Registered number: 06216796

**AMENDING**

# CARE CONCERN MANAGEMENT OA LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 SEPTEMBER 2019



RPG CROUCH CHAPMAN LLP
Chartered Accountants
62 Wilson Street
London
EC2A 2BU

**CARE CONCERN MANAGEMENT OA LIMITED**

**COMPANY INFORMATION**

| | |
|---|---|
| Directors | Manpreet Singh Johal<br>Gurkirpal Singh Tatla |
| Company secretary | Gurkirpal Singh Tatla |
| Registered number | 06216796 |
| Registered office | 2nd Floor<br>The Priory Stomp Road<br>Burnham<br>Slough<br>SL1 7LW |
| Independent auditors | RPG Crouch Chapman LLP<br>Chartered Accountants & Statutory Auditors<br>62 Wilson Street<br>London<br>EC2A 2BU |

**CARE CONCERN MANAGEMENT OA LIMITED**

**CONTENTS**

CARE CONCERN MANAGEMENT OA LIMITED

**GROUP STRATEGIC REPORT**
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

Introduction

The directors present their strategic report for the period ended 30 September 2019. The company changed its name Care Concern Management OA Limited on 15 October 2019.

Business review

The company is a holding company and the parent of a group which operate care homes.

Following a reorganisation during the year, the group acquired seven companies and disposed of one subsidiary and the number of care homes operated by the group was increased to 14. The directors are satisfied with the group's performance and will continue to focus on the growth of the group and its subsidiaries.

Principal risks and uncertainties

Treasury operations and financial instruments
The primary financial instruments are bank deposits, trade creditors and shareholder's loan. These arise directly from the company's trading operations and shareholder's support.

Liquidity risk
The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Credit Risk
The principal financial assets are bank balances and cash, which represent the group's maximum exposure to credit risk in relation to financial assets.

Foreign currency risk
The group is not exposed in its trading operations to the risk of changes in foreign currency exchange rates.

Financial key performance indicators

As a holding company the board do not consider the key performance indicators of the individual company. The group's key performance indicators are disclosed in the consolidated financial statements of Ten M II Limited.

This report was approved by the board on 13 November 2020 and signed on its behalf.

**Manpreet Singh Johal**
Director

**DIRECTORS' REPORT**
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

The directors present their report and the financial statements for the year ended 30 September 2019.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £770,441 (2018 -£588,671).

Directors

The directors who served during the year were:

Manpreet Singh Johal
Gurkirpal Singh Tatla

Future developments

The directors do not consider there to be any future developments which require specific disclosure aside from items disclosed in post balance sheet events.

Disclosure of information to auditors

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

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

Post balance sheet events

The UK government placed the country on lockdown on 23 March 2020 due to the outbreak of the coronavirus and subsequently released some of the restrictions. The directors have considered the impact of this on the company's operations and have implemented procedures to reduce the chances of an outbreak in the individual homes and to reduce the impact in the event of an outbreak. Post year end, the trading has not varied significantly from that predicted prior to the coronavirus and the group continues to trade and develop as expected. As such, at the date of signing this report, they do not consider that the economic impact of the coronavirus will have a significant impact on the financial statements.

The demerger of Fleet Valley care home, which was owned by West Coast Care Ltd, a subsidiary of the company occurred on 27 May 2020.

Auditors

The auditors, RPG Crouch Chapman LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 13 November 2020 and signed on its behalf.

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Manpreet Singh Johal
Director

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARE CONCERN MANAGEMENT OA LIMITED**

## Opinion

We have audited the financial statements of Care Concern Management OA Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2019, which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, 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 2019 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARE CONCERN MANAGEMENT OA LIMITED (CONTINUED)**

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the group's resources or ability to continue operations over the period of at least twelve months from the data when the financial statements are authorised for issue. In accordance with the above we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARE CONCERN MANAGEMENT OA LIMITED (CONTINUED)**

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the 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 its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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 on page 2, 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARE CONCERN MANAGEMENT OA LIMITED (CONTINUED)**

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.

