

CANNON CARE HOMES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

CANNON CARE HOMES LIMITED

COMPANY INFORMATION

DIRECTOR	Mr R Cannon
REGISTERED NUMBER	05317825
REGISTERED OFFICE	Century House Nicholson Road Torquay Devon TQ2 7TD
INDEPENDENT AUDITORS	Albert Goodman LLP Chartered Accountants & Statutory Auditors 3 Filers Way Weston Gateway Business Park Weston-super-Mare BS24 7JP
ACCOUNTANTS	Bishop Fleming LLP 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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**GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

INTRODUCTION

The director presents his strategic report for 18 month period ended 30 September 2020 (prior financial year 12 month to 31 March 2019).

BUSINESS REVIEW

The group has had a successful 18-month period, benefitting from the extensions completed at the care homes within the last few years. These extensions provide additional occupancy to support the local community and surrounding areas. The care homes locked down in late February 2020 as the extent of the COVID 19 pandemic started to become clear. The Group reacted quickly putting in place measures to mitigate the risks and difficulties posed by the virus. These measures meant the Group incurred additional costs such as PPE, barrier entry systems, staffing and generally ensuring the homes provided as much protection as possible for the residents, staff, and families. The financial impact has been mitigated by the receipt of additional COVID related funding.

PRINCIPAL RISKS AND UNCERTAINTIES

Exposure to liquidity and cashflow risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The group aims to mitigate this by the managing of cash generation by its operations.

Cash flow risk is the risk to variability that is attributable to a particular risk associated with the recognised asset or liability. The group manages this risk by maintaining a rolling cash flow forecast to ensure it has sufficient working capital to operate efficiently.

Regulation and compliance risk

The group faces risks from noncompliance with key regulation and compliance required within the care home sector. The group aims to mitigate this risk by maintaining compliance with all key regulations, and regularly monitoring these throughout the period.

COVID-19

The director has considered the ongoing impact of the COVID-19 pandemic, and what implications this could have upon the ongoing operations of the company and its subsidiaries. Whilst there have been a number of operational challenges caused to the care homes by the pandemic, the business has continued to trade well, and the financial impact has been limited. There are ongoing risks that the Group are monitoring, alongside uncertainty and volatility in the marketplace.

The Director is continuing to monitor developments in a rapidly changing business environment and will endeavour to take steps as are required to ensure the Group is able to continue to function for the foreseeable future.

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

FINANCIAL KEY PERFORMANCE INDICATORS

The group's key financial and other performance indicators during the period were as follows:

	2020	2019
	£'000	£'000
Turnover	13,839	8,261
Operating profit	3,549	1,939
Profit after tax	1,524	1,088
Shareholders' funds	10,211	8,347
Average number of employees	235	239

Further key financial performance indicator which the group uses to monitor performance are salary costs as a percentage of income, and EBITDA.

OTHER KEY PERFORMANCE INDICATORS

The group monitors average monthly occupancy. The group achieved an average occupancy for the year in line with previous periods and management expectation.

This report was approved by the board on 25 August 2021 and signed on its behalf.

Mr R Cannon
Director

**DIRECTOR'S REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

The director presents his report and the financial statements for the period ended 30 September 2020.

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 period, after taxation, amounted to £1,523,838 (2019: £1,088,404).

Dividends declared and paid in the period amounted to £2,258,000 (2019: £533,000).

DIRECTOR

The director who served during the period was:

Mr R Cannon

FUTURE DEVELOPMENTS

Having now completed the extensions at the care homes, the group intends to continue its business strategy providing a high standard of care to its tenants and maximising occupancy in each home.

FINANCIAL RISK MANAGEMENT

The principal financial risk faced by the company is liquidity risk. However, the company is trading profitably and maintains a positive cash balance. In addition, regular cash flow forecasts are prepared which take into account the predictable operational revenue and cost streams.

ENGAGEMENT WITH EMPLOYEES

The Director reviews with management on an annual basis the remuneration and terms of employment of the groups employees. The Director is committed to equal treatment and the elimination of discrimination in employment. This applies to all stages of employment, including recruitment, selection, learning and training, pay and working relationships.

**DIRECTOR'S REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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.

POST BALANCE SHEET EVENTS

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

AUDITORS

The auditors, Albert Goodman LLP, have been appointed to complete the audit of the period ended 30 September 2020 in accordance with section 485 of the Companies Act 2006.

