

10721304

**Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 March 2019**
for
Minster Care Group Limited



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for the Year Ended 31 March 2019**

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DIRECTORS:

J N Alflatt
M S Patel
Mrs A Patel
C Farebrother

SECRETARY:

J N Alflatt

REGISTERED OFFICE:

238 Station Road
Addlestone
Surrey
KT15 2PS

REGISTERED NUMBER:

10721304 (England and Wales)

AUDITORS:

Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

**Chief Executive Officer's Report
for the Year Ended 31 March 2019**

At Minster Care Group we recognise that our clients have a right to expect safe, effective, compassionate, high-quality care. Everything we do is and should be geared towards this goal. We respect and promote dignity, choice and diversity which are core values in our approach to care.

We are committed to being a high-performing organisation. We recognise that the Group needs to evolve, to deliver sustainable high quality services in an era of rising need, rising expectations and a tighter fiscal environment.

Our strategy to achieve this includes the development of new and existing care home places, investing in staff recruitment and training and developing and investing in systems and processes to ensure the highest possible quality of care provision to our clients, whether privately or publicly funded.

With 62 homes providing over 2,800 care home beds in England, Wales and Scotland, Minster is a leading provider of residential and nursing care for older people. During the year we acquired three new care home operations, totalling 189 beds with a further 14 beds opened since acquisition at Cambroe in Scotland. As was expected, these assets have eroded margins in this financial year, but our efforts in improving both the compliance and performance of these homes will have a positive effect on profitability in the year to 31 March 2020.

Excluding turnover from entities acquired in the year, our revenues increased by 5.33% on a like for like basis producing earnings before interest, tax, depreciation and amortisation of £4.339m (2018 - £4.039m).

Our estate also benefitted from capital expenditure and maintenance expenditure to enhance our homes, totalling in excess of £5.48m (2018 - £0.51m), funded in partnership with Impact Healthcare REIT Plc.

Extensions to our original portfolio have been completed at Sandbach (25 beds), Bollington (11 beds), Littleport (21 beds), and Wigan (13 beds) totalling £4.6m. The extensions are filling well and should prove positive to margins in the coming year.

In addition, two new builds are underway in Oxfordshire and Leicestershire which will be completed in 2019/20.

The results for the year ended 31 March 2019 are pleasing and the group continues in a strong financial position with no bank borrowings. Net cash flows were positive in the year increasing cash and cash equivalents at the year end to £5.6m (2018 - £4.95m)

The group continues to seek opportunities for managed expansion and asset enhancement.

Maresh Patel
Chief Executive Officer
Minster Care Group Limited

The directors present their strategic report of the company and the group for the year ended 31 March 2019.

PRINCIPAL ACTIVITY

The principal activity of the group is the operation of care homes for the elderly.

REVIEW OF BUSINESS

These financial statements report the trading of the Minster Care Group for the year to 31 March 2019 with comparatives provided for the period 5 May 2017 to 31 March 2018. Turnover for the year amounted to £79.5m compared to £64m for the comparative period. When excluding turnover from entities acquired in the year ended 31 March 2019, like for like turnover increased by 5.33%. The group achieved a net pre-tax profit of £417,225 (2018 - £546,496) after recognising depreciation and amortisation costs of just over £2.9m (2018 - £2.5m) and after recognising preference share dividends of £608,424 (2018 - £569,768) and interest of £396,982 (2018 - £410,085).

After adjusting for these items, the group achieved an EBITDA of £4.339m (2018 - £4.039m).

EVENTS SINCE THE BALANCE SHEET DATE

There have been no significant events since the balance sheet date.

FUTURE PROSPECTS

Trading since the balance sheet date has been profitable and whilst the directors continue to seek improvements in performance they are satisfied with the performance of the group. The group's strategy is one of continued growth through appropriate acquisitions that would fit with its business model as well as extending existing facilities.

PRINCIPAL RISKS AND UNCERTAINTIES AND KEY PERFORMANCE INDICATORS

The group's operations expose it to a variety of risks. The group has in place a risk management programme that analyses and monitors exposure to these risks using Key Performance Indicators (KPI's).

Price risk

The group is exposed to supplier and labour price risk as a result of its operations. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring and reviewing the suppliers' prices on a regular basis. In addition, the group has a well organised operational structure to ensure that labour is employed as effectively as possible. The group has no exposure to equity securities price risk as it holds no listed equity investments. The group's rental commitments are structured to increase in line with the Retail Prices Index, subject to a 4% cap and a 2% floor.

KPI's used:

EBITDA and profit margins

Cost per capita for key spending categories

Credit risk

The group has implemented policies that require appropriate credit checks on potential customers before services are provided.

KPI's used:

Bad debt ratios

Debtor day measurement

Quality and regulation risk

The group depends on its continued service quality and compliance with regulations and standards of the Care Quality Commission and similar regulatory bodies. Failure to comply could result in regulatory action which could include penalties or revocation of licences to operate as well as having a detrimental effect on occupancy.

