

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2021

MITCHELL'S CARE HOMES
LIMITED

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MITCHELL'S CARE HOMES LIMITED

COMPANY INFORMATION

Directors	B.A. Mitchell B.G. Mitchell
Company secretary	B.A. Mitchell
Registered number	06015861
Registered office	Ashcombe House 5 The Crescent Leatherhead Surrey Surrey KT22 8DY
Independent auditors	Menzies LLP Chartered Accountants & Statutory Auditor Ashcombe House 5 The Crescent Leatherhead Surrey KT22 8DY
Bankers	Coutts & Co 440 Strand London WC2R 0QS

MITCHELL'S CARE HOMES LIMITED

CONTENTS

	Page
Statement of financial position	1 - 2
Notes to the financial statements	3 - 10

MITCHELL'S CARE HOMES LIMITED

REGISTERED NUMBER:06015861

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	4	346,500	395,375
Tangible assets	5	229,580	244,336
		<u>576,080</u>	<u>639,711</u>
Current assets			
Debtors: amounts falling due within one year	6	3,271,311	2,848,451
Cash at bank and in hand		108,972	9,402
		<u>3,380,283</u>	<u>2,857,853</u>
Creditors: amounts falling due within one year	7	(658,640)	(531,492)
Net current assets		<u>2,721,643</u>	<u>2,326,361</u>
Total assets less current liabilities		<u>3,297,723</u>	<u>2,966,072</u>
Creditors: amounts falling due after more than one year	8	(253,540)	(393,889)
Provisions for liabilities			
Deferred tax		(1,613)	-
		<u>(1,613)</u>	<u>-</u>
Net assets		<u><u>3,042,570</u></u>	<u><u>2,572,183</u></u>
Capital and reserves			
Called up share capital		1,000	1,000
Profit and loss account		3,041,570	2,571,183
		<u><u>3,042,570</u></u>	<u><u>2,572,183</u></u>

MITCHELL'S CARE HOMES LIMITED

REGISTERED NUMBER:06015861

STATEMENT OF FINANCIAL POSITION (CONTINUED) AS AT 31 MARCH 2021

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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

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B.A. Mitchell

Director

Date: 28 January 2022

The notes on pages 3 to 10 form part of these financial statements.

MITCHELL'S CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. General information

Mitchell's Care Homes Limited is a private company limited by shares incorporated in England and Wales. The address of the registered office and the company's registered number is disclosed on the company information page. The principal place of business is Unit 5D, Shawlands Court, Newchapel Road, Lingfield RH7 6BL.

The Company's functional and presentational currency is GBP and is rounded to the nearest £.

The financial statements have been prepared for the year to 31 March 2021. The comparatives show six months to 31 March 2020.

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 Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The Company reported a pre tax profit of £722,284 (2020: £98,130) for the period, net current assets of £2,721,643 (2020: £2,326,361) and net assets of £3,042,570 (2020: £2,572,183) at the balance sheet date. The wider Group remains reliant on the support of its bankers, Coutts & Co to ensure cash flows are sufficient for the Group to continue meeting its liabilities as they fall due.

The emergence and spread of COVID-19 in 2020, the associated social distancing measures and imposed travel restrictions have significantly impacted businesses globally. The Company provides essential care services which are supported by local authorities and therefore demand for services and the ability of customers to pay for services remain unaffected by the COVID-19 pandemic and any potential resulting recession. The directors are therefore confident that the Company has a sustainable source of income for the foreseeable future, and that their combined industry and operational expertise will ensure these are managed responsibly and profitably.

During the year Coutts & Co approved an application to extend the borrowing facilities, demonstrating their continued support of the business in economically challenging times. The Group is subject to various borrowing covenants and there are no forecast breaches for the next 12 months. Together with the continued support of the shareholders, this financial support will ensure that the Group can cover costs and continue in operation for the foreseeable future.

Whilst directors are mindful that economic developments resulting from the pandemic will impact the Group, they have assessed that the going concern basis of accounting remains appropriate based on the available bank support, continued demand and funding for services and post year end performance to date.

2.3 Revenue

Revenue from the provision of care services is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable under a contract for services together with contributions from the residents and funding authorities in relation to additional costs attributable to the provision of services.

