Registration number: 07051134

CHRISTCHURCH COURT (UK) LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2019

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

CHRISTCHURCH COURT (UK) LIMITED

CONTENTS

CHRISTCHURCH COURT (UK) LIMITED

COMPANY INFORMATION

Directors

Prof. M P Barnes

D Jackson

R W J McKenzie

R R Smith

Registered Office

2 Christchurch Road
Abington
Northampton
NN1 5LL

Solicitors

Marriott Harrison LLP
11 Staple Inn
London
WC1V 7QH

Bankers

Santander Corporate Banking
Bridle Road
Bootle
Merseyside
L30 4GB

Auditors

Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

CHRISTCHURCH COURT (UK) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2019

The directors present their strategic report for the year ended 30 April 2019.

Principal activity
The principal activity of the company is as a holding company. The principal activity of the group is the provision of neurological rehabilitation services and supported living.

Fair review of the business
The results for the year which are set out in the profit and loss account show turnover of £3,834,439 (2018 - £3,750,479) and an operating profit of £148,604 (2018 – loss of £1,636,819). At 30 April 2019 the group had fixed assets of £16,490,000 (2018 - £17,188,037). The directors consider the performance for the year and the financial position at the year end to be satisfactory.

Principal risks and uncertainties
The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to ongoing compliance with current and future legislation affecting the sector.

Approved by the Board on ..12/8/19... and signed on its behalf by:

....
D Jackson
Director

CHRISTCHURCH COURT (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2019

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

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

Prof.. M P Barnes

D Jackson

R W J McKenzie

R R Smith

Financial instruments

Objectives and policies

The board constantly monitors the group's trading results and revise projections as appropriate to ensure that the group can meet its future obligations as they fall due.

Price risk, credit risk, liquidity risk and cash flow risk

The company is exposed to the usual credit and cash flow risks associated with selling on credit and manages this through credit control procedures. The company's bank loans and loan stock are subject to price and liquidity risk as disclosed in note 15 to the financial statements.

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The company has sufficient resources available and the directors have prepared forecasts for the next 12 months that indicate that this will continue to be the case and that these cash flows will be sufficient for the company to meet its financing commitments as they fall due. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditor
Each director has taken the 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.

Reppointment of auditors
Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 12/8/19 and signed on its behalf by:

....
D Jackson
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CHRISTCHURCH COURT (UK) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHRISTCHURCH COURT HOLDINGS LIMITED

Opinion
We have audited the financial statements of Christchurch Court (UK) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2019, which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Balance Sheet, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, 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 group's and the parent company's affairs as at 30 April 2019 and of the group's loss 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHRISTCHURCH COURT HOLDINGS LIMITED

- 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 group and the parent 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 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 Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

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

Use of our report
This report is made solely to the 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.

MH.................................
Martin Howard (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date: 13/8/19

CHRISTCHURCH COURT (UK) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2019

	Note	2019 £	2018 £
Turnover	3	3,834,439	3,750,749
Cost of sales		(2,441,748)	(2,481,378)
Gross profit		1,392,691	1,269,371
Administrative expenses		(1,187,445)	(1,313,910)
Exceptional items	5	(56,642)	(1,592,280)
Operating profit/(loss)	4	148,604	(1,636,819)
Interest payable and similar charges	6	(381,012)	(358,363)
Loss before tax		(232,408)	(1,995,182)
Taxation	9	(30,693)	35,249
Loss for the financial year		(263,101)	(1,959,933)

The above results were derived from continuing operations.

The group has no other comprehensive income for the year.