KPI's used;
CQC reports and ratings
Staffing levels

Fire Safety Risk

The directors believe that staff and service users should be as safe as possible from the threat of fire or from injury in the case of an outbreak of fire and that the best way to ensure that safety exists is to:

- have robust fire policies and procedures in place
- ensure that appointed fire wardens are in place in accordance with the law
- ensure that staff are well trained to cope with an outbreak of fire or an alarm.

The group has an online estates management system with policy documents and certification on all fire systems for service and maintenance with alert dates to ensure compliance.

Individual fire risk assessment and actions plans are held locally and centrally. Fire training forms part of the group's mandatory training programme which is monitored via an online training matrix.

External fire risk assessors are used where required and a partnering scheme with West Yorkshire Fire Service is in place to assist and ensure compliance and to support continuous improvement. A partnering arrangement with South Tyneside Building Control provides support in ensuring fire compliance for existing and new buildings.

**Group Strategic Report
for the Year Ended 31 March 2019**

Staff resources risk

The group is reliant on its ability to attract and retrain suitably qualified staff to ensure the continued provision of quality services. In doing so, it strives to provide pay rates in keeping with local market conditions, comprehensive training and monitoring of staff and providing good working conditions.

KPI's used;
Staff turnover levels
Ratios of employed staff against agency staff

Fee revenue risk

A significant proportion of the group's turnover is derived from government funded clients and as such the continuation of this policy and annual increases in fee rates is important for the group to maintain its margins. If fee rates do not rise in line with costs then the group is likely to suffer lower margins as a result.

KPI's used;
Ratios of private clients against government funded clients
Average fee rates
Occupancy rates

Brexit risk

The group has considered the risks associated with Brexit

The group does not import goods from Europe and so doesn't expect any direct impact in relation to any tariffs or duties that may be charged, though it is aware that there may be general price rises if such duties and tariffs are levied.

The group is mindful of the impact that Brexit may have on the following areas;

- Unemployment and inflation
- Greater regulatory and compliance risks in areas governed by EU law
- The loss of EU labour or the growth in labour costs as a result of increased competition for that labour
- Legal and compliance issues resulting from changes in laws and regulation
- Potential supply chain disruption

The group's board will continue to monitor developments and act accordingly

DISABLED EMPLOYEE POLICY

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for development exist for each disabled person. Arrangements are made wherever possible for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitude and abilities.

**Group Strategic Report
for the Year Ended 31 March 2019**

EMPLOYEE INVOLVEMENT

It is the group's policy that the selection of employees for recruitment, training, development and promotion should be determined solely on their skills, abilities and other requirements which are relevant to the job, regardless of their gender, race, religion or disability.

The group recognises the value of its employees and places importance on communications with employees which takes place at many levels throughout the organisation on both a formal and informal basis. The personal development of employees is closely monitored so that appropriate training programmes can be designed with a view to assisting employees to achieve their own objectives as well as those of the group.

ON BEHALF OF THE BOARD:


.....
J N Alflatt - Secretary

Date: 4/10/19.....

**Report of the Directors
for the Year Ended 31 March 2019**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2019.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2019.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

J N Alflatt
M S Patel
Mrs A Patel
C Farebrother

GOING CONCERN

The directors have reasonable expectation that the group has adequate resources to continue in operation for the foreseeable future. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis. Further details are in note 2 to the financial statements.

DISCLOSURE IN THE STRATEGIC REPORT

Certain information required to be disclosed in the directors' report has been shown instead in the strategic report as allowed under S414C (11) CA2016.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

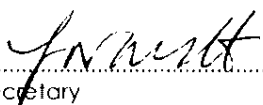
Minster Care Group Limited (Registered number: 10721304)

**Report of the Directors
for the Year Ended 31 March 2019**

AUDITORS

The auditors, Nexia Smith & Williamson, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
J N Alflatt - Secretary

Date: 4/10/19

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINSTER CARE GROUP LIMITED**Opinion**

We have audited the financial statements of Minster Care Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Consolidated Income Statement, the Consolidated Other Comprehensive Income Statement, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, The Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's profit for the year ended 31 March 2019;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 other information comprises the information included in the Chief Executive Officer's Report, the Group Strategic Report and Report of the Directors, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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 Chief Executive Officer's Report, the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Chief Executive Officer's Report, the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Chief Executive Officer's Report, the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters where 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 directors' 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 directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Jonathan Pryor

Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor

25 Moorgate
London
EC2R 6AY

Date: 4 October 2019

**Consolidated Income Statement
for the Year Ended 31 March 2019**

		Year Ended 31.3.19 £	Period 5.5.17 to 31.3.18 £
	Notes		
REVENUE	3	79,545,531	64,123,798
Cost of sales		53,156,574	41,886,751
GROSS PROFIT		26,388,957	22,237,047
Administrative expenses		24,977,510	20,722,738
		1,411,447	1,514,309
Other operating income		11,184	12,040
OPERATING PROFIT	5	1,422,631	1,526,349
Interest payable and similar expenses	6	1,005,406	979,853
PROFIT BEFORE TAXATION		417,225	546,496
Tax on profit	7	(1,472,495)	(112,090)
PROFIT FOR THE FINANCIAL YEAR		1,889,720	658,586
Profit attributable to: Owners of the parent		1,889,720	658,586

