

CANNON CARE HOMES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



CANNON CARE HOMES LIMITED

COMPANY INFORMATION

DIRECTOR	Mr R Cannon
COMPANY SECRETARY	Mrs J Cannon
REGISTERED NUMBER	05317825
REGISTERED OFFICE	Century House Nicholson Road Torquay Devon TQ2 7TD
INDEPENDENT AUDITORS	Bishop Fleming LLP Chartered Accountants & Statutory Auditors Century House Nicholson Road Torquay TQ2 7TD
BANKERS	Lloyds bank Plc PO Box 1000 BX1 1LT
SOLICITORS	Boyce Hatton 58 The Terrace Torquay Devon TQ1 1DE

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CANNON CARE HOMES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

INTRODUCTION

The group has had a successful year with the full benefit of the Check House extension. This will enable the group to maximise its potential occupancy. During the year the group continued to invest in developing the property at Thornfield to increase the number of beds by 22. Despite the difficulties faced during the construction process the project is now completed and became operational in December 2019.

BUSINESS REVIEW

During the year the company has incurred expenditure on behalf of other group companies and has recharged these to group companies.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the company and group are group trading performance and the ability of the group to continue as a going concern.

FINANCIAL KEY PERFORMANCE INDICATORS

Financial key performance indicators which the group uses to monitor performance are salary costs as a percentage of income, operating profit and EBITDA, which are standard performance measures across the industry.

OTHER KEY PERFORMANCE INDICATORS

The group monitors average monthly occupancy. The group achieved an average occupancy for the year in excess of the target set by management.

This report was approved by the board on 18/12/19

and signed on its behalf.



Mr R Cannon
Director

**DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2019**

The director presents his report and the financial statements for the year ended 31 March 2019.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Group strategic report, the Director's report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the director is required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The director is 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 the Group and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the Company and the Group 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 £1,088,404 (2018: £312,932).

Dividends declared and paid in the year amounted to £533,000 (2018: £325,000).

DIRECTOR

The director who served during the year was:

Mr R Cannon

FUTURE DEVELOPMENTS

Having completed the extensions at Silverleigh increasing capacity to 65, and at Check House increasing the capacity to 57, the group is investing in developing the property at Thornfield House.

DISCLOSURE OF INFORMATION TO AUDITORS

The director at the time when this Director's report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- he 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 and the Group's auditors are aware of that information.

CANNON CARE HOMES LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Group since the year end.

AUDITORS

The auditors, Bishop Fleming 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.

A handwritten signature in black ink, appearing to be 'R Cannon', written over a horizontal line.

**Mr R Cannon
Director**

Date: 18/12/19

Century House
Nicholson Road
Torquay
Devon
TQ2 7TD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANNON CARE HOMES LIMITED

OPINION

We have audited the financial statements of Cannon Care Homes Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2019, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Group's and of the parent Company's affairs as at 31 March 2019 and of the Group's 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.3 in the financial statements, which indicates that additional finance and cashflow management is required to settle the Group's liabilities in the next 12 months. Without the additional funding there may be significant doubt on the Group's ability to continue as a going concern. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANNON CARE HOMES LIMITED
(CONTINUED)**

OPINION 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 Group strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Director's report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Director's 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 by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Director's responsibilities statement on page 2, the director is 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 director determines 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 director is responsible for assessing the Group's and the parent 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 director either intends to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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 Auditors' 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 Auditors' report.

CANNON CARE HOMES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CANNON CARE HOMES LIMITED
(CONTINUED)**

USE OF OUR REPORT

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.

William Hanbury FCA (Senior statutory auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Century House

Nicholson Road

Torquay

TQ2 7TD

Date: 23/12/19

Bishop Fleming LLP

CANNON CARE HOMES LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	4	8,261,174	7,970,566
Cost of sales		(4,718,196)	(4,662,863)
GROSS PROFIT		3,542,978	3,307,703
Administrative expenses		(1,604,423)	(2,112,925)
OPERATING PROFIT	5	1,938,555	1,194,778
Interest receivable and similar income	9	49,183	34,420
Interest payable and expenses	10	(415,164)	(436,857)
PROFIT BEFORE TAXATION		1,572,574	792,341
Tax on profit	11	(484,170)	(479,409)
PROFIT FOR THE FINANCIAL YEAR		1,088,404	312,932
Revaluation movement		857,089	2,066,647
OTHER COMPREHENSIVE INCOME FOR THE YEAR		857,089	2,066,647
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,945,493	2,379,579
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent Company		1,088,404	312,932
		1,088,404	312,932
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent Company		1,945,493	2,379,579
		1,945,493	2,379,579

The notes on pages 15 to 35 form part of these financial statements.