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

Mr R Cannon
Director

Date: 25 August 2021

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 period ended 30 September 2020, 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 30 September 2020 and of the Group's profit for the period 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.

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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent 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 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.

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

We have nothing to report in this regard.

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 period 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 3, 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.

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.

Christopher Walford (Senior statutory auditor)

for and on behalf of

Albert Goodman LLP

Chartered Accountants

Statutory Auditors

3 Filers Way

Weston Gateway Business Park

Weston-super-Mare

BS24 7JP

26 August 2021

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Note	2020 £	2019 £
Turnover	4	13,839,369	8,261,174
Cost of sales		(8,249,439)	(4,718,196)
GROSS PROFIT		5,589,930	3,542,978
Administrative expenses		(2,398,220)	(1,604,423)
Other operating income	5	357,509	-
OPERATING PROFIT	6	3,549,219	1,938,555
Interest receivable and similar income	10	105,459	49,183
Interest payable and expenses	11	(775,350)	(415,164)
PROFIT BEFORE TAXATION		2,879,328	1,572,574
Tax on profit	12	(1,355,490)	(484,170)
PROFIT FOR THE FINANCIAL PERIOD		1,523,838	1,088,404
Revaluation movement		2,598,572	857,089
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		2,598,572	857,089
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		4,122,410	1,945,493
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the parent Company		1,523,838	1,088,404
		1,523,838	1,088,404

The notes on pages 16 to 37 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	14	28,561,530	24,835,280
		<u>28,561,530</u>	<u>24,835,280</u>
CURRENT ASSETS			
Stocks	16	7,370	7,370
Debtors: amounts falling due within one year	17	3,187,534	3,247,029
Cash at bank and in hand	18	966,865	185,703
		<u>4,161,769</u>	<u>3,440,102</u>
Creditors: amounts falling due within one year	19	(2,229,800)	(2,771,636)
		<u>1,931,969</u>	<u>668,466</u>
NET CURRENT ASSETS			
		<u>30,493,499</u>	<u>25,503,746</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	20	(16,742,956)	(14,484,851)
PROVISIONS FOR LIABILITIES			
Deferred taxation	23	(3,539,409)	(2,672,171)
		<u>(3,539,409)</u>	<u>(2,672,171)</u>
NET ASSETS			
		<u>10,211,134</u>	<u>8,346,724</u>
CAPITAL AND RESERVES			
Called up share capital	24	1	1
Profit and loss account	25	10,211,133	8,346,723
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY			
		<u>10,211,134</u>	<u>8,346,724</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2020

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

Mr R Cannon

Director

Date: 25 August 2021

The notes on pages 16 to 37 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	14	723	964
Investments	15	3,911,453	3,911,453
		<u>3,912,176</u>	<u>3,912,417</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	17	14,092,125	12,783,154
Cash at bank and in hand	18	800,873	65,178
		<u>14,892,998</u>	<u>12,848,332</u>
Creditors: amounts falling due within one year	19	(821,647)	(1,682,328)
NET CURRENT ASSETS		<u>14,071,351</u>	<u>11,166,004</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,983,527</u>	<u>15,078,421</u>
Creditors: amounts falling due after more than one year	20	(16,533,652)	(14,376,559)
PROVISIONS FOR LIABILITIES			
Deferred taxation	23	(137)	(164)
		<u>(137)</u>	<u>(164)</u>
NET ASSETS		<u>1,449,738</u>	<u>701,698</u>
CAPITAL AND RESERVES			
Called up share capital	24	1	1
Profit and loss account brought forward		701,697	1,132,490
Profit for the period		3,006,040	102,207
Other changes in the profit and loss account		(2,258,000)	(533,000)
		<u>1,449,737</u>	<u>701,697</u>
Profit and loss account carried forward		<u>1,449,738</u>	<u>701,698</u>

CANNON CARE HOMES LIMITED
REGISTERED NUMBER:05317825

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2020

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

Mr R Cannon
Director

Date: 25 August 2021

The notes on pages 16 to 37 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
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
Group relief	-	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 1 October 2019	1	8,346,723	8,346,724
COMPREHENSIVE INCOME FOR THE PERIOD			
Profit for the period	-	1,523,838	1,523,838
Revaluation of fixed assets	-	2,598,572	2,598,572
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	4,122,410	4,122,410
Dividends: Equity capital	-	(2,258,000)	(2,258,000)
TOTAL TRANSACTIONS WITH OWNERS	-	(2,258,000)	(2,258,000)
AT 30 SEPTEMBER 2020	1	10,211,133	10,211,134