RPG Crouch Chapman LLP

Paul Randall BA ACA (Senior Statutory Auditor)

for and on behalf of
RPG Crouch Chapman LLP

Chartered Accountants
Statutory Auditors

62 Wilson Street
London
EC2A 2BU

13 November 2020

CARE CONCERN MANAGEMENT OA LIMITED

## CONSOLIDATED INCOME STATEMENT
## FOR THE YEAR ENDED 30 SEPTEMBER 2019

| | Note | Continuing operations 2019 £ | Discontin'd operations 2019 £ | Total 2019 £ | Continuing operations 2018 £ | Discontinued operations 2018 £ | Total 2018 £ |
|---|---|---|---|---|---|---|---|
| Turnover | 4 | 12,213,631 | 4,066,950 | 16,280,581 | 7,601,566 | 4,339,859 | 11,941,425 |
| Cost of sales | | (8,538,158) | (2,973,854) | 11,512,012) | (5,531,693) | (3,726,869) | (9,258,562) |
| Gross profit | | 3,675,473 | 1,093,096 | 4,768,569 | 2,069,873 | 612,990 | 2,682,863 |
| Administrative expenses | | (2,881,791) | (843,659) | (3,725,450) | (1,366,727) | (853,598) | (2,220,325) |
| Profit on disposal of ground rent property interest | | 679,800 | - | 679,800 | - | - | - |
| Operating profit | 5 | 1,473,482 | 249,437 | 1,722,919 | 703,146 | (240,608) | 462,538 |
| Profit on disposal of investments | | - | - | - | 640,376 | - | 640,376 |
| Interest payable and similar expenses | 8 | (962,376) | (109,208) | (1,071,584) | (169,650) | (183,563) | (353,213) |
| Profit before tax | | 511,106 | 140,229 | 651,335 | 1,173,872 | (424,171) | 749,701 |
| Tax on profit | 9 | 147,956 | (28,850) | 119,106 | (203,403) | 42,373 | (161,030) |
| Profit for the financial year | | 659,062 | 111,379 | 770,441 | 970,469 | (381,798) | 588,671 |
| Profit for the year attributable to: | | | | | | | |
| Owners of the parent | | 770,441 | - | 770,441 | 588,671 | - | 588,671 |
| | | 770,441 | - | 770,441 | 588,671 | - | 588,671 |

The notes on pages 14 to 35 form part of these financial statements.

CARE CONCERN MANAGEMENT OA LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

| | Note | 2019 £ | 2018 £ |
|---|---|---|---|
| Profit for the financial year | | 770,441 | 588,671 |
| Other comprehensive income | | | |
| Unrealised surplus on revaluation of tangible fixed assets | | 185,728 | 221,443 |
| Other comprehensive income for the year | | 185,728 | 221,443 |
| Total comprehensive income for the year | | 956,169 | 810,114 |
| Profit for the year attributable to: | | | |
| Owners of the parent Company | | 770,441 | 588,671 |
| | | 770,441 | 588,671 |

The notes on pages 14 to 35 form part of these financial statements.

CARE CONCERN MANAGEMENT OA LIMITED
REGISTERED NUMBER:06216796

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 SEPTEMBER 2019

| | Note | | 2019 £ | | 2018 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 11 | | 904,840 | | - |
| Tangible assets | 12 | | 51,641,499 | | 18,421,000 |
| Investments | 13 | | 81 | | 81 |
| | | | 52,546,420 | | 18,421,081 |
| **Current assets** | | | | | |
| Stocks | 14 | 8,520 | | - | |
| Debtors: amounts falling due within one year | 15 | 5,567,870 | | 4,492,014 | |
| Cash at bank and in hand | 16 | 1,053,333 | | 507,067 | |
| | | 6,629,723 | | 4,999,081 | |
| Creditors: amounts falling due within one year | 17 | (8,180,827) | | (3,429,441) | |
| **Net current (liabilities)/assets** | | | (1,551,104) | | 1,569,640 |
| **Total assets less current liabilities** | | | 50,995,316 | | 19,990,721 |
| Creditors: amounts falling due after more than one year | 18 | | (34,256,785) | | (10,374,436) |
| **Provisions for liabilities** | | | | | |
| Deferred tax | 22 | | (7,501,588) | | (1,565,889) |
| **Net assets** | | | 9,236,943 | | 8,050,396 |
| **Capital and reserves** | | | | | |
| Called up share capital | 23 | | 538 | | 200 |
| Share premium account | 24 | | 5,223,682 | | - |
| Revaluation reserve | 24 | | 1,072,031 | | 4,230,268 |
| Merger reserve | 24 | | 797,093 | | 797,093 |
| Profit and loss account | 24 | | 2,143,599 | | 3,022,835 |
| | | | 9,236,943 | | 8,050,396 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 November 2020.