CANNON CARE HOMES LIMITED
REGISTERED NUMBER:05317825

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	13	24,835,280	22,778,947
		<u>24,835,280</u>	<u>22,778,947</u>
CURRENT ASSETS			
Stocks	15	7,370	7,370
Debtors: amounts falling due within one year	16	3,247,029	2,406,730
Cash at bank and in hand	17	185,703	979,232
		<u>3,440,102</u>	<u>3,393,332</u>
Creditors: amounts falling due within one year	18	(2,771,636)	(2,080,591)
NET CURRENT ASSETS		<u>668,466</u>	<u>1,312,741</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>25,503,746</u>	<u>24,091,688</u>
Creditors: amounts falling due after more than one year	19	(14,484,851)	(14,699,865)
PROVISIONS FOR LIABILITIES			
Deferred taxation	23	(2,672,171)	(2,457,592)
		<u>(2,672,171)</u>	<u>(2,457,592)</u>
NET ASSETS EXCLUDING PENSION ASSET		<u>8,346,724</u>	<u>6,934,231</u>
NET ASSETS		<u>8,346,724</u>	<u>6,934,231</u>
CAPITAL AND RESERVES			
Called up share capital	24	1	1
Profit and loss account	25	8,346,723	6,934,230
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		<u>8,346,724</u>	<u>6,934,231</u>
		<u>8,346,724</u>	<u>6,934,231</u>

CANNON CARE HOMES LIMITED
REGISTERED NUMBER:05317825

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2019

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

A handwritten signature in black ink, appearing to be 'RC' followed by a wavy line.

Mr R Cannon
Director

Date: 18/12/19

The notes on pages 15 to 35 form part of these financial statements.

CANNON CARE HOMES LIMITED
REGISTERED NUMBER:05317825

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible assets	13	964	1,286
Investments	14	3,911,453	3,911,453
		<u>3,912,417</u>	<u>3,912,739</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	16	12,783,154	12,170,520
Cash at bank and in hand	17	65,178	845,020
		<u>12,848,332</u>	<u>13,015,540</u>
Creditors: amounts falling due within one year	18	(1,682,328)	(1,222,417)
NET CURRENT ASSETS		<u>11,166,004</u>	<u>11,793,123</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,078,421</u>	<u>15,705,862</u>
Creditors: amounts falling due after more than one year	19	(14,376,559)	(14,573,173)
PROVISIONS FOR LIABILITIES			
Deferred taxation	23	(164)	(198)
		<u>(164)</u>	<u>(198)</u>
NET ASSETS		<u>701,698</u>	<u>1,132,491</u>
CAPITAL AND RESERVES			
Called up share capital	24	1	1
Profit and loss account brought forward		1,132,490	395,462
Profit for the year		102,207	1,062,028
Other changes in the profit and loss account		(533,000)	(325,000)
		<u>701,697</u>	<u>1,132,490</u>
Profit and loss account carried forward		<u>701,698</u>	<u>1,132,491</u>

CANNON CARE HOMES LIMITED
REGISTERED NUMBER:05317825

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2019

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

A handwritten signature in black ink, appearing to be 'R Cannon', with a long horizontal flourish extending to the right.

Mr R Cannon
Director

Date: 18/12/19

The notes on pages 15 to 35 form part of these financial statements.

CANNON CARE HOMES LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	1	4,879,651	4,879,652
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	312,932	312,932
Group relief	-	2,066,647	2,066,647
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	2,379,579	2,379,579
Dividends: Equity capital	-	(325,000)	(325,000)
TOTAL TRANSACTIONS WITH OWNERS	-	(325,000)	(325,000)
At 1 April 2018	1	6,934,230	6,934,231
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	1,088,404	1,088,404
Revaluation of fixed assets	-	857,089	857,089
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	1,945,493	1,945,493
Dividends: Equity capital	-	(533,000)	(533,000)
TOTAL TRANSACTIONS WITH OWNERS	-	(533,000)	(533,000)
AT 31 MARCH 2019	1	8,346,723	8,346,724

The notes on pages 15 to 35 form part of these financial statements.