The notes on pages 16 to 37 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
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 1 October 2019	1	701,697	701,698
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the period	-	3,006,040	3,006,040
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS			
Dividends: Equity capital	-	(2,258,000)	(2,258,000)
AT 30 SEPTEMBER 2020	1	1,449,737	1,449,738

The notes on pages 16 to 37 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES		
<-- Enter row heading -->	1,523,838	1,088,404
ADJUSTMENTS FOR:		
Depreciation of tangible assets	391,225	234,467
Loss on disposal of tangible assets	3,827	-
Interest paid	775,350	415,164
Interest received	(105,459)	(49,183)
Taxation charge	1,355,490	484,170
Decrease/(increase) in debtors	59,494	(840,299)
Increase in creditors	225,568	95,469
Corporation tax (paid)	(516,182)	(174,324)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>3,713,151</u>	<u>1,253,868</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(1,565,727)	(1,433,711)
Sale of tangible fixed assets	42,998	-
Interest received	105,459	49,183
HP interest paid	(29,877)	(13,510)
NET CASH FROM INVESTING ACTIVITIES	<u>(1,447,147)</u>	<u>(1,398,038)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of/new secured loans	1,402,070	304,688
Repayment of/new finance leases	116,561	(19,393)
Dividends paid	(2,258,000)	(533,000)
Interest paid	(745,473)	(401,654)
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,484,842)</u>	<u>(649,359)</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>781,162</u>	<u>(793,529)</u>
Cash and cash equivalents at beginning of period	185,703	979,232
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u><u>966,865</u></u>	<u><u>185,703</u></u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD COMPRISE:		
Cash at bank and in hand	966,865	185,703
	<u><u>966,865</u></u>	<u><u>185,703</u></u>

The notes on pages 16 to 37 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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 period 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 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (continued)

2.3 GOING CONCERN

The company achieved a profit after tax of £3,006,040 (2019: £102,207) during the period ended 30 September 2020, and at that date the company had net assets of £1,449,738.

The group achieved a profit after tax of £1,523,839 (2019: £1,088,404) for the 18 month period to 30 September 2020. As at 30 September 2020 the group had net current assets of £1,931,970 (2019: £668,466), and total assets exceeded total liabilities by £10,211,135 (2019: £8,364,724).

At the year end, the Group had loan borrowings of £16,878,448, of which £344,795 is due as payable within 12 months of the year end. The director confirms the loan covenants are expected to be met during the next 12 months.

Financial projections have been prepared which show strong trading performance for the Group. 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 does not expect to have any significant cash outflows during the next 12 months which are not included in the forecasts.

The director has also considered the ongoing impact of the COVID-19 pandemic, and what implications this could have upon the ongoing operations of the Group and its subsidiaries. There

are ongoing risks that the Group are monitoring, alongside uncertainty and volatility in the marketplace, but the director expects no significant impact on trade. The director is continuing to monitor developments in a rapidly changing business environment and will endeavour to take steps as are required to ensure the Group is able to continue to function for the foreseeable future.

Based on financial forecasts that have been prepared 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 PERIOD ENDED 30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (continued)

2.5 OPERATING LEASES: THE GROUP AS LESSEE

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.

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 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 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 Consolidated statement of comprehensive income in the same period as the related expenditure.

2.7 INTEREST INCOME

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

2.8 FINANCE COSTS

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

2.9 BORROWING COSTS

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

2.10 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 profit or loss 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 PERIOD ENDED 30 SEPTEMBER 2020**

2. ACCOUNTING POLICIES (continued)

2.11 CURRENT AND DEFERRED TAXATION

The tax expense for the period 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 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.

2.12 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.

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

2. ACCOUNTING POLICIES (continued)

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

2.14 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.

2.15 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.

2.16 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.

2.17 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

2. ACCOUNTING POLICIES (continued)

2.18 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.

2.19 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 profit or loss 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.

2.20 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 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 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 Consolidated statement of comprehensive income.