Manpreet Singh Johal
Director

The notes on pages 14 to 35 form part of these financial statements.

CARE CONCERN MANAGEMENT OA LIMITED
REGISTERED NUMBER:06216796

## COMPANY STATEMENT OF FINANCIAL POSITION
## AS AT 30 SEPTEMBER 2019

| | Note | | 2019 £ | | 2018 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Investments | 13 | | 18,837,131 | | 281 |
| | | | 18,837,131 | | 281 |
| **Current assets** | | | | | |
| Debtors: amounts falling due within one year | 15 | 26,324,641 | | 3,966,277 | |
| Cash at bank and in hand | 16 | 3,500 | | 16,593 | |
| | | 26,328,141 | | 3,982,870 | |
| Creditors: amounts falling due within one year | 17 | (12,734,833) | | (2,194,933) | |
| **Net current assets** | | | 13,593,308 | | 1,787,937 |
| **Total assets less current liabilities** | | | 32,430,439 | | 1,788,218 |
| Creditors: amounts falling due after more than one year | 18 | | (27,069,533) | | - |
| **Net assets** | | | 5,360,906 | | 1,788,218 |
| **Capital and reserves** | | | | | |
| Called up share capital | 23 | | 538 | | 200 |
| Share premium account | 24 | | 5,223,682 | | - |
| Profit and loss account | | | 136,686 | | 1,788,018 |
| | | | 5,360,906 | | 1,788,218 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 November 2020.

Manpreet Singh Johal
Director

The notes on pages 14 to 35 form part of these financial statements.

**CARE CONCERN MANAGEMENT OA LIMITED**

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

| | Called up share capital | Share premium account | Revaluation reserve | Merger reserve | Profit and loss account | Total equity |
|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ |
| **At 1 October 2017** | 200 | - | 4,008,825 | 797,093 | 2,434,164 | 7,240,282 |
| Profit for the year | - | - | - | - | 588,671 | 588,671 |
| Surplus on revaluation of freehold property | - | - | 221,443 | - | - | 221,443 |
| **At 1 October 2018** | 200 | - | 4,230,268 | 797,093 | 3,022,835 | 8,050,396 |
| Profit for the year | - | - | - | - | 770,441 | 770,441 |
| Surplus on revaluation of freehold property | - | - | 185,728 | - | - | 185,728 |
| Assets acquired for distribution | - | - | - | - | 7,612,392 | 7,612,392 |
| Dividends: Equity capital and restructuration | - | - | - | - | (12,606,034) | (12,606,034) |
| Shares issued during the year | 338 | 5,223,682 | - | - | - | 5,224,020 |
| Transfer to/from profit and loss account | - | - | (3,343,965) | - | 3,343,965 | - |
| **At 30 September 2019** | 538 | 5,223,682 | 1,072,031 | 797,093 | 2,143,599 | 9,236,943 |

The notes on pages 14 to 35 form part of these financial statements.

**CARE CONCERN MANAGEMENT OA LIMITED**

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

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| **At 1 October 2017** | 200 | - | 1,478,503 | 1,478,703 |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | 309,515 | 309,515 |
| **Total comprehensive income for the year** | - | - | 309,515 | 309,515 |
| **At 1 October 2018** | 200 | - | 1,788,018 | 1,788,218 |
| **Comprehensive income for the year** | | | | |
| Profit for the year | - | - | 9,586,456 | 9,586,456 |
| **Total comprehensive income for the year** | - | - | 9,586,456 | 9,586,456 |
| **Contributions by and distributions to owners** | | | | |
| Dividends: Equity capital | - | - | (11,237,788) | (11,237,788) |
| Shares issued during the year | 338 | 5,223,682 | - | 5,224,020 |
| **Total transactions with owners** | 338 | 5,223,682 | (11,237,788) | (6,013,768) |
| **At 30 September 2019** | 538 | 5,223,682 | 136,686 | 5,360,906 |

The notes on pages 14 to 35 form part of these financial statements.