CANNON CARE HOMES LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	1	395,462	395,463
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	1,062,028	1,062,028
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS			
Dividends: Equity capital	-	(325,000)	(325,000)
At 1 April 2018	1	1,132,490	1,132,491
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	102,207	102,207
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS			
Dividends: Equity capital	-	(533,000)	(533,000)
AT 31 MARCH 2019	1	701,697	701,698

The notes on pages 15 to 35 form part of these financial statements.

CANNON CARE HOMES LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 £	2018 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1,088,404	312,932
ADJUSTMENTS FOR:		
Depreciation of tangible assets	234,467	219,627
Loss on disposal of tangible assets	-	(16,580)
Interest paid	415,163	436,859
Interest received	(49,183)	(34,420)
Taxation charge	484,170	479,409
Decrease/(increase) in stocks	-	(1,120)
(Increase) in debtors	(840,299)	(822,806)
Increase in creditors	95,469	1,831
Corporation tax (paid)	(174,324)	(164,692)
NET CASH GENERATED FROM OPERATING ACTIVITIES	1,253,867	411,040
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(1,433,711)	(224,709)
Sale of tangible fixed assets	-	70,499
Interest received	49,183	34,420
HP interest paid	(13,510)	(20,349)
NET CASH FROM INVESTING ACTIVITIES	(1,398,038)	(140,139)
CASH FLOWS FROM FINANCING ACTIVITIES		
New secured loans	304,688	996,690
Repayment of/new finance leases	(19,393)	(20,382)
Dividends paid	(533,000)	(325,000)
Interest paid	(401,653)	(416,508)
NET CASH USED IN FINANCING ACTIVITIES	(649,358)	234,800
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(793,529)	505,701
Cash and cash equivalents at beginning of year	979,232	473,531
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	185,703	979,232
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	185,703	979,232
	185,703	979,232

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. GENERAL INFORMATION

Cannon Care Homes Limited is a private company, limited by shares and registered in the UK. The registered number is 05317825, the address of the registered office is Century House, Nicholson Road, Torquay, TQ2 7TD. The principal activity of the company for the year continued to be that of a holding company.

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 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 Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2015.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The company achieved a profit after tax of £102,207 during the year ended 31 March 2019, and at that date the company had net assets of £701,698.

The group achieved a profit after tax of £1,088,404 (2018: £312,932) for the year to 31 March 2019. As at 31 March 2019 the group had net current assets of £668,466 (2018: £1,312,741), total assets exceeded total liabilities by £8,364,724 (2018: £6,934,231).

In January 2018 the group refinanced with Triodos Bank NV. There is a cross guarantee agreement between all members of the Cannon Care Homes group for the amount of the bank loan. At the year end the loan balance was £15,476,378 with a further £505,631 to be drawn down relating to the Thornfield project.

The group has agreed heads of terms for £1,120,000 of additional financing due to be received in January 2020 in order to repay £382,000 of other loans, with the balance being made available for working capital requirements. Without the additional funding there will be significant cashflow uncertainty.

Financial projections have been prepared which show strong trading performance for the Group. In 2020 the projected financial performance continues to improve as the additional new rooms in Thornfield become occupied. However, cashflow needs to continue to be monitored and carefully managed during the next 12 months.

The director confirms the Triodos loan covenants are expected to be met during 2020. He does not expect to have any significant cash outflows during the next 12 months which are not included in the forecasts.

With the additional loan, compliance with the covenants, and based on the financial forecasts, the Group can meet its obligations as they fall due over the next 12 months.

On the basis of the continued support of the bank, the company is considered to be a going concern for the foreseeable future, and therefore the accounts have been prepared on the going concern basis.

2.4 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

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 Group 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. ACCOUNTING POLICIES (continued)

2.5 OPERATING LEASES: THE GROUP AS LESSEE

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income 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.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 INTEREST INCOME

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.7 FINANCE COSTS

Finance costs are charged to the Consolidated statement of comprehensive income 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.

2.8 BORROWING COSTS

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.9 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

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

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. ACCOUNTING POLICIES (continued)

2.10 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

2.11 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.

