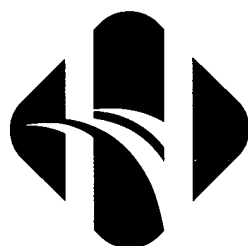


Registration number: 07923565

Steps Rehabilitation Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 30 April 2021



Hawsons

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Steps Rehabilitation Limited

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Steps Rehabilitation Limited

Company Information

Directors	Mr R J Boulger
	Mrs V H Chan
	Dr A N A H Eissa
	Dr P B Goodfellow
	Mrs J E Leahy
	Mr A Jones
	Mrs P H Hibbert
	Mrs A Broadhead
Registered office	Alexander House 30 Troutbeck Road Sheffield S7 2QA
Auditors	Hawsons Chartered Accountants Pegasus House 463a Glossop Road Sheffield South Yorkshire S10 2QD

Steps Rehabilitation Limited

Strategic Report for the Year Ended 30 April 2021

The directors present their strategic report for the year ended 30 April 2021.

Fair review of the business

The financial statements reflect the results for the year to 30 April 2021, which the directors consider to be very satisfactory, especially in view of the additional safety measures needed throughout the year to protect clients and staff from COVID-19.

The directors were very pleased to receive the company's CQC report following an inspection on May 24th 2021, which rated STEPS as GOOD in all categories. In addition, because of COVID-19 the CQC also assessed the quality of Infection Prevention and Control in eight areas. The directors were also pleased to note that the CQC's assessment of all eight areas of Infection Prevention and Control was "Assured", which is the highest possible rating. The full CQC Report can be accessed from our web site or the CQC web site.

Although the external economic situation has improved over the last year the directors are mindful of the ongoing risk of further COVID-19 induced restrictions. However, the experience gained working with the coronavirus for over 18 months provides confidence of the company's ability to address any such challenges which may occur.

The management continues to maintain strict infection prevention control procedures, with regular testing continuing for all staff. In addition all visitors are required to take a lateral flow test before accessing our building.

We received some Government funds via Sheffield City Council specifically to mitigate certain additional costs incurred as a result of the pandemic. As well as incurring additional operating costs, COVID-19 introduced many other challenges, included dealing with a significant amount of staff absence at certain times, primarily because of staff needing to isolate rather than because they had COVID.

The significant adverse impact on the company's finances caused by COVID-19 in the last two months of the previous year continued in the first few months of the year to 30 April 2021, with occupancy levels in May and June only slightly in excess of 50%.

As a result cashflow management was challenging during that period and among other measures the company borrowed the maximum of £50,000 available on the Government's Bounce Back Loan scheme. This was as a 6 year term loan, which was interest free for the first year and then a rate fixed at 2.5% for the remaining term.

Confidence starting returning in June and we experienced a rapid increase in occupancy levels from July, as a result of which average occupancy for the year increased to a record 77.3%. Since the year end enquiries and bookings have remained strong and average occupancy was just over 84% in the first quarter of 2021-22.

We expect a similar figure for the full year, together with an increase in average fees and also an increase in day client revenue as we are now able to resume day client appointments.

The refinancing of our original development loan on 6 October 2020 to Unity Trust Bank at Bank Rate +3.48% p.a., compared to 12% p.a. we were previously paying, reduced the interest cost of our secured borrowing by 70%. This was the main reason for the reduction in interest charges, which fell from £587,554 to £402,076.

As the company only benefitted from the lower interest rate on this loan for approximately seven months in the year to 30 April 2021 and, as a result, interest costs will reduce further in the current year. The new mortgage loan secures our main funding on a long term basis as it has a 10 year term with a 15 year repayment profile. We also commenced repayment of our unsecured loans during the year and so the interest charge on other loans will also fall in the current year.

Steps Rehabilitation Limited

Strategic Report for the Year Ended 30 April 2021 (continued)

The increased cash generation from higher profits has enabled us to increase capital expenditure and subsequent to the Balance Sheet date we have made a significant investment in specialist robotic and VR equipment, plus a Garden Room to provide additional space for psychology treatments.

Key performance indicators

The company provides complex trauma and neurological rehabilitation for clients with brain injury, spinal cord injury, amputee trauma, orthopaedic trauma and poly trauma injuries. It also treats clients with long-term neurological conditions. The length of stay with the company depends on the individual and their injuries/conditions and varies considerably.

The directors consider that the key performance indicators are turnover, occupancy levels, operating profit and the results of any regulatory inspections. The directors are of the opinion that further analysis using other key performance indicators is not necessary for an understanding of the group's development, performance or position.

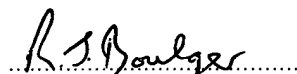
Enquiries and bookings continue to be strong and the directors anticipate a further substantial increase in sales and profits in the current year as our reputation continues to strengthen. The increases will result from both a higher average occupancy rate and increased average fees, plus improved cost management, in particular reduced interest costs.