1. General information

The legal form of the company is that of a private limited liability company. The entity is incorporated in England and Wales and the company's registered office is 2nd Floor, The Priory Business Centre, Stomp Road, Burnham, Slough, SL1 7LW.

The principal activity of the company continues to be that of a holding company for companies providing twenty four hour residential care services to the residents.

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 Income Statement 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 Income Statement 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 October 2014.

2.3 Going concern

The directors have reviewed the group's forecasts and projections and, in particular have considered the potential implications of the ongoing Coronavirus pandemic. Whilst the eventual financial impact of the pandemic on the group, and on the overall economy, remains uncertain, the directors are confident that the group will be able to remain operational despite the inevitable scale back of its operations.

2. Accounting policies (continued)

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.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Income Statement 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 October 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 Sale and leaseback

Where a sale and leaseback transaction results in a finance lease, no gain is immediately recognised for any excess of sales proceeds over the carrying amount of the asset. Instead, the proceeds are presented as a liability and subsequently measured at amortised cost using the effective interest method.

When a sale and leaseback transaction results in an operating lease, and it is clear that the transition is established at fair value any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately unless the loss is compensated for by the future lease payments at below market price. In that case any such loss is amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is amortised over the period for which the asset is expected to be used.

2. Accounting policies (continued)

2.7 Finance costs

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

2.8 Borrowing costs

All borrowing costs are recognised in the Consolidated Income Statement in the year in which they are incurred.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, 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.

2.10Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

2. Accounting policies (continued)

2.11 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 the Group's share 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 Consolidated Income Statement over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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.

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 charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | | |
|---|---|---|
| Long-term leasehold property | - | over the lease term of 175 years |
| Plant and machinery | - | 20% on cost |
| Motor vehicles | - | 25% on cost |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Income Statement.

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 the Consolidated Income Statement 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 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 Income Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

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 outbasis. 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.

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. Accounting policies (continued)

2.19Provisions for liabilities

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

Provisions are charged as an expense to the Consolidated Income Statement 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.

2.20Financial instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

2.21Dividends

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

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

Ground rent transaction

As part of the accounting for the ground rent transaction, judgment is required in determining whether the subsequent lease back is an operating lease or finance lease, based on an evaluation of the terms and conditions of the arrangements and whether it obtains all of the significant risks and rewards of ownership of the property. In determining the nature of the lease, it is recognised that there is a significant element of judgment and that there is an element of each type of lease embedded within. Having considered the overall transaction and evaluated the terms and conditions of the arrangement, the directors concluded that in substance the land element of the leases represented an operating lease and the building elements represented a finance lease. The profit arising on the sale of the ground rent interest on the operating lease element is included in the Statement of Comprehensive Income, whilst the profit arising on the sale of the ground rent interest on the finance lease element, in accordance with FRS 102 is included as an other creditor on the Statement of Financial Position with this element of the profit released to the profit and loss account over the term of the ground lease.

Another judgement that has had a significant effect on the amounts recognised in the financial statements is the treatment of the coronavirus as an unadjusting post balance sheet event. In drawing this conclusion the Directors, have considered the level of coronavirus cases being reported at the year end and consider that the outbreak, the resulting lockdown and impact on operations were not a condition that existed at the balance sheet date. Therefore the impact of these events is not considered an indicator of impairment as at the year end date. The ultimate impact of the pandemic remains unknown and therefore it is not possible to predict the financial impact at this time.