Depreciation is not provided on freehold buildings as the director is of the opinion that the residual values of such properties are not less than cost or valuation, and therefore any depreciation would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. ACCOUNTING POLICIES (continued)

2.11 TANGIBLE FIXED ASSETS (CONTINUED)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	- 25% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance
Office equipment	- 25% reducing balance
Other fixed assets	-

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 the Consolidated statement of comprehensive income.

2.12 REVALUATION OF TANGIBLE FIXED ASSETS

Individual freehold and leasehold 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 Statement of financial position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated statement of 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.

2.13 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.14 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. ACCOUNTING POLICIES (continued)

2.15 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.

2.16 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 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.

2.18 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group 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 the Consolidated statement of comprehensive income in the year that the Group 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.

2.19 FINANCIAL INSTRUMENTS

The Group 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 non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Consolidated statement of comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. ACCOUNTING POLICIES (continued)

2.19 FINANCIAL INSTRUMENTS (CONTINUED)

2.20 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.

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates. The following judgments have had the most significant effect on amounts recognised in the financial statements.

Classification of leases:

The Company obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease required the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

Valuation of properties:

The Group carries its freehold property at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuations specialists to determine fair value at 4 October 2017. The valuer used the profits method of valuation as they consider the market norm is to assess this type of asset for sale purposes by reference to its trading characteristics and profitability.

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Fee income	8,261,174	7,970,566
	<u>8,261,174</u>	<u>7,970,566</u>

All turnover arose within the United Kingdom.

CANNON CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

5. OPERATING PROFIT

The operating profit is stated after charging:

	2019 £	2018 £
Other operating lease rentals	<u>12,912</u>	<u>10,224</u>

6. AUDITORS' REMUNERATION

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>20,000</u>	<u>20,000</u>

**FEES PAYABLE TO THE GROUP'S AUDITOR AND ITS ASSOCIATES IN
RESPECT OF:**

All other services	<u>84,553</u>	124,372
	<u>84,553</u>	<u>124,372</u>

CANNON CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

7. EMPLOYEES

Staff costs, including director's remuneration, were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	4,242,514	4,068,334	230,616	150,489
Social security costs	225,475	245,842	-	-
Cost of defined contribution scheme	49,871	23,095	-	-
	<u>4,517,860</u>	<u>4,337,271</u>	<u>230,616</u>	<u>150,489</u>

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

	2019 No.	2018 No.
Director	1	1
Employees	238	249
	<u>239</u>	<u>250</u>

8. DIRECTOR'S REMUNERATION

	2019 £	2018 £
Director's emoluments	61,856	59,548
	<u>61,856</u>	<u>59,548</u>

9. INTEREST RECEIVABLE

	2019 £	2018 £
Other interest receivable	49,183	34,420
	<u>49,183</u>	<u>34,420</u>

CANNON CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank interest payable	401,246	416,131
Other loan interest payable	-	154
Finance leases and hire purchase contracts	13,510	20,349
Other interest payable	408	223
	<u>415,164</u>	<u>436,857</u>

11. TAXATION

	2019 £	2018 £
CORPORATION TAX		
Current tax on profits for the year	268,999	174,847
Adjustments in respect of previous periods	591	(319)
	<u>269,590</u>	<u>174,528</u>
TOTAL CURRENT TAX	<u>269,590</u>	<u>174,528</u>
DEFERRED TAX		
Origination and reversal of timing differences	214,580	304,881
TOTAL DEFERRED TAX	<u>214,580</u>	<u>304,881</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>484,170</u>	<u>479,409</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**
11. TAXATION (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>1,572,574</u>	<u>792,341</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	298,789	150,545
EFFECTS OF:		
Fixed asset timing differences	4,534	4,680
Expenses not deductible for tax purposes	295	18,589
Adjustments to tax charge in respect of prior periods	636	(321)
Capital gains	198,997	342,085
Effect of change in tax rates on deferred tax balances	(19,081)	(36,169)
TOTAL TAX CHARGE FOR THE YEAR	<u><u>484,170</u></u>	<u><u>479,409</u></u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

At the balance sheet date legislation has been substantially enacted which reduced the main rate of corporation tax from 20% to 19% from, 1 April 2017 and to 17% from 1 April 2020. This reduction has been reflected in the calculation of the companies deferred tax assets and liabilities.