2.21 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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 period. 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 Group obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease required the Group 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 valuation specialists to determine fair value at 4 October 2017 (Silverleigh & Check House) and 31 March 2020 (Thornfield Care). 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.

Fixed asset investments

Fixed Asset investments represent the Company's shareholding in its subsidiary entities, as detailed on note 15 of the financial statements. Investments are reviewed for indication of impairment at each statement of financial position date. Where such an indication exists, the directors undertake a formal impairment review and if considered necessary, an impairment loss is recognised in the statement of comprehensive income.

COVID 19:

The director has considered the impact of COVID-19 pandemic. As the operator of care homes, the pandemic has the potential to have significant impact on the ongoing operations of the Group. An enforced period of extended closure as a result of the pandemic could result in impairment in the carrying

value of the Group's assets and on its ongoing ability to generate ongoing economic benefit. The director has taken steps to safeguard the welfare of the residents in its homes and thereby to mitigate the risk that COVID-19 represents. To date, the Group's approach has meant that it has not been significantly affected by the pandemic and as such do not consider there to be any impact on the operations of the group nor the carrying value of its assets.

4. TURNOVER

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

	2020 £	2019 £
Fee income	13,839,369	8,261,174
	<u>13,839,369</u>	<u>8,261,174</u>

All turnover arose within the United Kingdom.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

5. OTHER OPERATING INCOME

	2020 £	2019 £
Other operating income	357,509	-
	<u>357,509</u>	<u>-</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	2020 £	2019 £
Other operating lease rentals	18,333	12,912
	<u>18,333</u>	<u>12,912</u>

7. AUDITORS' REMUNERATION

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	22,500	20,000
	<u>22,500</u>	<u>20,000</u>

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

All other services	-	84,553
	<u>-</u>	<u>84,553</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

8. EMPLOYEES

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

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	7,137,656	4,242,514	351,469	230,616
Social security costs	401,732	225,475	-	-
Cost of defined contribution scheme	121,201	49,871	-	-
	<u>7,660,589</u>	<u>4,517,860</u>	<u>351,469</u>	<u>230,616</u>

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Director	1	1	1	1
Employees	234	238	-	-
	<u>235</u>	<u>239</u>	<u>1</u>	<u>1</u>

9. DIRECTOR'S REMUNERATION

	2020 £	2019 £
Director's emoluments	55,718	61,856
	<u>55,718</u>	<u>61,856</u>

10. INTEREST RECEIVABLE

	2020 £	2019 £
Other interest receivable	105,459	49,183
	<u>105,459</u>	<u>49,183</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

11. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020 £	2019 £
Bank interest payable	742,390	401,246
Finance leases and hire purchase contracts	29,877	13,510
Other interest payable	3,083	408
	<u>775,350</u>	<u>415,164</u>

12. TAXATION

	2020 £	2019 £
CORPORATION TAX		
Current tax on profits for the year	486,200	268,999
Adjustments in respect of previous periods	2,052	591
	<u>488,252</u>	<u>269,590</u>
TOTAL CURRENT TAX	<u>488,252</u>	<u>269,590</u>
DEFERRED TAX		
Origination and reversal of timing differences	867,238	214,580
TOTAL DEFERRED TAX	<u>867,238</u>	<u>214,580</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>1,355,490</u>	<u>484,170</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE PERIOD/YEAR

The tax assessed for the period/year is higher than (2019: higher 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>2,879,328</u>	<u>1,572,574</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	547,104	298,789
EFFECTS OF:		
Fixed asset timing differences	3,310	4,534
Expenses not deductible for tax purposes	1,881	295
Adjustments to tax charge in respect of prior periods	217	636
Capital gains	487,388	198,997
Effect of change in tax rates on deferred tax balances	315,590	(19,081)
TOTAL TAX CHARGE FOR THE PERIOD/YEAR	<u>1,355,490</u>	<u>484,170</u>

13. DIVIDENDS

	2020	2019
	£	£
Dividends paid	2,258,000	533,000
	<u>2,258,000</u>	<u>533,000</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