4. Turnover

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| Other operating lease rentals | 20,332 | 11,557 |

## 6. Auditors' remuneration

| | 2019 £ | 2018 £ |
|---|---|---|
| Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements | 35,000 | 23,800 |

Fees payable to the Group's auditor and its associates in respect of:

| | 2019 £ | 2018 £ |
|---|---|---|
| Audit-related assurance services | 35,000 | 23,800 |
| | 35,000 | 23,800 |

## 7. Employees

Staff costs were as follows:

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Wages and salaries | 10,213,730 | 8,176,187 | - | - |

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

| | 2019 No. | 2018 No. |
|---|---|---|
| Staffs | 996 | 436 |

The Company has no employees other than the directors, who did not receive any remuneration *(2018 -£NIL)*

## 8. Interest payable and similar expenses

| | 2019 £ | 2018 £ |
|---|---|---|
| Bank interest payable | 25,019 | 177,841 |
| Other loan interest payable | 1,038,874 | 171,357 |
| Finance leases and hire purchase contracts | 7,691 | 4,015 |
| | 1,071,584 | 353,213 |

9. Taxation

| | 2019 £ | 2018 £ |
|---|---|---|
| Corporation tax | | |
| Current tax on profits for the year | 230,159 | 172,554 |
| Total current tax | 230,159 | 172,554 |
| Deferred tax | | |
| Origination and reversal of timing differences | (349,265) | (11,524) |
| Total deferred tax | (349,265) | (11,524) |
| Taxation on (loss)/profit on ordinary activities | (119,106) | 161,030 |

Factors affecting tax charge for the year

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

| | 2019 £ | 2018 £ |
|---|---|---|
| Profit on ordinary activities before tax | 651,335 | 749,700 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 -19%) | 123,754 | 142,443 |
| Effects of: | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | 134,534 | 5,342 |
| Capital allowances for year in excess of depreciation | 34,943 | (8,993) |
| Utilisation of tax losses | (32,339) | - |
| Adjustments to tax charge in respect of prior periods | 59,751 | - |
| Short term timing difference leading to an increase (decrease) in taxation | 358,064 | (11,524) |
| Non-taxable income | (448,548) | (72,175) |
| Capital gains | - | 60,534 |
| Deferred tax | (349,265) | - |
| Unrelieved tax losses carried forward | - | 45,403 |
| Total tax charge for the year | (119,106) | 161,030 |

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

## 10. Dividends

| | 2019 £ | 2018 £ |
|---|---|---|
| Interim dividends - new parent company | 7,743,656 | - |
| Interim dividends - restructuring | 4,862,378 | - |
| | 12,606,034 | - |

## 11. Intangible assets

**Group and Company**

| | Goodwill £ |
|---|---|
| Cost | |
| Additions | 904,840 |
| At 30 September 2019 | 904,840 |
| Net book value | |
| At 30 September 2019 | 904,840 |
| At 30 September 2018 | - |

The goodwill arising on acquisition relates to the business combinations disclosed in note 25.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

12. Tangible fixed assets

**Group**

| | Freehold property £ | Long-term leasehold property £ | Plant and machinery £ | Motor vehicles £ | Total £ |
|---|---|---|---|---|---|
| Cost or valuation | | | | | |
| At 1 October 2018 | 19,535,528 | - | 1,033,883 | 17,500 | 20,586,911 |
| Additions | - | 4,753,496 | 429,956 | 5,400 | 5,188,852 |
| Acquisition of subsidiary | 40,566,242 | - | 1,368,158 | 7,280 | 41,941,680 |
| Disposals | (6,717,148) | - | - | - | (6,717,148) |
| Disposal of subsidiary | (4,726,688) | - | - | - | (4,726,688) |
| Transfers between classes | (46,732,186) | 46,732,186 | - | - | - |
| Revaluations | (1,925,748) | - | - | - | (1,925,748) |
| At 30 September 2019 | - | 51,485,682 | 2,831,997 | 30,180 | 54,347,859 |
| Depreciation | | | | | |
| At 1 October 2018 | 1,742,477 | - | 416,553 | 6,880 | 2,165,910 |
| Charge for the year on owned assets | - | - | 535,470 | 4,980 | 540,450 |
| Transfers between classes | (1,742,477) | 1,742,477 | - | - | - |
| At 30 September 2019 | - | 1,742,477 | 952,023 | 11,860 | 2,706,360 |
| Net book value | | | | | |
| At 30 September 2019 | - | 49,743,205 | 1,879,974 | 18,320 | 51,641,499 |
| At 30 September 2018 | 17,793,050 | - | 617,330 | 10,620 | 18,421,000 |