MITCHELL'S CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.4 Operating leases: the Company 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.

2.5 Government grants

Grants are accounted under the accruals model as permitted by FRS 102.

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

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company 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 Company in independently administered funds.

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

MITCHELL'S CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.8 Intangible assets

Goodwill

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	20	years
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2.9 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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line and reducing balance methods.

Depreciation is provided on the following basis:

Short-term leasehold property	-	15 years straight line
Fixtures and fittings	-	25% reducing balance
Motor vehicles	-	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.

2.10 Impairment of fixed assets and goodwill

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

MITCHELL'S CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.11 Provisions for liabilities

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

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

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

2.12 Financial instruments

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

2.13 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the year was 141 (2020 -141).

MITCHELL'S CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

4. Intangible assets

	Goodwill £
Cost	
At 1 April 2020	1,015,000
At 31 March 2021	<u>1,015,000</u>
Amortisation	
At 1 April 2020	619,625
Charge for the year on owned assets	<u>48,875</u>
At 31 March 2021	<u>668,500</u>
Net book value	
At 31 March 2021	<u><u>346,500</u></u>
At 31 March 2020	<u><u>395,375</u></u>

MITCHELL'S CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

5. Tangible fixed assets

	Short-term leasehold property	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£
Cost				
At 1 April 2020	82,318	203,522	232,146	517,986
Additions	-	46,514	-	46,514
At 31 March 2021	<u>82,318</u>	<u>250,036</u>	<u>232,146</u>	<u>564,500</u>
Depreciation				
At 1 April 2020	53,131	35,632	184,887	273,650
Charge for the year on owned assets	5,488	-	11,815	17,303
Charge for the year on financed assets	-	43,967	-	43,967
At 31 March 2021	<u>58,619</u>	<u>79,599</u>	<u>196,702</u>	<u>334,920</u>
Net book value				
At 31 March 2021	<u>23,699</u>	<u>170,437</u>	<u>35,444</u>	<u>229,580</u>
At 31 March 2020	<u>29,187</u>	<u>167,890</u>	<u>47,259</u>	<u>244,336</u>

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

	2021 £	2020 £
Motor vehicles	<u>170,437</u>	<u>167,890</u>
	<u>170,437</u>	<u>167,890</u>

MITCHELL'S CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

6. Debtors

	2021 £	2020 £
Trade debtors	323,064	487,670
Amounts owed by group undertakings	2,766,456	2,237,952
Other debtors	160,573	41,061
Prepayments and accrued income	21,218	75,295
Deferred taxation	-	6,473
	<u>3,271,311</u>	<u>2,848,451</u>

7. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	-	23,390
Other loans	111,692	102,798
Trade creditors	79,059	110,717
Corporation tax	168,127	7,948
Other taxation and social security	61,503	67,333
Obligations under finance lease and hire purchase contracts	67,412	39,990
Other creditors	68,103	85,917
Accruals and deferred income	102,744	93,399
	<u>658,640</u>	<u>531,492</u>

The loan in the sum of £111,692 (2020: £102,798) is secured by the directors' personal guarantee.

8. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other loans	149,838	261,066
Net obligations under finance leases and hire purchase contracts	103,702	132,823
	<u>253,540</u>	<u>393,889</u>

The loan in the sum of £149,838 (2020: £261,066) is secured by the directors' personal guarantee.

MITCHELL'S CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

9. Contingent liabilities

The Company has given Coutts & Co a composite guarantee in favour of the parent company Mitchells Holding Limited and fellow subsidiary Rowan Housing Limited together with a mortgage debenture.

Prior to the signing of the accounts the company had received claims by two staff members in respect of accidents. There is not expected to be any material financial impact to the company in regard to this claim but at the time of signing no outcome had been decided.

10. Controlling party

The Company's parent company is Mitchells Holding Limited, a company incorporated in England and Wales. Mitchells Holding Limited draws up consolidated financial statements which can be obtained from the registered office of the parent company which is the same as this company and can be found on the company information page. The directors are of the opinion that there is no single controlling party.

11. Auditors' information

The auditors' report on the financial statements for the year ended 31 March 2021 was unqualified.

The audit report was signed on 31 January 2022 by Caroline Milton FCA (Senior statutory auditor) on behalf of Menzies LLP.

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.