The notes form part of these financial statements

**Consolidated Other Comprehensive Income
for the Year Ended 31 March 2019**

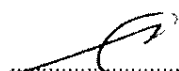
	Notes	Year Ended 31.3.19 £	Period 5.5.17 to 31.3.18 £
PROFIT FOR THE YEAR		1,889,720	658,586
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,889,720	658,586
Total comprehensive income attributable to: Owners of the parent		1,889,720	658,586

The notes form part of these financial statements

Consolidated Balance Sheet
31 March 2019

	Notes	31.3.19 £	31.3.18 £
FIXED ASSETS			
Intangible assets	9	2,087,865	2,126,074
Property, plant and equipment	10	10,189,237	11,294,031
Investments	11	-	-
		<u>12,277,102</u>	<u>13,420,105</u>
CURRENT ASSETS			
Inventories	12	118,747	113,596
Debtors	13	10,171,742	8,992,892
Cash at bank and in hand		5,605,068	4,951,066
		<u>15,895,557</u>	<u>14,057,554</u>
CREDITORS			
Amounts falling due within one year	14	(25,624,153)	(26,818,873)
NET CURRENT LIABILITIES		<u>(9,728,596)</u>	<u>(12,761,319)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,548,506</u>	<u>658,786</u>
CAPITAL AND RESERVES			
Called up share capital	19	200	200
Retained earnings		2,548,306	658,586
SHAREHOLDERS' FUNDS		<u>2,548,506</u>	<u>658,786</u>

The financial statements were approved by the Board of Directors on 4/10/19 and were signed on its behalf by:



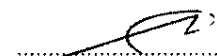
M S Patel - Director

The notes form part of these financial statements

Company Balance Sheet
31 March 2019

	Notes	31.3.19 £	31.3.18 £
FIXED ASSETS			
Intangible assets	9	-	-
Property, plant and equipment	10	-	-
Investments	11	12,679,270	12,748,673
		12,679,270	12,748,673
CURRENT ASSETS			
Debtors	13	3,777,990	4,146,452
Cash at bank		48,436	-
		3,826,426	4,146,452
CREDITORS			
Amounts falling due within one year	14	(16,087,498)	(17,853,025)
NET CURRENT LIABILITIES		(12,261,072)	(13,706,573)
TOTAL ASSETS LESS CURRENT LIABILITIES		418,198	(957,900)
CAPITAL AND RESERVES			
Called up share capital	19	200	200
Retained earnings		417,998	(958,100)
SHAREHOLDERS' FUNDS		418,198	(957,900)
Company's profit/(loss) for the financial year		1,376,098	(958,100)

The financial statements were approved by the Board of Directors on 4/10/19 and were signed on its behalf by:


M S Patel - Director

The notes form part of these financial statements

**Consolidated Statement of Changes in Equity
for the Year Ended 31 March 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 5 May 2017	200	-	200
Changes in equity			
Total comprehensive income	-	658,586	658,586
Balance at 31 March 2018	200	658,586	658,786
Changes in equity			
Total comprehensive income	-	1,889,720	1,889,720
Balance at 31 March 2019	200	2,548,306	2,548,506

The notes form part of these financial statements

**Company Statement of Changes in Equity
for the Year Ended 31 March 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 5 May 2017	200	-	200
Changes in equity			
Total comprehensive income	-	(958,100)	(958,100)
Balance at 31 March 2018	200	(958,100)	(957,900)
Changes in equity			
Total comprehensive income	-	1,376,098	1,376,098
Balance at 31 March 2019	200	417,998	418,198

The notes form part of these financial statements

**Consolidated Cash Flow Statement
for the Year Ended 31 March 2019**

		Year Ended 31.3.19 £	Period 5.5.17 to 31.3.18 £
Cash flows from operating activities	Notes		
Cash generated from operations	23	5,414,662	(3,753,760)
Interest paid		(9,081)	(21,753)
Finance costs paid		(699,485)	-
Tax paid		(489,936)	(844,987)
Net cash from operating activities		4,216,160	(4,620,500)
Cash flows from investing activities			
Purchase of tangible fixed assets		(2,074,327)	(2,304,374)
Sale of tangible fixed assets		514,097	3,485,221
Acquisition of subsidiaries		(133,485)	-
Cash and cash equivalents acquired		193,704	-
Net cash from investing activities		(1,500,011)	1,180,847
Cash flows from financing activities			
Loan repayments in year		-	(175,000)
Preference shares redeemed in year		(1,297,013)	(250,000)
Loans advanced by directors		-	167,500
Amount repaid to directors		(765,134)	-
Net cash from financing activities		(2,062,147)	(257,500)
Increase/(decrease) in cash and cash equivalents		654,002	(3,697,153)
Cash and cash equivalents at beginning of year	24	4,951,066	8,648,219
Cash and cash equivalents at end of year	24	5,605,068	4,951,066

The notes form part of these financial statements

**Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2019**

1. STATUTORY INFORMATION

Minster Care Group Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the consolidated financial statements

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value and in accordance with Financial Reporting Standard 102 (FRS102) issued by the Financial Reporting Council. The group has early adopted the latest amendments to FRS102 released in December 2017.

