risk factors and to continue to deliver safe, high level care to all our service users.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020

Financial key performance indicators

Management monitors a number of financial and non-financial performance indicators to monitor the performance of the business. These include:

Occupancy levels

	2020	2019
Average occupancy	89.9%	91.9%

Average occupancy represents the average number of saleable beds occupied during the year.

Cash at Bank

	2020	2019
Cash at Bank	£381,529	£288,622

EBITDAR

	2020	2019
EBITDAR	£716,787	£1,281,523
EBITDAR Margin	6.5%	12.6%

EBITDAR is calculated by adding back depreciation, amortisation, interest, taxation and property rental charges to operating profit. The EBITDAR margin is calculated by dividing EBITDAR by turnover.

This report was approved by the board and signed on its behalf.

N Kelly
Director

Date: 24 April 2021

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

The Directors present their report and the financial statements for the year ended 30 June 2020.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £131,990 (2019 - £837,885).

The Directors do not recommend the payment of a dividend for the year.

Directors

The Directors who served during the year were:

N Kelly
T Ellison
MRA UK Investments Limited (appointed 18 November 2019)

Future developments

The company's strategy is to continually improve the quality of the services provided and to increase its capacity. This will be delivered through continued investment in the development of our employees, refurbishment of our existing properties and strategic acquisitions.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Matters covered in the strategic report

The Company has chosen in accordance with Companies Act 2006, s. 414C(11) 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 to be contained in the Directors' Report. It has done so in respect of future developments.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

N Kelly

Director

Date: 24 April 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOUNG FOUNDATIONS LIMITED

Opinion

We have audited the financial statements of Young Foundations Limited (the 'Company') for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, 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 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOUNG FOUNDATIONS LIMITED

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF YOUNG FOUNDATIONS LIMITED

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.

Neil Barton (Senior statutory auditor)

for and on behalf of

Mazars LLP

Chartered Accountants and Statutory Auditor

1 St Peter Square
Manchester
M2 3DE

5 May 2021

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 £	2019 £
Turnover	3	11,089,260	10,200,311
Cost Of Sales		(6,778,460)	(5,646,498)
Gross profit		4,310,800	4,553,813
Administration Expenses		(4,128,391)	(3,670,177)
Exceptional expenses		-	(23,081)
Other operating income	4	18,705	-
Operating profit	5	201,114	860,555
Interest payable and expenses		-	(77)
Profit before tax		201,114	860,478
Tax on profit	10	(69,124)	(22,593)
Profit for the financial year		131,990	837,885

There was no other comprehensive income for 2020 (2019: £NIL).

The notes on pages 12 to 26 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	11		107,274		120,410
Tangible assets	12		6,833,662		6,783,217
Current assets					
Debtors due within 1 year	13	1,193,055		1,559,669	
Cash at bank and in hand	14	381,529		288,622	
		<u>1,574,584</u>		<u>1,848,291</u>	
Creditors: Amounts Falling Due Within One Year	15	(2,617,572)		(3,055,084)	
Net current liabilities			<u>(1,042,988)</u>		<u>(1,206,793)</u>
Total assets less current liabilities			5,897,948		5,696,834
Provisions for liabilities					
Deferred tax	16		<u>(174,717)</u>		<u>(105,593)</u>
Net assets			<u>5,723,231</u>		<u>5,591,241</u>
Capital and reserves					
Called up share capital	17		1		1
Profit and loss account	18		<u>5,723,230</u>		<u>5,591,240</u>
			<u>5,723,231</u>		<u>5,591,241</u>

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

N Kelly
Director

Date: 24 April 2021

The notes on pages 12 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2019	1	5,591,240	5,591,241
Comprehensive income for the year			
Profit for the year	-	131,990	131,990
At 30 June 2020	<u>1</u>	<u>5,723,230</u>	<u>5,723,231</u>

The notes on pages 12 to 26 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 July 2018	1	4,753,355	4,753,356
Comprehensive income for the year			
Profit for the year	-	837,885	837,885
At 30 June 2019	<u>1</u>	<u>5,591,240</u>	<u>5,591,241</u>

The notes on pages 12 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Accounting policies

1.1 Basis of preparation of financial statements

Young Foundations Limited is a private company, limited by shares, domiciled and incorporated in England and Wales. The address of its registered office and principal place of business is 7 Grosvenor Street, Chester, England, CH1 2DD. Company number 05029887.