The property held by Willinbrook Healthcare Ltd was valued on an open market valuation by professional valuers Knight Frank on 19 March 2019. The properties held by McKenzie Care Ltd, JTV Care Homes Ltd, Hutton Park Ltd, West Coast Care Ltd, Marchmont Care Home Ltd, Struan lodge Ltd, Wallace Management Services Ltd, Windyhall Care Home Ltd were revalued based on an open market valuation by professional valuers Jones Land LaSalle Limited on on 10 June 2019.

12. Tangible fixed assets (continued)

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

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| Freehold | - | 16,820,306 |
| Long leasehold | 49,743,204 | 972,745 |
| | 49,743,204 | 17,793,051 |

13. Fixed asset investments

**Group**

| | Unlisted investments<br>£ |
|---|---|
| Cost or valuation | |
| At 1 October 2018 | 81 |
| At 30 September 2019 | 81 |

**Company**

| | Investments in subsidiary companies<br>£ | Unlisted investments<br>£ | Total<br>£ |
|---|---|---|---|
| Cost or valuation | | | |
| At 1 October 2018 | - | 281 | 281 |
| Additions | 18,837,050 | - | 18,837,050 |
| Disposals | - | (200) | (200) |
| At 30 September 2019 | 18,837,050 | 81 | 18,837,131 |

13. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

| Name | Class of shares | Holding |
|---|---|---|
| Wallace Management Services Ltd | Ordinary | 100% |
| West Coast Care Ltd | Ordinary | 100% |
| Windyhall Care Home Ltd | Ordinary | 100% |
| Willinbrook Healthcare Ltd | Ordinary | 100% |
| JTV Care Homes Ltd | Ordinary | 100% |
| Struan lodge Ltd | Ordinary | 100% |
| Priory CC2 Ltd | Ordinary | 100% |
| Marchmont Care Home Ltd | Ordinary | 100% |
| Hutton Park Ltd | Ordinary | 100% |
| TC Carehome Ltd | Ordinary | 100% |
| McKenzie Care Ltd | Ordinary | 100% |
| Wallis Acorn Ltd | Ordinary | 100% |

14. Stocks

| | Group 2019 £ | Group 2018 £ |
|---|---|---|
| Finished goods and goods for resale | 8,520 | - |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

15. Debtors

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Trade debtors | 2,166,944 | 667,502 | - | - |
| Amounts owed by group undertakings | 2,797,264 | - | 26,324,641 | 1,090,077 |
| Other debtors | 81,702 | 3,730,136 | - | 2,876,200 |
| Prepayments and accrued income | 521,960 | 94,376 | - | - |
| | 5,567,870 | 4,492,014 | 26,324,641 | 3,966,277 |

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

16. Cash and cash equivalents

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Cash at bank and in hand | 1,053,333 | 507,067 | 3,500 | 16,593 |
| Less: bank overdrafts | (1,129) | (159,446) | - | - |
| | 1,052,204 | 347,621 | 3,500 | 16,593 |

17. Creditors: Amounts falling due within one year

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Bank overdrafts | 1,129 | 159,446 | - | - |
| Bank loans | 975,000 | 737,825 | 975,000 | - |
| Trade creditors | 698,568 | 422,211 | 12,060 | 5,001 |
| Amounts owed to group undertakings | - | - | 9,016,534 | 1,683,271 |
| Corporation tax | 1,405,298 | 622,810 | 488,542 | 501,580 |
| Other taxation and social security | 443,202 | 304,656 | - | - |
| Obligations under finance lease and hire purchase contracts | 159,323 | 23,806 | - | - |
| Other creditors | 3,222,371 | 563,253 | 2,107,409 | 81 |
| Accruals and deferred income | 1,275,936 | 595,434 | 135,288 | 5,000 |
| | 8,180,827 | 3,429,441 | 12,734,833 | 2,194,933 |