CHRISTCHURCH COURT (UK) LIMITED

(REGISTRATION NUMBER: 07051134)
CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Intangible assets	10	4,309,630	4,709,350
Tangible assets	11	12,180,370	12,478,687
		16,490,000	17,188,037
CURRENT ASSETS			
Debtors: Amounts falling due within one year	13	250,272	462,865
Cash at bank and in hand		421,624	141,778
		671,896	604,643
CREDITORS: amounts falling due within one year	14	(871,649)	(870,517)
NET CURRENT (LIABILITIES)/ASSETS		(199,753)	(265,874)
TOTAL ASSETS LESS CURRENT LIABILITIES		16,290,247	16,922,163
CREDITORS: amounts falling due after more than one year	14	(13,838,718)	(14,159,563)
PROVISIONS FOR LIABILITIES	9	(92,539)	(140,509)
NET ASSETS		2,358,990	2,622,091
CAPITAL AND RESERVES			
Called up share capital	17	1	1
Capital contribution reserve		6,322,893	6,322,893
Profit and loss account		(3,963,904)	(3,700,803)
SHAREHOLDERS' FUNDS		2,358,990	2,622,091

Approved and authorised by the Board on ....12/8/19....... and signed on its behalf by:

....

D Jackson

Director

The notes on pages 13 to 26 form an integral part of these financial statements.

CHRISTCHURCH COURT (UK) LIMITED

(REGISTRATION NUMBER: 07051134)
BALANCE SHEET AS AT 30 APRIL 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Investments	13	4,690,679	4,690,679
CURRENT ASSETS			
Cash at bank and in hand		1,852	49
CREDITORS: amounts falling due within one year	14	(4,078,571)	(3,429,837)
NET CURRENT LIABILITIES		4,076,719	(3,429,788)
TOTAL ASSETS LESS CURRENT LIABILITIES		613,960	1,260,891
CREDITORS: amounts falling due after more than one year	14	(13,838,718)	(14,159,563)
PROVISIONS FOR LIABILITIES	9	-	-
NET LIABILITES		(13,224,758)	(12,898,672)
CAPITAL AND RESERVES			
Called up share capital	17	1	1
Capital contribution reserve		6,322,893	6,322,893
Profit and loss account		(19,547,652)	(19,221,566)
SHAREHOLDERS' DEFICIT		(13,224,758)	(12,898,672)

The company made a loss after tax for the financial year of £326,086 (2018 – loss of £11,114,860).

Approved and authorised by the Board on ...12/8/19...... and signed on its behalf by:

....

D Jackson

Director

CHRISTCHURCH COURT (UK) LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2019 EQUITY ATTRIBUTABLE TO THE PARENT COMPANY

	Share Capital £	Capital Contribution Reserve £	Profit and Loss Account £	Total £
At 1 May 2018	1	6,322,893	(3,700,803)	2,622,091
Loss for the year	-	-	(263,101)	(263,101)
At 30 April 2019	1	6,322,893	(3,963,904)	2,358,990

	Share Capital £	Capital Contribution Reserve £	Profit and Loss Account £	Total £
At 1 May 2017	1	5,596,215	(1,740,870)	3,855,346
Loss for the year	-	-	(1,959,933)	(1,959,933)
Interest free loan	-	726,678	-	726,678
At 30 April 2018	1	6,322,893	(3,700,803)	2,622,091

The notes on pages 12 to 26 form an integral part of these financial statements.

CHRISTCHURCH COURT (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2019

	Share Capital £	Capital Contribution Reserve £	Profit and Loss Account £	Total £
At 1 May 2018	1	6,322,893	(19,221,566)	(12,898,672)
Loss for the year	-	-	(326,086)	(326,086)
At 30 April 2019	1	6,322,893	(19,547,652)	(13,224,758)

	Share Capital £	Capital Contribution Reserve £	Profit and Loss Account £	Total £
At 1 May 2017	1	5,596,215	(8,106,706)	(2,510,490)
Loss for the year	-	-	(11,114,860)	(11,114,860)
Interest free loan	-	726,678	-	726,678
At 30 April 2018	1	6,322,893	(19,221,566)	(12,898,672)

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:
2 Christchurch Road
Abington
Northampton
NN1 5LL

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' and the Companies Act 2006.

Summary of disclosure exemptions

The group has not presented a cash flow statement on the grounds that it is a wholly owned group and a group cash flow statement is included in the financial statements of the parent company.