The Company's principal activities are the care and rehabilitation of young people aged 11-18 and young adults with challenging behaviours and complex needs.

These financial statements have been presented in Pound Sterling as this is the currency of the primary economic environment in which the Company operates.

Monetary amounts in these financial statements have been rounded to the nearest £.

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of MRA UK Investments Limited as at 30 June 2020 and these financial statements may be obtained from the Registrar of Companies whose address is Companies House, Crown Way, Cardiff, CF14 3UZ.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Accounting policies (continued)

1.3 Going concern

Liquidity is managed on a group wide basis with the group currently not being reliant on third party finance and does not expect to be so for the foreseeable future. The board has sought and received confirmation from its parent company that they will continue to provide support to the Company for at least 12 months from the date of these financial statements.

The board has considered the group's and the Company's future trading and cash flows for the foreseeable future, taking into account reasonably possible changes in trading performance, and has concluded that the group has adequate resources to continue in operational existence for the foreseeable future. The financial statements are thus prepared on a going concern basis.

1.4 Revenue

Turnover comprises revenue recognised for the provision of health and social care residential and in-patient services. Revenue is recognised exclusive of trade discounts and sales taxes. Revenue paid in advance is included in deferred income until the service is provided. Revenue in respect of services provided but not yet invoiced by the period end is included within accrued income.

1.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life being 10 years.

1.6 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Land is 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 basis:

Freehold property	-
	50 years straight line
Motor vehicles	-
	5 years straight line
Fixtures, fittings and electrical equipment	-
	5 years straight line
Assets under construction	-
	nil

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.

1.7 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.8 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.

1.9 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.

1.10 Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Accounting policies (continued)

1.10 Financial instruments (continued)

and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.11 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.

1.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1. Accounting policies (continued)

1.13 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.

1.14 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.15 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

1.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

1. Accounting policies (continued)

1.17 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 reporting 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 Statement of Financial Position 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 reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the Directors are required to make judgments, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgments, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgments, estimates and assumptions the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Company's accounting policies

The critical judgments that the Directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Assessing indicators of impairment

In assessing whether there have been any indicators of impaired assets, the Directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining residual values and useful economic lives of tangible fixed assets

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgment is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value, management aim to assess the amount that the Company would currently obtain for the disposal of the asset if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

3. Turnover

All turnover arose within the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

4. Other operating income

	2020 £	2019 £
Government grants receivable	<u>18,705</u>	<u>-</u>

5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation	450,645	353,924
Other operating lease rentals	53,928	57,575
Amortisation	<u>13,136</u>	<u>10,946</u>

6. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	<u>5,000</u>	<u>4,601</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2020 £	2019 £
Wages and salaries	6,203,477	4,692,558
Social security costs	452,947	408,788
Cost of defined contribution scheme	113,086	81,759
	<u>6,769,510</u>	<u>5,183,105</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2020 No.	2019 No.
Management and administration	45	41
Service management and care staff	174	171
Directors	2	2
	<u>221</u>	<u>214</u>

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	695,390	220,615
Company contributions to defined contribution pension schemes	2,630	1,923
	<u>698,020</u>	<u>222,538</u>

During the year retirement benefits were accruing to 2 Directors (2019 - 2) in respect of defined contribution pension schemes.