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

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Bank loans | 27,069,533 | 10,312,809 | 27,069,533 | - |
| Net obligations under finance leases and hire purchase contracts | 4,679,673 | 61,627 | - | - |
| Other creditors | 2,507,579 | - | - | - |
| | 34,256,785 | 10,374,436 | 27,069,533 | - |

Under FRS 102 and as described in the group's accounting policies, the finance lease element of the profit on disposal arising from the sale of company's ground rent interest cannot be recognised immediately in the profit and loss account of the company. Therefore a short-term other creditor of £16,572 and long term other creditor of £2,507,579 is included on the company's statement of financial position and these will be released to the profit and loss account over the 175 year term of the ground rent lease.

Amounts owed under Net obligations under finance lease and hire purchase contracts are secured over the assets acquired.

19. Loans

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Bank loans | | | | |
| Amounts falling due within one year | 975,000 | 737,825 | 975,000 | - |
| Amounts falling due 2-5 years | 27,069,533 | 2,951,300 | 27,069,533 | - |
| Amounts falling due after more than 5 years | - | 7,361,509 | - | - |
| | 28,044,533 | 11,050,634 | 28,044,533 | - |

The bank loans are secured by way of a debenture over the assets of the subsidiary companies, the holding company and a joint personal guarantee of up to £2.5m by the shareholders of the parent company.

20. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | Group 2019 £ | Group 2018 £ |
|---|---|---|
| Within one year | 161,143 | 23,806 |
| Between 1-5 years | 323,706 | 61,627 |
| Over 5 years | 13,757,557 | - |
| | 14,242,406 | 85,433 |

21. Financial instruments

| | Group 2019 £ | Group 2018 £ | Company 2019 £ | Company 2018 £ |
|---|---|---|---|---|
| Financial assets | | | | |
| Financial assets that are debt instruments measured at amortised cost | 6,099,324 | 5,421,863 | 26,328,222 | 3,983,151 |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | (39,313,176) | (12,231,542) | (39,180,536) | (2,053,464) |

Financial assets that are debt instruments measured at amortised cost comprise of cash and bank balances, trade debtors, amounts owed by group companies and other debtors.

Financial liabilities measured at amortised cost comprise of bank overdrafts, bank loans, trade creditors,obligations under hire purchase and finance leases, amounts owed to group companies and other creditors.

## 22. Deferred taxation

**Group**

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| At beginning of year | (1,565,889) | (1,002,207) |
| Charged to profit or loss | (234,366) | 11,524 |
| Charged to other comprehensive income | - | (575,206) |
| Arising on business combinations | (5,701,333) | - |
| At end of year | (7,501,588) | (1,565,889) |

| | Group<br>2019<br>£ | Group<br>2018<br>£ |
|---|---|---|
| Accelerated capital allowances | (53,015) | 11,524 |
| Rollover relief claim | (780,421) | - |
| Freehold property revaluation | (6,668,152) | (1,577,413) |
| | (7,501,588) | (1,565,889) |

## 23. Share capital

| | 2019<br>£ | 2018<br>£ |
|---|---|---|
| Allotted, called up and fully paid | | |
| 538 (2018 -200) Ordinary shares of £1.00 each | 538 | 200 |

During the year the company issued 338 ordinary shares of £1 each for a total value of £5,224,010. All of these were issued as consideration for the seven subsidiaries acquired on 21 June 2019 and as disclosed in note 25. All shares have full voting rights, dividend rights and capital distribution rights including rights on winding up.

24. Reserves

**Share premium account**

Share premium account represents the amount subscribed for share capital in excess of nominal value less costs directly attributable to the issue of shares.

**Revaluation reserve**

A revaluation reserve records the surplus that arise when the value of an asset becomes greater than the value at which it was previously carried on the balance sheet.

**Merger Reserve**

The merger reserve is a reserve arising from the difference between the consideration and the book value of net assets acquired.

**Profit and loss account**

The profit and loss account reserve is comprised of the accumulated profits and losses of the company, less any dividends paid.