14. TANGIBLE FIXED ASSETS

Group

	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Assets under construction £
COST OR VALUATION						
At 1 October 2019	23,068,638	163,293	245,405	1,621,863	24,429	1,168,154
Additions	3,520	-	110,503	333,201	-	1,118,503
Disposals	-	-	(112,379)	-	-	-
Transfers between classes	2,286,657	-	-	-	-	(2,286,657)
Revaluations	2,598,572	-	-	-	-	-
At 30 September 2020	27,957,387	163,293	243,529	1,955,064	24,429	-
DEPRECIATION						
At 1 October 2019	-	92,765	159,460	1,183,089	21,187	-
Charge for the period on owned assets	-	10,227	917	203,287	810	-
Charge for the period on financed assets	-	10,727	59,658	105,599	-	-
Disposals	-	-	(65,554)	-	-	-
At 30 September 2020	-	113,719	154,481	1,491,975	21,997	-
NET BOOK VALUE						
At 30 September 2020	27,957,387	49,574	89,048	463,089	2,432	-
At 30 September 2019	23,068,638	70,528	85,945	438,774	3,242	1,168,154

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

14. TANGIBLE FIXED ASSETS (CONTINUED)

	Total £
COST OR VALUATION	
At 1 October 2019	26,291,782
Additions	1,565,727
Disposals	(112,379)
Transfers between classes	-
Revaluations	2,598,572
	<hr/>
At 30 September 2020	30,343,702
	<hr/>
DEPRECIATION	
At 1 October 2019	1,456,501
Charge for the period on owned assets	215,241
Charge for the period on financed assets	175,984
Disposals	(65,554)
	<hr/>
At 30 September 2020	1,782,172
	<hr/>
NET BOOK VALUE	
At 30 September 2020	28,561,530
	<hr/>
At 30 September 2019	24,835,281
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

14. TANGIBLE FIXED ASSETS (CONTINUED)

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

	2020 £	2019 £
Plant and machinery	28,556	39,168
Motor vehicles	102,776	103,841
Furniture, fittings and equipment	168,813	60,821
	<u>300,145</u>	<u>203,830</u>

Cost or valuation at 30 September 2020 is as follows:

	Land and buildings £
AT COST	9,004,267
AT VALUATION:	
Revaluations on an open market existing use basis	<u>18,953,120</u>
	<u>27,957,387</u>

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

	2020 £	2019 £
GROUP		
Cost	9,004,867	9,004,267
NET BOOK VALUE	<u>9,004,867</u>	<u>9,004,267</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

14. TANGIBLE FIXED ASSETS (CONTINUED)

Company

	Office equipment £
COST OR VALUATION	
At 1 October 2019	16,674
	<hr/>
At 30 September 2020	16,674
	<hr/>
DEPRECIATION	
At 1 October 2019	15,710
Charge for the period on owned assets	241
	<hr/>
At 30 September 2020	15,951
	<hr/>
NET BOOK VALUE	
At 30 September 2020	723
	<hr/> <hr/>
At 30 September 2019	964
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

15. FIXED ASSET INVESTMENTS

Company

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 October 2019	3,911,453
At 30 September 2020	<u>3,911,453</u>

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

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

Cannon Care Homes 4 Limited holds 100% of the ordinary shares of Silverleigh Limited. The registered office of Cannon Care Homes 4 Limited, Thornfield Care Limited, The Check House Limited and Silverleigh Limited is Century House, Nicholson Road, Torquay, TQ2 7TD.

The aggregate of the share capital and reserves as at 30 September 2020 and the profit or loss for the period 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	1,858,000
Thornfield Care Limited	4,358,845	(199,458)
The Check House Limited	5,931,885	868,205
Silverleigh Limited	8,102,460	707,053

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

16. STOCKS

	Group 2020 £	Group 2019 £
Finished goods and goods for resale	7,370	7,370
	<u>7,370</u>	<u>7,370</u>

17. DEBTORS

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	256,267	88,947	-	-
Amounts owed by group undertakings	-	-	11,180,220	9,670,429
Other debtors	2,917,200	3,116,895	2,911,905	3,112,725
Prepayments and accrued income	14,067	41,187	-	-
	<u>3,187,534</u>	<u>3,247,029</u>	<u>14,092,125</u>	<u>12,783,154</u>

18. CASH AND CASH EQUIVALENTS

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	966,865	185,703	800,873	65,178
	<u>966,865</u>	<u>185,703</u>	<u>800,873</u>	<u>65,178</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	Group	Company	Company
	2020	2019	2020	2019
	£	£	£	£
Bank loans	344,795	1,099,819	344,795	1,099,819
Trade creditors	229,053	170,384	-	-
Amounts owed to group undertakings	297,107	297,107	297,107	297,107
Corporation tax	387,319	415,249	96,817	178,715
Other taxation and social security	103,308	76,629	6,304	5,434
Obligations under finance lease and hire purchase contracts	86,026	70,476	-	-
Other creditors	314,019	16,843	43,365	4,092
Accruals and deferred income	468,173	625,129	33,259	97,161
	2,229,800	2,771,636	821,647	1,682,328

Loans are secured against the assets of the group to which they relate.