12. DIVIDENDS

	2019 £	2018 £
Dividends paid	<u>533,000</u>	<u>325,000</u>
	<u><u>533,000</u></u>	<u><u>325,000</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. TANGIBLE FIXED ASSETS**Group**

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Assets under constructio n £
COST OR VALUATION						
At 1 April 2018	22,085,579	122,835	245,405	1,524,358	22,804	-
Additions	125,970	40,458	-	97,504	1,625	1,168,154
Revaluations	857,089	-	-	-	-	-
At 31 March 2019	<u>23,068,638</u>	<u>163,293</u>	<u>245,405</u>	<u>1,621,862</u>	<u>24,429</u>	<u>1,168,154</u>
DEPRECIATION						
At 1 April 2018	-	79,080	98,382	1,024,468	20,104	-
Charge for the year on owned assets	-	8,934	815	131,640	1,083	-
Charge for the year on financed assets	-	4,751	60,263	26,981	-	-
At 31 March 2019	<u>-</u>	<u>92,765</u>	<u>159,460</u>	<u>1,183,089</u>	<u>21,187</u>	<u>-</u>
NET BOOK VALUE						
At 31 March 2019	<u>23,068,638</u>	<u>70,528</u>	<u>85,945</u>	<u>438,773</u>	<u>3,242</u>	<u>1,168,154</u>
At 31 March 2018	<u>22,085,579</u>	<u>43,755</u>	<u>147,023</u>	<u>499,890</u>	<u>2,700</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. TANGIBLE FIXED ASSETS (CONTINUED)

	Total £
COST OR VALUATION	
At 1 April 2018	24,000,981
Additions	1,433,711
Revaluations	857,089
At 31 March 2019	<u>26,291,781</u>
DEPRECIATION	
At 1 April 2018	1,222,034
Charge for the year on owned assets	142,472
Charge for the year on financed assets	91,995
At 31 March 2019	<u>1,456,501</u>
NET BOOK VALUE	
At 31 March 2019	<u>24,835,280</u>
At 31 March 2018	<u>22,778,947</u>

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

	2019 £	2018 £
Freehold	23,068,638	22,085,579
	<u>23,068,638</u>	<u>22,085,579</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2019 £	2018 £
Plant and machinery	39,168	-
Motor vehicles	103,841	143,764
Furniture, fittings and equipment	60,821	57,941
	<u>203,830</u>	<u>201,705</u>

CANNON CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Office equipment £
COST OR VALUATION	
At 1 April 2018	16,674
At 31 March 2019	<u>16,674</u>
DEPRECIATION	
At 1 April 2018	15,388
Charge for the year on owned assets	322
At 31 March 2019	<u>15,710</u>
NET BOOK VALUE	
At 31 March 2019	<u>964</u>
At 31 March 2018	<u>1,286</u>

14. FIXED ASSET INVESTMENTS

Company

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 April 2018	3,911,453
At 31 March 2019	<u>3,911,453</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

14. FIXED ASSET INVESTMENTS (CONTINUED)**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Cannon Care Homes 4 Limited	Ordinary £1	100%
Thornfield Care Limited	Ordinary £1	100%
Silverleigh Limited	Ordinary £1	100%

The aggregate of the share capital and reserves as at 31 March 2019 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(Loss) £
Cannon Care Homes 4 Limited	160,768	-
Thornfield Care Limited	2,087,045	173,099
The Check House Limited	6,063,680	286,470

15. STOCKS

	Group 2019 £	Group 2018 £
Finished goods and goods for resale	7,370	7,370
	7,370	7,370

16. DEBTORS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	88,947	81,554	-	-
Amounts owed by group undertakings	-	-	9,670,429	9,886,966
Other debtors	3,116,895	2,287,719	3,112,725	2,283,549
Prepayments and accrued income	41,187	37,456	-	-
	3,247,029	2,406,729	12,783,154	12,170,515

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

17. CASH AND CASH EQUIVALENTS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	185,703	979,232	65,178	845,020
	185,703	979,232	65,178	845,020