25. Business combinations

On 21 June 2019 the company acquired the following subsidiaries through the issue of shares as consideration:-

TC Care Limited
Windyhall Care Limited
Priory CC2 Limited
Struanlodge Limited
McKenzie Care Limited
Wallace Management Services Limited
Marchmont Care Home Limited

The fair value of the net assets acquired, consideration and goodwill arising was as follows:-.

| | 2019 |
|---|---|
| | £ |
| Fair value of consideration - shares | 5,266,534 |
| | - |
| Fair value of assets acquired | - |
| Tangible fixed assets | 21,605,534 |
| Debtors | 852,535 |
| Cash | 1,159,054 |
| Creditors | (1,981,251) |
| Corporation tax | (738,934) |
| Bank loans | (13,068,243) |
| Deferred tax | (2,793,888) |
| Fair value of net assets acquired | 5,034,807 |
| Goodwill arising on acquisition | 231,727 |

On 18 July 2019 the company acquired the following subsidiaries through cash consideration:-

Willis Acorn Limited
Willlnbrook Healthcare Limited

The fair value of the net assets acquired, consideration and goodwill arising was as follows:-

| | 2019 |
|---|---|
| | £ |
| Fair value of consideration - cash | 13,551,452 |
| | - |
| Fair value of assets acquired | - |
| Tangible fixed assets | 20,336,146 |
| Stock | 4,500 |
| Debtors | 357,427 |
| Cash | 2,057,553 |
| Creditors | (573,343) |
| Corporation tax | (152,625) |
| Bank loans | (6,171,961) |
| Deferred tax | (2,907,445) |
| Fair value of net assets acquired | 12,950,252 |
| Goodwill arising on acquisition | 601,200 |

All of the above acquisitions have been accounted for by the acquisition method of accounting.

26. Discontinued operations

On the 21 June 2019 the group disposed of Care Concern Yorkshire Limited to a related group. This has been accounted for as a distribution as part of the group reorganisation.

| | | £ |
|---|---|---|
| Net assets disposed of: | | |
| Tangible fixed assets | 1,463,692 | |
| Debtors | 372,636 | |
| Cash | 117,773 | |
| Creditors | (752,498) | |
| | | (1,201,603) |
| Profit on disposal before tax | | (1,201,603) |

The net outflow of cash in respect of the sale of Care Concern Yorkshire Limited is as follows:

| | £ |
|---|---|
| Cash transferred on disposal | (117,773) |
| Net outflow of cash | (117,773) |

27. Contingent liabilities

The group has a cross-guarantee in place in respect of the bank facilities of Group companies. The guarantee provided is over the assets of the group and no liability was incurred by the company in the year.

28. Commitments under operating leases

At 30 September 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2019 £ | Group 2018 £ |
|---|---|---|
| Not later than 1 year | 556,551 | 22,011 |
| Later than 1 year and not later than 5 years | 2,178,216 | 59,812 |
| Later than 5 years | 85,648,175 | 877 |
| | 88,382,942 | 82,700 |

29. Related party transactions

The Company has taken advantage of the exemption in Paragraph 33. 1A of FRS 102 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

30. Post balance sheet events

The UK government placed the country on lockdown on 23 March 2020 due to the outbreak of the coronavirus and subsequently released some of the restrictions. The directors have considered the impact of this on the company's operations and have implemented procedures to reduce the chances of an outbreak in the individual homes and to reduce the impact in the event of an outbreak. Post year end, the trading has not varied significantly from that predicted prior to the coronavirus and the company continues to trade and develop as expected. As such, at the date of signing this report, they do not consider that the economic impact of the coronavirus will have a significant impact on the financial statements.

The demerger of Fleet Valley care home, which was owned by West Coast Care Ltd, a subsidiary of the company occurred on 27 May 2020.

31. Controlling party

The company's ultimate parent company is Ten M II Ltd which, in the opinion of the director is controlled collectively by its shareholders with no individual having overall control.

The consolidated financial statements of Ten M II Ltd can be obtained from Companies House, Crown Way, Cardiff, CF4 3UZ.