9. Interest payable and similar expenses

	2020 £	2019 £
Other interest payable	<u>-</u>	<u>77</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

10. Taxation

	2020 £	2019 £
Deferred tax		
Origination and reversal of timing differences	<u>(69,124)</u>	<u>(22,593)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>201,114</u>	<u>860,478</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	38,212	163,491
Effects of:		
Adjustments to tax charge in respect of prior periods	40,964	-
Fixed asset differences	3,170	-
Other differences leading to an increase in the tax charge	26,857	22,933
Group relief	<u>(40,079)</u>	<u>(163,831)</u>
Total tax charge for the year	<u>69,124</u>	<u>22,593</u>

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

11. Intangible assets

	Goodwill £
Cost	
At 1 July 2019	131,356
At 30 June 2020	<u>131,356</u>
Amortisation	
At 1 July 2019	10,946
Charge for the year on owned assets	13,136
At 30 June 2020	<u>24,082</u>
Net book value	
At 30 June 2020	<u>107,274</u>
At 30 June 2019	<u>120,410</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

12. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures, fittings & equipment £	Assets under construction £	Total £
Cost or valuation					
At 1 July 2019	7,533,266	104,800	2,168,860	5,547	9,812,473
Additions	-	67,861	394,188	41,194	503,243
Disposals	-	-	(2,289)	-	(2,289)
At 30 June 2020	7,533,266	172,661	2,560,759	46,741	10,313,427
Depreciation					
At 1 July 2019	1,350,448	30,995	1,642,266	5,547	3,029,256
Charge for the year on owned assets	139,830	27,747	283,068	-	450,645
Disposals	-	-	(136)	-	(136)
At 30 June 2020	1,490,278	58,742	1,925,198	5,547	3,479,765
Net book value					
At 30 June 2020	6,042,988	113,919	635,561	41,194	6,833,662
At 30 June 2019	6,182,818	73,805	526,594	-	6,783,217

Included in freehold property is freehold land at cost of £1,040,722 (2019 - £1,040,722), which is not depreciated.

13. Debtors

	2020 £	2019 £
Trade debtors	1,005,625	1,229,964
Other debtors	24,593	116,194
Prepayments and accrued income	162,837	213,511
	1,193,055	1,559,669

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

14. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>381,529</u>	<u>288,622</u>

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	40,971	186,022
Amounts owed to group undertakings	1,803,408	2,073,821
Other taxation and social security	230,432	118,970
Other creditors	122,506	125,998
Accruals and deferred income	420,255	550,273
	<u>2,617,572</u>	<u>3,055,084</u>

Amounts owed to group undertaking are interest free and repayable on demand.

16. Deferred taxation

	2020 £	2019 £
At beginning of year	(105,593)	(83,000)
Charged to profit or loss	(69,124)	(22,593)
At end of year	<u>(174,717)</u>	<u>(105,593)</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	<u>174,717</u>	<u>105,593</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

17. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
1 (2019 - 1) Ordinary share of £1	<u>1</u>	<u>1</u>

The Company has one class of ordinary shares which carry voting rights, but no right to fixed income.

18. Reserves

Profit & loss account

The profit & loss account comprises accumulated profits and losses less any dividends declared by the balance sheet date.

19. Pension commitments

The Company operates a defined contribution pension scheme for its employees. The assets of the pension 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 £113,086 (2019 - £81,759). Contributions totalling £27,339 (2019 - £41,282) were payable to the fund at the balance sheet date and are included in creditors.

20. Commitments under operating leases

At 30 June 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	37,580	37,679
Later than 1 year and not later than 5 years	118,785	156,364
	<u>156,365</u>	<u>194,043</u>

21. Related party transactions

The Company has taken advantage of the exemption in FRS 102 section 33 not to disclose transactions with other wholly owned members of the group.

No other transactions with related parties were undertaken such as are required to be disclosed under FRS102 section 33.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

22. Ultimate parent undertaking and controlling party

The Company's ultimate parent undertaking at 30 June 2020 is MRA UK Investments Limited, a company registered in England and Wales, which prepares consolidated financial statements. At 30 June 2020 the Company's ultimate controlling party was Mr M Adey.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.