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	1,099,819	598,521	1,099,819	598,521
Trade creditors	170,384	108,978	-	-
Amounts owed to group undertakings	297,107	297,107	297,107	297,107
Corporation tax	415,249	319,983	178,715	179,493
Other taxation and social security	76,629	96,540	5,434	5,540
Obligations under finance lease and hire purchase contracts	70,476	71,465	-	-
Other creditors	16,843	20,051	4,092	9,825
Accruals and deferred income	625,129	567,946	97,161	131,930
	2,771,636	2,080,591	1,682,328	1,222,416

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	14,376,559	14,573,170	14,376,559	14,573,169
Net obligations under finance leases and hire purchase contracts	108,292	126,695	-	-
	14,484,851	14,699,865	14,376,559	14,573,169

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

20. LOANS

Loans are secured against the assets of the group.

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Bank loans	1,099,819	598,521	1,099,819	598,521
	1,099,819	598,521	1,099,819	598,521
AMOUNTS FALLING DUE 2-5 YEARS				
Bank loans	2,884,030	2,549,351	2,884,030	2,549,351
	2,884,030	2,549,351	2,884,030	2,549,351
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS				
Bank loans	11,492,529	12,023,818	11,492,529	12,023,818
	15,476,378	15,171,690	15,476,378	15,171,690

21. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2019 £	Group 2018 £
Within one year	82,376	83,767
Between 1-5 years	112,117	136,561
	194,493	220,328

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

22. FINANCIAL INSTRUMENTS

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
FINANCIAL ASSETS				
Financial assets measured at fair value through profit or loss	185,703	979,232	65,178	845,020
Financial assets that are debt instruments measured at amortised cost	3,205,841	2,369,273	12,783,153	12,170,515
	<u>3,391,544</u>	<u>3,348,505</u>	<u>12,848,331</u>	<u>13,015,535</u>
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(16,174,396)	(15,745,850)	(15,874,306)	(15,610,335)

Financial assets measured at fair value through profit or loss comprise cash at bank.

Financial assets measured at amortised cost comprise trade debtors, other debtors and intercompany balances.

Financial liabilities measured at amortised cost comprise trade and other creditors and bank loans.

23. DEFERRED TAXATION

Group

	2019 £
At beginning of year	(2,457,591)
Charged to profit or loss	(214,580)
AT END OF YEAR	<u>(2,672,171)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

23. DEFERRED TAXATION (CONTINUED)**Company**

	2019 £
At beginning of year	(198)
Charged to profit or loss	34
AT END OF YEAR	(164)

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Accelerated capital allowances	(183,483)	(145,877)	(164)	(198)
Short term timing differences	1,907	-	-	-
Capital gains	(2,490,595)	(2,311,714)	-	-
	(2,672,171)	(2,457,591)	(164)	(198)

24. SHARE CAPITAL

	2019 £	2018 £
ALLOTTED, CALLED UP AND PARTLY PAID		
1 (2018: 1) Ordinary share of £1.00	1	1

25. RESERVES**Profit and loss account**

The company profit and loss reserve is represented by £1,234,697 relating to distributable profits.

26. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension contributions payable by the Group to the fund amounted to £49,872. Contributions totalling £8,485 were payable to the fund at the reporting date.

CANNON CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

27. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £
Not later than 1 year	7,664	11,023
Later than 1 year and not later than 5 years	715	4,331
	<u>8,379</u>	<u>15,354</u>

28. TRANSACTIONS WITH DIRECTORS

At the year end, Mr R Cannon owed £2,733,170 (2018: £1,906,350) to the company via his director's loan account. Interest is charged on this balance at 2.5% and there is no fixed date for repayment.

29. RELATED PARTY TRANSACTIONS

During the year Cannon Care Homes Limited paid £533,000 (2018: £325,000) in dividends to Mr R Cannon, the director of the company.

During the year J Cannon, spouse of the director, was employed by the Group. Remuneration in the range of £60,000-£65,000 was paid through payroll in the year.

Newton Drinks Limited, a company under common control, had net transactions during the year of £35,830. A provision has been made against the balance and therefore included in debtors at the year end is £Nil (2018: £Nil).

The consolidated financial statements of Cannon Care Homes Limited have taken advantage of the exemption in Financial Reporting Standard 102 Section 33 "Related party disclosures" in not disclosing intra group transactions where 100% of the voting rights are controlled within the group.

30. CONTROLLING PARTY

The company is under the control of Mr R Cannon.