Registration number: 06281674

ROSEBERRY CARE CENTRES GB LIMITED

Annual Report and Financial Statements
for the Year Ended 31 December 2019

Roseberry Care Centres GB Limited

Contents

Roseberry Care Centres GB Limited

Company Information

Directors	Mr J Murphy Mr M Dumble Mrs M J Auckland
Company secretary	Ms M Summerson
Registered office	Roseberry Care Centres 1st Floor Valley View Care Centres Back Lane Penshaw Houghton-le-Spring DH4 7ER
Solicitors	Endeavour Partnership Tobias House St Mark's Court Thornaby Stockton on Tees TS17 6QW
Bankers	Santander Corporate Banking Level 9, Baltic Place South Shore Road Gateshead NE8 3AE
Auditor	MHA Tait Walker Chartered Accountants & Statutory Auditor 1 Massey Road Thornaby Stockton on Tees TS17 6DY

Roseberry Care Centres GB Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Principal activity

The principal activity of the company is the running of care homes.

Fair review of the business

Roseberry Care Centres GB Limited is a care home operator providing residential and nursing care primarily across the north of England. At the date of the financial statements the company were caring for approximately 670 residents in 14 care homes.
The Company's profit on ordinary activities before tax for the year ended 31st December 2019 amounted to £844,072 (2018 £169,363 loss).
The company had net liabilities of £149,854 (2018 net liabilities of £1,034,183).
During the year the company reinvested £590,000 of capital expenditure back into its operating assets. Supplementary to this, the sole landlords invested an additional £1,300,000, which has been rentalised over the term of the operating leases. This substantial investment has facilitated a high standard of refurbishment throughout the homes.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Occupancy	%	93	87
Average weekly fee	£	633	612
Staffing costs as % of fee income	%	61	64
Home running costs as % of fee income	%	16	16
Rent cover ratios		2	1
EBITDAR as % of fee income	%	23	20

In addition to the above, the company also closely monitors and acts upon inspections by the regulator and its two dedicated quality inspection managers which has clearly resulted in an improvement to its CQC (Care Quality Commission) ratings. At the date of the accounts all of the groups homes were rated 'Good' with the CQC.

Going concern

At 31 December 2019 the company reported net current liabilities of £1,136,875 (2018: £1,714,996) and net liabilities of £149,854 (2018: £1,034,183). The current year profit after tax of £884,329 represents a significant improvement upon the loss before tax of £152,310 reported in 2018 and is reflective of the company's investment in its facilities and the support from its landlords.

The company meets its day to day working capital requirements from cash generated from operations. Funding support, in the form of accrued rent being capitalised into longer term loans and reduced rent costs for periods, is also provided by the company's landlords.

At this time the long term impact of the COVID-19 virus on the global economy is unknown but the pandemic has clearly had an impact on the company's operations during 2020. There has been increased cost brought about by a notable reduction in admissions, purchasing of Personal Protection Equipment (PPE) and costs associated with covering staff absences. However Government and local councils have recognised these pressures in the care sector and have provided appropriate levels of financial support by way of awarding temporary increases in fees, paying for void beds, providing PPE and making available infection control grants.

The directors have prepared financial forecasts for the next 12 months which include the Covid-19 support measures mentioned above. These forecasts also assume a certain level of occupancy which show that, taking into account of reasonably possible changes in trading performance, the company is expected to have a sufficient level of financial resource available through the next 12 months. In addition to this the directors have also received a letter of support from the company's landlord indicating ongoing support.

After making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future and that there is no material uncertainty regarding going concern. Accordingly, they continue to prepare the financial statements on a going concern basis.

Principal risks and uncertainties

The company has an established and structured approach to risk management. The company's activities expose it to a variety of financial risks and it has adopted risk management policies that seek to mitigate these risks in a cost effective manner.
Credit risk
The company's main financial assets are bank balances, cash and trade receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The company's largest customers are primarily local councils with social services responsibilities and NHS clinical commissioning groups.
Liquidity risk
The company has continued to maintain liquidity and sufficient working capital for its ongoing operations and future developments.
Operational risks
The company's activities expose it to a number of operational risks including reputation and of a regulatory nature.
Reputational risk
In order to mitigate this risk the company delivers a comprehensive package of employee training as well as performance management via formal and informal meetings with all of its employees. In addition the management team have improved and strengthened the collaborative working relationships with local authority and NHS commissioners.
Regulatory risk
In order to mitigate this risk the group has employed two dedicated quality inspection managers who carry out mock inspections and provide action plans where appropriate. The group has also invested in additional regional support managers who's role is to support the regional operations managers and the homes within that region, in order to maintain and improve regulatory compliance and to develop improved commercial business strategies as directed by senior management.
Other risk
The group employs dedicated regional administrators who carry out unannounced financial audits in the homes. This establishes that financial procedures are being carried out in line with group policies and helps to mitigate the risk of potential financial fraud.