Name of parent of group

These financial statements are consolidated in the financial statements of Christchurch Court Holdings Limited. The financial statements of Christchurch Court Holdings Limited may be obtained from Companies House.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 April 2019.

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Judgements and estimation uncertainty

These financial statements do not contain any significant judgements or estimation uncertainty.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the group's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, 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.

The current 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 group operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets
Tangible assets are stated in the balance sheet 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, over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2%/15% straight line
Motor vehicles	25% reducing balance
Fixtures and fittings	20% straight line
Office equipment	33.33% straight line

Land is not depreciated.

Intangible assets
Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Separately acquired trademarks and licences are shown at historical cost.

Amortisation
Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Brands	Straight line over 20 years

Investments
Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Debtors
Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the debtors.

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 group 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 all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

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 Profit and Loss Account 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 group 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 Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account 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.

Dividends
Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation
A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group 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.

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

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

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

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

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

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

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

3. Revenue

The total turnover of the group has been derived from its principal activity wholly undertaken in the United Kingdom.

4. Operating profit

Arrived at after charging

	Note	2019 £	2018 £
Depreciation expense	11	392,013	433,719
Amortisation expense	10	399,720	399,723
Operating lease expense - property		40,851	37,760
Operating lease expense - plant and machinery		978	8,108

5. Exceptional items

	2019 £	2018 £
Exceptional items	56,642	1,592,280

Exceptional items in the prior year consist of pre-opening costs for a new service, redundancy costs, an intercompany loan write off and other non-recurring expenses.

Exceptional items in the current year comprise costs incurred in respect of redundancy payments and other non-recurring expenses.

6. Interest payable and similar expenses

	2019 £	2018 £
Interest on bank borrowings	251,440	229,435
Monitoring fees	69,572	55,770
Finance lease interest	-	3,166
Related party interest	60,000	69,992
	381,012	358,363

7. Staff costs

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

	2019 £	2018 £
Wages and salaries	2,191,736	2,123,825
Social security costs	173,130	171,549
Pension costs, defined contribution scheme	44,850	46,078
	2,409,718	2,341,452

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

	2019 No.	2018 No.
Care	108	102
Administration	19	17
	127	119

8. Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration (including social security costs)	40,000	44,078
Contributions paid to money purchase schemes	-	1,189
	40,000	45,267

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	3	3

9. Taxation

Tax charged/(credited) in the profit and loss account

	2019 £	2018 £
Current taxation		
UK corporation tax	74,920	22,726
UK corporation tax adjustment to prior periods	3,743	(53,906)
	78,663	(31,180)
Deferred taxation		
Arising from origination and reversal of timing differences	(47,970)	(4,069)
Tax (receipt)/expense in the income statement	30,693	(35,249)

The tax on profit before tax for the year is higher 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 £
Loss before tax	(232,408)	(1,995,182)
Corporation tax at standard rate	(44,158)	(379,085)
Effect of expense not deductible in determining taxable profit (tax loss)	137	282,745
Deferred tax movement	(47,970)	(4,069)
Decrease in UK and foreign current tax from adjustment for prior periods	3,743	(53,906)
Tax increase from effect of capital allowances and depreciation	120,691	156,824
Group relief	(1,750)	(37,758)
Total tax (credit)/charge	30,693	(35,249)

Deferred tax

Group
Deferred tax assets and liabilities

2019	**Liability** **£**
Accelerated capital allowances	95,792
Other timing differences	(3,253)
	92,539

2018	**Liability** **£**
Accelerated capital allowances	143,762
Other timing differences	(3,253)
	140,509

10. Intangible assets

Group

	Goodwill £	Branding £	Total £
Cost			
At 1 May 2018 and at 30 April 2019	7,740,220	43,295	7,783,515
Amortisation			
At 1 May 2018	3,049,541	24,624	3,074,165
Charge for the year	395,392	4,328	399,720
At 30 April 2019	3,444,933	28,952	3,473,885
Carrying amount			
At 30 April 2019	4,295,287	14,343	4,309,630
At 30 April 2018	4,690,679	18,671	4,709,350

11. Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Total £
Cost			
At 1 May 2018	15,523,123	1,104,686	16,627,809
Additions	20,296	73,400	93,696
Disposals	-	-	-
At 30 April 2019	15,543,419	1,178,086	16,721,505
Depreciation			
At 1 May 2018	3,303,316	845,806	4,149,122
Charge for the year	296,394	95,619	392,013
Eliminated on disposal	-	-	-
At 30 April 2019	3,599,710	941,425	4,541,135
Carrying amount			
At 30 April 2019	11,943,709	236,661	12,180,370
At 30 April 2018	12,219,807	258,880	12,478,687

Land of £2,400,000 is not depreciated.

12. Investments

Company

Subsidiaries	**£**
Cost	
At 1 May 2018 and at 30 April 2019	18,915,145
Provisions	
At 1 May 2018 and at 30 April 2019	14,224,466
Carrying amount	
At 30 April 2018 and 30 April 2019	4,690,679

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	**Registered office**	**Holding**	**Proportion of voting rights and shares held**	
			2019	**2018**
Subsidiary undertakings				
Christchurch Court Limited	England and Wales	Ordinary	100%	100%

The principal activity of Christchurch Court Limited is the provision of neurological rehabilitation care.

13. Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Trade debtors	125,691	277,968	-	-
Other debtors	47,038	41,817	-	-
Amounts owed by related parties	29,898	84,901	-	-
Prepayments and accrued income	47,645	58,179	-	-
	250,272	462,865	-	-

14. Creditors

	Note	Group 2019	2018	Company 2019	2018
		£	£	£	£
Loans and borrowings	15	432,972	421,490	432,972	419,203
Trade creditors		180,882	126,705	162	162
Amounts due to subsidiary undertakings	19	-	-	614,093	2,981,238
Social security and other taxes		42,879	33,892	-	-
Outstanding defined contribution pension costs		-	-	-	-
Other creditors		59,507	57,847	-	-
Amounts due to related parties		4,388	38,058	-	-
Accrued expenses		66,381	116,591	31,344	29,234
Corporation tax liability	9	74,920	22,726	-	-
Deferred income		9,720	53,208	-	-
		871,649	870,517	4,078,571	3,429,837
Due after one year					
Loans and borrowings	15	5,500,716	5,884,355	5,500,716	5,852,883
Amounts due to parent undertakings		8,338,002	8,275,208	8,338,002	8,275,208
		13,838,718	14,159,563	13,838,718	14,128,091

15. Loans and borrowings

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Bank borrowings	432,972	419,203	432,972	419,203
Finance lease liabilities	-	2,287	-	-
	432,972	421,490	432,972	419,203

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	5,500,716	5,884,355	-	-
	5,500,716	5,884,355	-	-

The bank loan is secured on freehold properties with a net book value of £11.9 million (2018 - £12.2 million) and is repayable in quarterly instalments to maturity in September 2020. The Group repays the loan on a floating rate of interest with a margin of 2.5% above LIBOR.

16. Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £44,850 (2018 - £46,028).

Contributions totalling £(19,936) (2018 - £(9,834) were (repayable)/payable to the scheme at the end of the year and are included in debtors.

17. Share Capital

Allotted, called up and fully paid shares

	2019		2018	
	No	£	No	£
Ordinary shares of £1 each	1	1	1	1

18. Obligations under leases and hire purchase

Group

Finance leases
The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	-	2,287
	-	2,287

Operating leases
The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	25,693	27,229
One to two years	1,122	-
	26,815	27,229

19. Related party transactions

Summary of transactions with key management
Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 8 to the financial statements.

At the year end, the group was owed £29,898 and owed £4,388 to other related parties in the form of short term trading loans. The loans are interest free and repayable within 12 months.

During the year, the group charged management charges to related parties, totalling £450,000 (2018 - £400,000).

20. Parent and ultimate parent undertaking

The ultimate controlling party is Sovereign Capital Limited Partnership III, incorporated in England and Wales.

The immediate parent undertaking is Christchurch Court Holdings Limited.