The parent company is included in the consolidated financial statements and it is considered to be a qualifying entity under FRS102 paragraphs 1.8 to 1.12. On that basis it has taken advantage of the exemption not to present a separate parent company cash flow statement with related notes.

The principal activities of the company and its subsidiaries (the group) and the nature of the group's operations are set out in the strategic report on pages two to four.

It should be noted that the comparative figures and related notes cover a period from 5 May 2017 to 31 March 2018 and so are not entirely comparable.

Going concern

The directors consider it appropriate to adopt the going concern basis of accounting in preparing these financial statements.

At the balance sheet date, the company recognised £11,138,205 (2018 - £12,435,218) of preference shares as debt in accordance with Financial Reporting Standard 102. Of this amount, £6,728,045 (2018 - £6,728,045) relates to non-redeemable A preference shares, with the remainder relating to B preference shares which are redeemable as outlined in note 15 to the accounts. The directors will not redeem any of these shares by giving notice to shareholders unless such redemption can be made without impacting on the group's ability to continue to trade. It is not anticipated that 75% of the B preference shareholders would give notice for redemption without first discussing the impact on the group with the board beforehand.

At the balance sheet date, the group had cash balances of £5,605,068 (2018 - 4,951,066) which are considered more than adequate to finance trading for the foreseeable future and it has traded profitably since 31 March 2019, further increasing cash reserves.

There are no material uncertainties that would affect the group's ability to continue to trade for the foreseeable future.

2. **ACCOUNTING POLICIES - continued**

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2019.

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of any subsidiaries acquired or disposed of during the period are included in the Consolidated Income Statement and the Consolidated Other Comprehensive Income Statement, from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those of the group. All intra-group transactions, balances, income and expenditure are eliminated on consolidation.

The excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entities recognised at the date of acquisition is recognised as goodwill arising on the acquisition of an entity.

Significant judgements and estimates

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

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

Assessing indicators of impairment

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units of which the goodwill is a part. Any impairment loss in respect of a cash generating unit ("CGU") is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

2. **ACCOUNTING POLICIES - continued**

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Key sources of estimation uncertainty

There are no key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. The directors consider that the amortisation of goodwill over a period of twenty years is justified having considered the useful economic life of that asset.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the group.

The cost of a business combination is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group in exchange for control and the costs directly attributable to the business combination. The consideration transferred includes the estimate of any asset or liability resulting from a contingent consideration arrangement where the transfer of further consideration is probable and can be measured reliably. Identifiable assets acquired and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values at the acquisition date. Contingent liabilities are only recognised where the fair value can be measured reliably.

The group measures goodwill at the acquisition date as the excess of the cost of the business combination over the acquirer's interest in the net amount of the identifiable assets, liabilities and contingent liabilities recognised.

When the excess is negative, the negative goodwill arising is recognised separately on the face of the balance sheet and released up to the fair value of the non-monetary assets as the non-monetary assets are recovered and otherwise in the periods expected to be benefited.

Goodwill is amortised evenly over its estimated useful life of 20 years. The directors consider that goodwill has an estimated useful life of 20 years as this matches the lease term of the premises from where the business operates.

2. **ACCOUNTING POLICIES - continued**

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Separately acquired intangible assets are initially recognised at cost and are subsequently amortised over their useful economic lives.

Intangible assets acquired in a business combination are recognised separately from goodwill when it is probable that the expected future economic benefits that are attributable to the asset will flow to the group and the asset is separable or arises from contractual or other legal rights. Such intangibles are initially recognised at fair value at the date of acquisition and are subsequently amortised over their useful economic lives.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- 5% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost

Tangible assets comprise land and buildings, long leasehold, plant and equipment. Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the group will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the group's cash management.

Derivative financial instruments are classified as other financial instruments. They are measured at fair value on initial recognition and at the end of each reporting period, with changes in fair value recognised in profit or loss.

Financial liabilities and equity instruments issued by the group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The group operates defined contribution pension schemes. Contributions payable to these schemes are charged to profit and loss in the period to which they relate.

Lease commitments

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Normal rentals payable under operating leases are charged over the lease term as incurred. Initial rentals paid on the signing of leases are spread on a straight-line basis over the lease term.

The directors have considered the terms and conditions of the leases that the group has entered into as well as assessing the net present value of minimum future payments under those leases and have concluded that all leases meet the criteria for them to be treated as operating leases.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2019

2. ACCOUNTING POLICIES - continued

Revenue

Revenue is the total amount receivable by the group for resident fees, excluding value added tax, for the services provided during the year.