Future developments

The company will continue to seek to add growth by challenging and reviewing its current operations and carefully considering any potential, targeted acquisitions.

Approved by the Board on 30 June 2020 and signed on its behalf by:

....	....
Mr J Murphy	Mr M Dumble
Director	Director

Roseberry Care Centres GB Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors of the company

The directors who held office during the year were as follows:

Mr J Murphy

Mr M Dumble

Mrs M J Auckland

Financial instruments

Objectives and policies

The company finances its activities with a combination of working capital and loans from related parties. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from the Company's operating activities. See disclosures in the Strategic Report in respect of the financial risk management of the Company.

Employment of disabled persons

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.
Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

During the year, the policy of providing employees with information about the Company has continued through internal media methods in which employees are encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow free flow of information and ideas.

Future developments

See disclosures within the Strategic Report regarding future developments of the Company.

Going concern

The impact of COVID-19 upon the company is included in the Strategic Report and Note 2.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Roseberry Care Centres GB Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 30 June 2020 and signed on its behalf by:

....	....
Mr J Murphy	Mr M Dumble
Director	Director

Roseberry Care Centres GB Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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; and
- 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 transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Roseberry Care Centres GB Limited

Independent Auditor's Report to the Members of Roseberry Care Centres GB Limited

Opinion

We have audited the financial statements of Roseberry Care Centres GB Limited (the 'company') for the year ended 31 December 2019, which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity, and 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 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 company's affairs as at 31 December 2019 and of its 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 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 auditor's 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.

Independent Auditor's Report to the Members of Roseberry Care Centres GB Limited (continued)

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 matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Statement of Directors' Responsibilities (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 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 company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Roseberry Care Centres GB Limited (continued)

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 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

....

Christopher Potter BA (Hons) ACA (Senior Statutory Auditor)

For and on behalf of MHA Tait Walker

Chartered Accountants

Statutory Auditor

1 Massey Road

Thornaby

Stockton on Tees

TS17 6DY

30 June 2020

MHA Tait Walker is a trading name of Tait Walker LLP.

Roseberry Care Centres GB Limited

Income Statement for the Year Ended 31 December 2019

	Note	Continuing operations 2019 £	Discontinued operations 2019 £	Total 2019 £	Continuing operations 2018 £	Discontinue operatior 201
Turnover	3	21,344,547	-	21,344,547	19,765,250	537,6C
Cost of sales		(13,973,415)	-	(13,973,415)	(13,667,821)	(438,91
Gross profit		7,371,132	-	7,371,132	6,097,429	98,6
Administrative expenses		(6,679,718)	-	(6,679,718)	(6,049,177)	(316,31
Other operating income	4	239,631	-	239,631	-	
Operating profit/(loss)	5	931,045	-	931,045	48,252	(217,61
Interest payable and similar expenses		(86,973)	-	(86,973)	-	
Profit/(loss) before tax		844,072	-	844,072	48,252	(217,61
Taxation	9	40,257	-	40,257	17,053	
Profit/(loss) for the financial year		884,329	-	884,329	65,305	(217,61

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 14 to 25 form an integral part of these financial statements.

Roseberry Care Centres GB Limited

(Registration number: 06281674)
Statement of Financial Position as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	1,022,775	788,314
Current assets			
Stocks	11	29,986	27,130
Debtors	12	2,706,923	2,871,378
Cash at bank and in hand		656,999	346,827
		3,393,908	3,245,335
Creditors: Amounts falling due within one year	13	(4,530,783)	(4,960,333)
Net current liabilities		(1,136,875)	(1,714,998)
Total assets less current liabilities		(114,100)	(926,684)
Creditors: Amounts falling due after more than one year	13	(35,754)	(72,165)
Provisions for liabilities	14	-	(35,334)
Net liabilities		(149,854)	(1,034,183)
Capital and reserves			
Called up share capital		2	2
Profit and loss account		(149,856)	(1,034,185)
Total equity		(149,854)	(1,034,183)

Approved and authorised by the Board on 30 June 2020 and signed on its behalf by:

....

Mr M Dumble

Director

The notes on pages 14 to 25 form an integral part of these financial statements.

Roseberry Care Centres GB Limited

Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £	Profit and loss account £	Total £
At 1 January 2018	2	(881,875)	(881,873)
Loss for the year	-	(152,310)	(152,310)
Total comprehensive income	-	(152,310)	(152,310)
At 31 December 2018	2	(1,034,185)	(1,034,183)

	Share capital £	Profit and loss account £	Total £
At 1 January 2019	2	(1,034,185)	(1,034,183)
Profit for the year	-	884,329	884,329
Total comprehensive income	-	884,329	884,329
At 31 December 2019	2	(149,856)	(149,854)

The notes on pages 14 to 25 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is Roseberry Care Centres, 1st Floor Valley View Care Centres, Back Lane, Penshaw, Houghton-le-Spring, DH4 7ER.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention.