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

	Group	Group	Company	Company
	2020	2019	2020	2019
	£	£	£	£
Bank loans	16,533,653	14,376,559	16,533,652	14,376,559
Net obligations under finance leases and hire purchase contracts	209,303	108,292	-	-
	16,742,956	14,484,851	16,533,652	14,376,559

Loans are secured against the assets of the group to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

21. LOANS

Loans are secured against the assets of the group to which they relate.

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Bank loans	344,795	1,099,819	344,795	1,099,819
	344,795	1,099,819	344,795	1,099,819
AMOUNTS FALLING DUE 1-2 YEARS				
Bank loans	712,413	-	712,413	-
AMOUNTS FALLING DUE 2-5 YEARS				
Bank loans	2,317,617	2,884,030	2,317,617	2,884,030
	2,317,617	2,884,030	2,317,617	2,884,030
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS				
Bank loans	13,503,623	11,492,529	13,503,623	11,492,529
	16,878,448	15,476,378	16,878,448	15,476,378

Cannon Care Homes Limited Loan 1 - Interest is paid monthly at a rate of 3% on the carrying value of the loan. The term length of the loan is 216 months with final payment due in January 2038.

Cannon Care Homes Limited Loan 2 - Interest is paid monthly at a rate of 3% on the carrying value of the loan. The term length of the loan is 216 months with final payment due in January 2038.

Cannon Care Homes Limited Loan 3 - Interest is paid monthly at a rate of 3% on the carrying value of the loan. The term length of the loan is 216 months with final payment due in February 2038.

22. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	Group 2020 £	Group 2019 £
Within one year	96,214	82,376
Between 1-5 years	151,497	112,117
Over 5 years	5,754	-
	253,465	194,493

Hire purchase and finance leases are secured against the assets of the group to which they relate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

23. DEFERRED TAXATION

Group

	2020 £
At beginning of year	(2,672,171)
Charged to profit or loss	(867,238)
AT END OF YEAR	<u>(3,539,409)</u>

Company

	2020 £
At beginning of year	(164)
Charged to profit or loss	27
AT END OF YEAR	<u>(137)</u>

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Accelerated capital allowances	(271,103)	(183,483)	(137)	(164)
Short term timing differences	2,688	1,907	-	-
Capital gains	(3,270,994)	(2,490,595)	-	-
	<u>(3,539,409)</u>	<u>(2,672,171)</u>	<u>(137)</u>	<u>(164)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

24. SHARE CAPITAL

	2020 £	2019 £
ALLOTTED, CALLED UP AND PARTLY PAID		
1 (2019: 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

25. RESERVES**Profit and loss account**

The company profit and loss reserve is represented cumulative profits and losses net of distributions to shareholders.

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 £121,201 (2019: £49,872). Contributions totalling £16,806 (2019: £8,485) were payable to the fund at the reporting date.

27. COMMITMENTS UNDER OPERATING LEASES

At 30 September 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £	Group 2019 £
Not later than 1 year	715	7,664
Later than 1 year and not later than 5 years	-	715
	<u>715</u>	<u>8,379</u>

28. TRANSACTIONS WITH DIRECTORS

At the period end, Mr R Cannon owed £2,959,885 (2019: £2,733,170) 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

29. RELATED PARTY TRANSACTIONS

During the period Cannon Care Homes Limited paid £2,258,000 (2019: £533,000) in dividends to Mr R Cannon, the director of the company.

During the period J Cannon, spouse of the director, was employed by the Group. Remuneration in the range of £70,000-£75,000 was paid through payroll in the period.

Newton Drinks Limited, a company under common control, had net transactions during the period of £7,733. A provision has been made against the balance and therefore included in debtors at the period end is £Nil (2019: £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.

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.