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 condition are satisfied:

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

Employee costs

Short term employee benefits including holiday pay and annual bonuses are accrued as services are rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the balance sheet.

3. REVENUE

The group's turnover is all derived from the provision of care services. The directors are of the opinion that the group has no substantially different classes of business nor does it supply substantially different geographical markets.

4. EMPLOYEES AND DIRECTORS

	Year Ended 31.3.19 £	Period 5.5.17 to 31.3.18 £
Wages and salaries	41,233,959	33,187,655
Social security costs	2,469,026	1,948,545
Other pension costs	569,002	311,918
	<u>44,271,987</u>	<u>35,448,118</u>

The average number of employees during the year was as follows:

	Year Ended 31.3.19	Period 5.5.17 to 31.3.18
Operations	2,864	2,542
Administrative	89	90
	<u>2,953</u>	<u>2,632</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2019

4. **EMPLOYEES AND DIRECTORS - continued**

	Year Ended 31.3.19 £	Period 5.5.17 to 31.3.18 £
Directors' remuneration	383,379	454,101

Information regarding the highest paid director is as follows:

	Year Ended 31.3.19 £	Period 5.5.17 to 31.3.18 £
Emoluments etc	137,950	214,583

5. **OPERATING PROFIT**

The operating profit is stated after charging:

	Year Ended 31.3.19 £	Period 5.5.17 to 31.3.18 £
Hire of plant and machinery	180	10,288
Depreciation - owned assets	2,805,024	2,405,386
Loss on disposal of fixed assets	-	5,298
Goodwill amortisation	111,177	102,126
Auditors' remuneration	46,050	50,160

6. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	Year Ended 31.3.19 £	Period 5.5.17 to 31.3.18 £
Bank interest	9,081	21,753
Other interest	387,901	388,332
Dividend - B Preference Shares	272,021	264,702
Dividend - A Preference Shares	336,403	305,066
	1,005,406	979,853

Dividends payable in respect of preference shares are included within interest payable in accordance with Financial Reporting Standard 102.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2019

7. TAXATION

Analysis of the tax credit

The tax credit on the profit for the year was as follows:

	Year Ended 31.3.19 £	Period 5.5.17 to 31.3.18 £
Current tax:		
UK corporation tax	(40,082)	212,774
Deferred tax	(1,432,413)	(324,864)
Tax on profit	<u>(1,472,495)</u>	<u>(112,090)</u>

UK corporation tax has been charged at 19%.

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.3.19 £	Period 5.5.17 to 31.3.18 £
Profit before tax	<u>417,225</u>	<u>546,496</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	79,273	103,834
Effects of:		
Expenses not deductible for tax purposes	115,664	46,018
Depreciation in excess of capital allowances	18,188	63,241
Utilisation of tax losses	(13,873)	-
Adjustments to tax charge in respect of previous periods	(253,844)	-
Deferred tax timing differences	<u>(1,417,903)</u>	<u>(325,183)</u>
Total tax credit	<u>(1,472,495)</u>	<u>(112,090)</u>

8. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2019

9. INTANGIBLE FIXED ASSETS

Group

	Goodwill £
COST	
At 1 April 2018	2,228,200
Additions	72,968
At 31 March 2019	<u>2,301,168</u>
AMORTISATION	
At 1 April 2018	102,126
Amortisation for year	111,177
At 31 March 2019	<u>213,303</u>
NET BOOK VALUE	
At 31 March 2019	<u>2,087,865</u>
At 31 March 2018	<u>2,126,074</u>

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Long leasehold £	Fixtures and fittings £	Motor vehicles £	Totals £
COST				
At 1 April 2018	6,592,920	6,920,454	97,184	13,610,558
Additions	92,927	2,108,282	13,118	2,214,327
Disposals	(8,400)	(505,697)	-	(514,097)
At 31 March 2019	<u>6,677,447</u>	<u>8,523,039</u>	<u>110,302</u>	<u>15,310,788</u>
DEPRECIATION				
At 1 April 2018	440,845	1,854,352	21,330	2,316,527
Charge for year	485,640	2,289,343	30,041	2,805,024
At 31 March 2019	<u>926,485</u>	<u>4,143,695</u>	<u>51,371</u>	<u>5,121,551</u>
NET BOOK VALUE				
At 31 March 2019	<u>5,750,962</u>	<u>4,379,344</u>	<u>58,931</u>	<u>10,189,237</u>
At 31 March 2018	<u>6,152,075</u>	<u>5,066,102</u>	<u>75,854</u>	<u>11,294,031</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2019

11. **FIXED ASSET INVESTMENTS**

Company	Shares in group undertaking £
COST	
At 1 April 2018	12,748,673
Additions	133,484
Impairments	(202,887)
At 31 March 2019	12,679,270
NET BOOK VALUE	
At 31 March 2019	12,679,270
At 31 March 2018	12,748,673

Acquisition of subsidiary undertakings

On 22 May 2018, Minster Care Group Limited acquired 100% of the issued share capital of the following companies:

Alpha Care Management Services Limited
Alphacare Management Services No. 2 Limited
Alpha Care Management Services No.3 Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2019

11. **FIXED ASSET INVESTMENTS - continued**

The primary activity of all acquired companies is the operation of care homes for the elderly. Cash consideration for the acquisitions amounted to £83,033 plus associated costs and stamp duty. The acquisitions have been accounted for under the purchase method. The book values of the identifiable assets and liabilities acquired and the fair value to the group are set out below. There is no difference between the book value and the fair value at 31 March 2019.