These financial statements are presented in sterling which is the functional currency of the entity.

Summary of disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:
(a) Disclosures in respect of each class of share capital have not been presented.
(b) No cash flow statement has been presented for the company.
(c) Disclosures in respect of financial instruments have not been presented.
(d) No disclosure has been given for the aggregate remuneration of key management personnel.
The Company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

2 Accounting policies (continued)

Going concern

At 31 December 2019 the company reported net current liabilities of £1,141,798 (2018: £1,714,996) and net liabilities of £149,854 (2018: £1,034,183). The current year profit after tax of £884,329 represents a significant improvement upon the loss before tax of £152,310 reported in 2018 and is reflective of the company's investment in its facilities and the support from its landlords.

The company meets its day to day working capital requirements from cash generated from operations. Funding support, in the form of accrued rent being capitalised into longer term loans and reduced rent costs for periods, is also provided by the company's landlords.

At this time the long term impact of the COVID-19 virus on the global economy is unknown but the pandemic has clearly had an impact on the company's operations during 2020. There has been increased cost brought about by a notable reduction in admissions, purchasing of Personal Protection Equipment (PPE) and costs associated with covering staff absences. However Government and local councils have recognised these pressures in the care sector and have provided appropriate levels of financial support by way of awarding temporary increases in fees, paying for void beds, providing PPE and making available infection control grants.

The directors have prepared financial forecasts for the next 12 months which include the Covid-19 support measures mentioned above. These forecasts also assume a certain level of occupancy which show that, taking into account of reasonably possible changes in trading performance, the company is expected to have a sufficient level of financial resource available through the next 12 months. In addition to this the directors have also received a letter of support from the company's landlord indicating ongoing support.

After making enquiries, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future and that there is no material uncertainty regarding going concern. Accordingly, they continue to prepare the financial statements on a going concern basis.

2 Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Assessing indicators of impairment - In assessing whether there have been indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

Assessing nature of lease - The Company has entered into commercial leases and as a lessee it obtains use of property, plant and equipment. The classification as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation - Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Useful economic lives of tangible assets - The annual depreciation charge is sensitive to changes in the estimated useful lives of the assets. The useful economic lives are re-assessed annually. They are amended when necessary to reflect current estimates, future investments and economic utilisation. The carrying amount is £1,864,589 (2018 - £ 1,509,465).

Impairment of debtors - The company makes an estimate of the recoverable value of the trade and other debtors. When assessing impairment of trade and other debtor, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Revenue recognition

Revenue from providing nursing and care services is measured by reference to period of occupancy.

Tax

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

2 Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.
The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Long leasehold property	3-10 years straight line
Plant and machinery	2-10 years straight line
Fixtures and fittings	4 years straight line
Motor vehicles	5 years straight line
Equipment	3-4 years straight line

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.
Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stock, consisting of consumables and cleaning supplies, are recorded at cost.

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.
Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.
Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.
Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.
Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.
Lease payments are apportioned between finance costs in the Income Statement and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2 Accounting policies (continued)

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2019 £	2018 £
Provision of nursing and care services	21,344,547	19,765,250

The analysis of the company's revenue for the year from discontinued operations is as follows:

	2019 £	2018 £
Provision of nursing and care services	-	537,608

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2019 £	2018 £
Management charges receivable	72,274	-
Exceptional income	167,357	-
	239,631	-

Exceptional income consists of a loan reduction and the waiver of accrued interest attached to this loan.

5 Operating profit/(loss)

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	353,245	309,323
Impairment loss	-	51,784
Operating lease rentals	2,942,143	3,062,568

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £	2018 £
Wages and salaries	12,681,960	12,845,181
Social security costs	820,369	769,409
Pension costs, defined contribution scheme	172,249	104,171
	13,674,578	13,718,761

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2019 No.	2018 No.
Care staff	816	846
Administrative staff	36	35
	852	881

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	168,513	18,888
Contributions paid to money purchase schemes	3,987	-
	172,500	18,888

7 Directors' remuneration (continued)

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2019 No.	2018 No.
Accruing benefits under defined benefit pension scheme	1	-

8 Auditor's remuneration

	2019 £	2018 £
Audit of the financial statements	15,000	15,000

9 Taxation

Tax charged/(credited) in the income statement

	2019 £	2018 £
Deferred taxation		
Arising from origination and reversal of timing differences	(40,257)	(17,053)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).
The differences are reconciled below:

	2019 £	2018 £
Profit/(loss) before tax	844,072	(169,363)
Corporation tax at standard rate	160,374	(32,179)
Increase/(decrease) from effect of different UK tax rates on some earnings	579	(14,722)
Effect of revenues exempt from taxation	-	(46,680)
Effect of expense not deductible in determining taxable profit (tax loss)	2,437	918
(Decrease)/increase from tax losses for which no deferred tax asset was recognised	(203,647)	67,958
Tax increase arising from group relief	-	4,215
Other tax effects for reconciliation between accounting profit and tax expense (income)	-	3,437
Total tax credit	(40,257)	(17,053)

9 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

2019	**Asset** £	**Liability** £
Accelerated capital allowances	-	60,749
Other timing differences	6,547	-
Unused tax losses	59,125	-
	65,672	60,749

2018	**Asset** £	**Liability** £
Accelerated capital allowances	-	43,034
Other timing differences	7,700	-
Unused tax losses	-	-
	7,700	43,034

There are £Nil of unused tax losses (2018 - £210,886) for which no deferred tax asset is recognised in the Statement of Financial Position.

10 Tangible assets

	Long leasehold property £	Fixtures and fittings £	Plant and machinery £	Equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 2019	372,962	958,829	799,899	156,409	9,680	2,297,779
Additions	140,639	207,570	188,072	53,304	-	589,585
At 31 December 2019	513,601	1,166,399	987,971	209,713	9,680	2,887,364
Depreciation						
At 1 January 2019	236,477	619,037	507,024	139,344	7,583	1,509,465
Charge for the year	51,226	158,544	128,655	14,763	1,936	355,124
At 31 December 2019	287,703	777,581	635,679	154,107	9,519	1,864,589
Carrying amount						
At 31 December 2019	225,898	388,818	352,292	55,606	161	1,022,775
At 31 December 2018	136,485	339,792	292,875	17,065	2,097	788,314

The amounts capitalised as Long leasehold property consist entirely of improvements made to leased properties.

11 Stocks

	2019 £	2018 £
Food and cleaning materials	29,986	27,130

12 Debtors

	Note	2019 £	2018 £
Trade debtors		1,130,956	1,050,777
Amounts owed by group undertakings		1,440,156	1,475,386
Other debtors		55,329	261,014
Prepayments		75,559	84,201
Deferred tax assets	9	4,923	-
		2,706,923	2,871,378
Total non current element of loans and receivables		(842,747)	(1,235,453)
		1,864,176	1,635,925

12 Debtors (continued)

Details of non-current trade and other debtors

£842,747 (2018 - £1,235,453) of Amounts owed by group undertakings is classified as non current.

13 Creditors

	Note	2019 £	2018 £
Due within one year			
Loans and borrowings		1,252,285	178,470
Trade creditors		584,304	736,958
Amounts due to group undertakings	17	52,886	37,974
Social security and other taxes		201,711	267,824
Other creditors		822,760	630,862
Accruals and deferred income		1,616,837	3,108,245
		4,530,783	4,960,333

		2019 £	2018 £
Due after one year			
Loans and borrowings		35,754	72,165

Included within creditors amounts falling due after more than one year is an amount of £20,000 (2018: £40,000) for the company in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

14 Provisions for liabilities

	Deferred tax £	Total £
At 1 January 2019	35,334	35,334
Provisions used	(35,334)	(35,334)
At 31 December 2019	-	-

15 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £172,249 (2018 - £104,171).
Contributions totalling £20,946 (2017: £8,357) were payable to the scheme at the end of the year and are included in creditors.

16 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2019 £	2018 £
Not later than one year	3,181,385	3,000,043
Later than one year and not later than five years	13,868,858	12,897,345
Later than five years	32,124,957	35,125,467
	49,175,200	51,022,855

The amount of non-cancellable operating lease payments recognised as an expense during the year was £2,942,143 (2018 - £3,062,568).

17 Related party transactions

The Company has taken advantage of the the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Transactions with directors

2018	At 1 January 2018 £	Advances to directors £	Repayments by director £	Other payments made to company by director £	At 31 December 2018 £
Mr R M McNamara					
Director's drawings	480,553	134,531	(614,244)	(840)	-

Amounts owed to the company by Mr R M McNamara were settled as part of the sale of the company on 20 December 2018. Mr R M McNamara resigned as a director on the same date.

18 Parent and ultimate parent undertaking

The company's immediate parent is Cleveland Healthcare Group Limited, incorporated in England and Wales.
The ultimate parent is Ceres Holdings Limited, incorporated in the Cayman Islands.
The most senior parent entity producing publicly available financial statements is Cleveland Healthcare Group Limited . These financial statements are available upon request from Companies House

the Companies Act 2006.