	Book value and fair value to group £
Fixed assets	
Tangible	140,000
Current assets	
Inventories	3,696
Debtors	149,544
Cash	193,704
Total assets	486,944
Creditors	
Trade creditors	123,543
Other creditors & accruals	248,437
Current and deferred taxation	54,448
Total liabilities	426,428
Net assets	60,516
Goodwill arising on acquisition	72,968
	133,484
Discharged by	
Cash payment for shares	83,033
Legal fees payable in respect of acquisition	36,893
Stamp duty payable	13,558
	133,484

The three Alpha companies contributed £5,096,953 to Group turnover from the date of acquisition to 31 March 2019. They recorded net losses before tax of £26,876 in the same period.

Details of undertakings

Details of the investments in subsidiaries in which the company holds any class of share capital are as follows:

Minster Care Management Limited
Willmotts Healthcare Limited
Daimler Green Care Home Limited
Minster Haverhill Limited
Mulberry Manor Ltd
Alpha Care Management Services Limited
Alphacare Management Services No. 2 Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2019

11. **FIXED ASSET INVESTMENTS - continued**

Alpha Care Management Services No.3 Limited
Templecare Limited (a wholly owned subsidiary of Minster Care Management Limited)
Abbotsford Care Limited (a wholly owned subsidiary of Minster Care Management Limited)
Downing (Barwell) Limited (a wholly owned subsidiary of Minster Care Management Limited)
Amberley House Care Limited (a wholly owned subsidiary of Minster Care Management Limited)
Quarter Care Ltd. (a wholly owned subsidiary of Minster Care Management Limited)
Dove Care Homes Limited (a wholly owned subsidiary of Templecare Limited)
Croftwood Care Ltd
Croftwood Care (Cheshire)
Croftwood Care (UK) Limited
Westhaven Care Limited (a wholly owned subsidiary of Croftwood Care Limited)
Stansty House Ltd (a wholly owned subsidiary of Willmotts Healthcare Limited)

All of the above companies are registered in England and Wales except Quarter Care Limited (registered in Scotland). Minster Care Group Limited holds, directly or indirectly, 100% of the issued share capital and voting rights in each subsidiary. All companies registered in England and Wales have their registered office at 238 Station Road, Addlestone, Surrey KT15 2PS. Quarter Care Limited has its registered office at 72 Croftcroighn Road, Ruchazie, Glasgow G33 3SE.

12. **INVENTORIES**

	Group	
	31.3.19	31.3.18
	£	£
Consumables	118,747	113,596

13. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	31.3.19	31.3.18	31.3.19	31.3.18
	£	£	£	£
Trade debtors	5,001,742	4,424,065	-	-
Amounts owed by group undertakings	-	-	3,751,390	4,146,252
Other debtors	1,468,432	2,291,407	26,600	200
Deferred tax asset	1,553,302	143,406	-	-
Prepayments	2,148,266	2,134,014	-	-
	10,171,742	8,992,892	3,777,990	4,146,452

Deferred tax asset

	Group		Company	
	31.3.19	31.3.18	31.3.19	31.3.18
	£	£	£	£
Deferred tax	1,553,302	143,406	-	-

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2019

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.3.19	31.3.18	31.3.19	31.3.18
	£	£	£	£
Preference shares (see note 15)	11,138,205	12,435,218	11,138,205	12,435,218
Payments on account	1,735,985	1,724,411	-	-
Trade creditors	3,009,456	2,346,375	-	-
Tax	213,762	711,849	-	-
Social security and other taxes	866,987	637,864	-	-
Other creditors	2,180,109	165,103	9,780	-
Directors' loan accounts	3,684,573	4,449,707	3,684,573	4,459,707
Accrued expenses	2,795,076	4,348,346	1,254,940	958,100
	25,624,153	26,818,873	16,087,498	17,853,025

The director's loan balance is repayable on demand and attracts interest at 10% per annum.

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.3.19	31.3.18	31.3.19	31.3.18
	£	£	£	£
Amounts falling due within one year or on demand:				
Preference shares	11,138,205	12,435,218	11,138,205	12,435,218

The directors have considered the terms and rights attached to the preference shares and concluded that they need to be recognised as a liability in the balance sheet.

A preference shares are non-redeemable and attract a cumulative dividend at a rate of 5% per annum.

B preference shares are redeemable in the following circumstances:

- The company giving the holder at least 30 days' notice in writing stating its wish to redeem.
- The appointment of an administrative receiver.
- Holders of not less than 75% of the B preference shares serving notice on the company.
- On the date of any sale or listing.

B preference shares also attract a cumulative dividend at a rate of 5% per annum.

On 31 July 2018, 267,013 B preference shares were redeemed at par whilst on 26 February 2019 a further 1,000,000 B preference shares have been redeemed at par. Additionally, a further 30,000 B preference shares were redeemed at par on 31 March 2019.

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:			31.3.19	31.3.18
Number:	Class:	Nominal value:	£	£
4,410,160	B Preference	£1	4,410,160	5,707,173
6,728,045	A Preference	£1	6,728,045	6,728,045
			11,138,205	12,435,218

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2019

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	31.3.19	Non-cancellable operating leases 31.3.18
	£	£
Within one year	13,640,444	12,044,209
Between one and five years	57,238,913	50,768,591
In more than five years	224,640,614	211,765,479
	295,519,971	274,578,279

Leasing payments recognised as an expense in the financial statements amounted to £12,680,872 (2018 - £10,579,253).

17. FINANCIAL INSTRUMENTS

	Group		Company	
	31.03.19	31.03.18	31.03.19	31.03.18
	£	£	£	£
Financial assets				
Financial assets that are debt instruments measured at undiscounted cost.	6,470,174	6,715,472	3,777,990	4,146,452
	6,470,174	6,715,472	3,777,990	4,146,452
Financial liabilities				
Financial liabilities measured at undiscounted cost	22,807,419	23,744,749	16,087,498	17,853,025
	22,807,419	23,744,749	16,087,498	17,853,205

Financial assets measured at undiscounted cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at undiscounted cost comprise trade creditors, amounts owed to group companies, other loans, directors' current accounts, the value of preference shares issued, accruals and deferred income.

18. DEFERRED TAX

Group

	£
Balance at 1 April 2018	(143,406)
Credit to Income Statement during year	(1,432,413)
Deferred tax liability acquired in the year	22,517
Balance at 31 March 2019	(1,553,302)

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2019**

The directors have revised their estimate of the recoverability of the group's deferred tax asset which arises due to timing differences between depreciation and capital allowances. Consequently, the directors now estimate that the entirety of the deferred tax asset will be recovered and thus have brought the full value of that asset into these financial statements.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.19 £	31.3.18 £
200	Ordinary	£1	<u>200</u>	<u>200</u>

Ordinary shares carry voting rights; entitlement to dividends as declared by the board; and entitlement to share in the capital of the company after all preference shares have been paid at their paid up value and after any arrears of preference dividends have been paid.

Preference shares carry no voting rights; attract dividends at 5% per annum; and a right to a return of capital equal to their paid up value.

20. CONTINGENT LIABILITIES

There were no contingent liabilities at the balance sheet date.

21. CAPITAL COMMITMENTS

	31.3.19 £	31.3.18 £
Contracted but not provided for in the financial statements	<u>5,934,612</u>	<u>-</u>

At the year end the group had capital commitments in relation to 4 projects totalling £5,934,612. The entire sum will be recovered from Impact Healthcare REIT Plc, the group's landlord, under a variation arrangement which levies an additional rental charge after project completion.

22. RELATED PARTY DISCLOSURES

Minster Care Management Ltd and Croftwood Care UK Ltd have entered into 20 year leases with Impact Healthcare REIT Plc (Impact), the owner of the care home properties operated by those entities. At the 31 March 2019 the leases had an unexpired term of 18 years. During the period Minster Care Management Ltd paid rent to Impact of £7,891,386 (2018 - £7,448,208) and Croftwood Care UK Ltd paid £4,789,486 (2018 - £4,865,918). Mr Patel, Mr Alflatt and Mr Cowley are shareholders in both Minster Care Group Ltd and Impact Healthcare REIT Plc.

During the period, Minster Care Management expensed £3,978,827 (2018 - £134,030) on care home properties and Croftwood Care UK Ltd expensed £1,501,436 (2018 - £376,333) on care home properties. These sums are reimbursed by Impact Healthcare REIT Plc.

At the year end Minster Care Group Ltd owed Mahesh Patel £3,684,573 (2018 - £4,282,207) plus interest charged (at 10%) in the period of £385,867 (2018 - £388,332). Interest remaining outstanding at the year end was £774,200 (2018 - £565,832). The loan is repayable on demand.

Minster Care Management Ltd leases its head office from Old Stables Harrow Ltd (a company controlled by a trust settled by Mahesh Patel) for an annual rental of £30,000.

During the period Minster Care Management Ltd was charged £38,880 (2018 - £38,880) for software services by Inaspect Technology Ltd, a company in which Mr Patel was a director and shareholder and Mr Alflatt was a shareholder until April 2018. No balance (2018 - £28,880) was outstanding at the period end.

During the previous accounting period Minster Care Management Ltd advanced £50,000 to Inaspect Technology Ltd. This was outstanding at 31 March 2018 but was collected in full in April 2018.

During the year Minster Care Management Ltd provided management services to Inaspect Technology Ltd amounting to £8,200. Nothing was outstanding at the year end.

At the period end, Minster Care Management Ltd was owed £467 (2018 - £10,274) by Oaktree Care Ltd, a company in which Mr Alflatt was a director and shareholder during the period.

During the period the company redeemed £30,000 (2018 - £250,000) of preference shares issued to Mr S Patel, and £267,013 of preference shares issued to Mr K Patel, both brothers of Mr Mahesh Patel. In addition, £1m of preference shares issued to the Estate of Mr Jogendra Patel (deceased brother of Mr M Patel) were redeemed in the period.

During the period Minster Care Management Ltd made working capital advances to Amicura Ltd (formerly Larchwood Care Ltd) and Amicura Morecambe Ltd, companies controlled by the directors. At the year end Minster Care Management Ltd was owed £73,490 (2018 - £439,530) by Amicura Ltd and £3,007 by Amicura Morecambe Ltd (2018 - nil).

During the year Minster Care Management Ltd was paid £10,000 by Amicura Ltd for management services provided in the period.

During the year Minster Care Management Ltd advanced £50,000 to Care Consortium (Biddulph) Ltd, a company controlled by Mr S Patel, brother of Mr M Patel. Nothing was outstanding at the year end.

At the year end Minster Care Management Ltd was owed £136 by Aylesford Coventry Ltd, a company controlled by M Patel (2018 - nil).

At the year end Minster Care Management Ltd was owed £9,780 by Denelm Ltd, a company controlled by M Patel (2018 - nil)

Key management personnel are considered to be the Directors of the Parent Company. Total transactions with key management personnel for the year were £428,685 (2018 - £509,405).

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2019**

Preference shares in Minster Care Group Ltd are held as follows:

Party	Relationship	A Pref Shares	B Pref Shares
Fort Trustees Ltd as trustee of the Mahesh & Alka Patel 2003 Trust	M Patel family Trust	202,887	
Bilander Investments Ltd	Investment company of M Patel family trust	406,895	
Wisteria Investments Ltd	Investment company of Patel family trust	3,486,289	
The Elm Trust	Family trust settled by M Patel of which A Patel is a beneficiary	254,787	
John Alflatt	Director and shareholder	383,832	
Colin Farebrother	Director and shareholder	156,342	
Mahesh Patel	Director and shareholder	1,837,013	
Surendra Patel	Brother of M Patel		1,557,013
Kirit Patel	Brother of M Patel		1,570,000
The Estate of Jogendra Patel	Deceased brother of M Patel		837,013
Nita Patel	Sister of A Patel		446,134
		<u>6,728,045</u>	<u>4,410,160</u>

A preference shares are non redeemable, B Preference shares are redeemable.

23. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year Ended 31.3.19 £	Period 5.5.17 to 31.3.18 £
Profit before taxation	417,225	546,496
Depreciation charges	2,916,201	2,507,512
Loss on disposal of fixed assets	-	5,298
Finance costs	1,005,406	979,853
	<u>4,338,832</u>	<u>4,039,159</u>
Increase in inventories	(1,455)	(750)
Decrease/(increase) in trade and other debtors	380,590	(4,397,892)
Increase/(decrease) in trade and other creditors	696,695	(3,394,277)
Cash generated from operations	<u>5,414,662</u>	<u>(3,753,760)</u>

24. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2019

	31.3.19 £	1.4.18 £
Cash and cash equivalents	<u>5,605,068</u>	<u>4,951,066</u>

Period ended 31 March 2018

	31.3.18 £	5.5.17 £
Cash and cash equivalents	<u>4,951,066</u>	<u>8,648,219</u>

25. **AUDIT EXEMPTION FOR SUBSIDIARIES**

For the period ended 31 March 2019 the following subsidiaries of the company were entitled to exemption from audit under S479A of the Companies Act 2006 relating to subsidiary companies:

Subsidiary Name	Companies House Registration Number
Minster Care Management Limited	03676785
Templecare Limited	03074014
Dove Care Homes Limited	02058163
Abbotsford Care Limited	05761303
Downing (Barwell) Limited	03901381
Amberley House Care Limited	09224572
Quarter Care Ltd.	SC124088
Croftwood Care UK Limited	10721289
Croftwood Care Ltd	06913844
Westhaven Care Limited	09224566
Croftwood Care (Cheshire) Limited	10265522
Willmotts Healthcare Limited	04361380
Stansty House Ltd	06769818
Daimler Green Care Home Limited	05379712
Minster Haverhill Limited	05886655
Mulberry Manor Ltd	07315247
Alpha Care Management Services Limited	05578087
Alphacare Management Services No.2 Limited	05620557
Alpha Care Management Services No 3. Limited	09740080