Principal risks and uncertainties

The directors recognise that the COVID-19 pandemic still presents the company with a risk but this is mitigated as much as possible by continuing to adopt strict safety procedures. This includes frequent regular mandatory testing for all staff, in line with Government advice. Furthermore, at the time of writing nearly all of our staff, and a majority of clients, have been doubled vaccinated and all visitors are required to take a lateral flow test before being allowed to enter our building.

Although the group is dependent on continued funding from its lenders the minimum ratios required by the financial covenants on its mortgage loan are being exceeded by a substantial margin and repayments of both the secured and unsecured loans are ahead of schedule.

Approved by the Board on 28 September 2021 and signed on its behalf by:



Mr R J Boulger
Director

Steps Rehabilitation Limited

Directors' Report for the Year Ended 30 April 2021

The directors present their report and the for the year ended 30 April 2021.

Directors of the group

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

Mr R J Boulger

Mrs V H Chan

Dr A N A H Eissa

Dr P B Goodfellow

Mrs J E Leahy

Mr A Jones (appointed 30 November 2020)

Mrs P H Hibbert (appointed 10 April 2021)

The following director was appointed after the year end:

Mrs A Broadhead (appointed 16 June 2021)

Principal activity

The principal activity of the company is the operation of a rehabilitation facility for people recovering from neurological and multiple trauma injuries.

Directors' liabilities

The company has made qualifying third party indemnity provisions for the benefits of its directors which were made during the year and remain in force at the date of this report.

Disclosure of information to the auditor

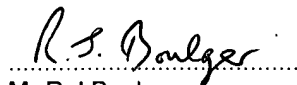
Each director of the company who held office at the date of the approval of this Annual Report, as set out above, confirms that:

- so far as they are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of auditors

The auditors, Hawsons Chartered Accountants, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 28 September 2021 and signed on its behalf by:



Mr R J Boulger
Director

Steps Rehabilitation 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Steps Rehabilitation Limited

Independent Auditor's Report to the Members of Steps Rehabilitation Limited

Opinion

We have audited the financial statements of Steps Rehabilitation Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2021, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Balance Sheet, the Consolidated Statement of Changes in Equity, the Statement of Changes in Equity, the Consolidated Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 2021 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 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Steps Rehabilitation Limited

Independent Auditor's Report to the Members of Steps Rehabilitation Limited (continued)

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 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 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 Statement of Directors' Responsibilities set out on page 5, 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Steps Rehabilitation Limited

Independent Auditor's Report to the Members of Steps Rehabilitation Limited (continued)

The company is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the company and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102, Companies Act 2006, Care Quality Commission regulations and Health and Safety regulations. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the company's result for the period, and management bias in key accounting estimates.

Audit procedures performed by the engagement team included:

- Discussions with management and those responsible for legal compliance procedures within the company to obtain an understanding of the legal and regulatory framework applicable to the company and how the company complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of Board meetings;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Reviewing results of Care Quality Commission inspections;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the more removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk. 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.



Scott Sanderson (Senior Statutory Auditor)

For and on behalf of Hawsons Chartered Accountants, Statutory Auditor

Pegasus House
463a Glossop Road
Sheffield
South Yorkshire
S10 2QD

28 September 2021

Steps Rehabilitation Limited
Consolidated Statement of Comprehensive Income
for the Year Ended 30 April 2021

	Note	2021 £	2020 £
Turnover	2	5,676,735	3,762,871
Other operating income		60,794	30,193
Direct costs		(731,985)	(925,952)
Wages and salaries	5	(2,736,910)	(1,863,856)
Other expenses		<u>(580,507)</u>	<u>(482,364)</u>
Operating profit	3	1,688,127	520,892
Depreciation and amortisation expense		(190,782)	(179,051)
Other interest receivable and similar income		5	16
Interest payable and similar charges	4	<u>(402,076)</u>	<u>(587,554)</u>
Profit/(loss) before tax		1,095,274	(245,697)
Taxation	7	<u>110,000</u>	<u>-</u>
Profit/(loss) for the year		<u>1,205,274</u>	<u>(245,697)</u>
Total comprehensive income for the year		<u><u>1,205,274</u></u>	<u><u>(245,697)</u></u>

The above results were derived from continuing operations.

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the Parent Company is not presented as part of these Financial Statements.

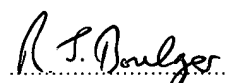
Steps Rehabilitation Limited

(Registration number: 07923565)

Consolidated Balance Sheet as at 30 April 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	8	5,690,187	5,739,206
Current assets			
Stocks		2,757	3,000
Debtors	10	703,455	190,804
Cash at bank and in hand		599,813	57,285
		<u>1,306,025</u>	<u>251,089</u>
Creditors: Amounts falling due within one year	11	<u>(2,521,892)</u>	<u>(5,862,249)</u>
Net current liabilities		<u>(1,215,867)</u>	<u>(5,611,160)</u>
Total assets less current liabilities		4,474,320	128,046
Creditors: Amounts falling due after more than one year	11	<u>(3,141,000)</u>	<u>-</u>
Net assets		<u>1,333,320</u>	<u>128,046</u>
Capital and reserves			
Called up share capital	13	1,651	1,651
Share premium reserve		1,931,919	1,931,919
Revaluation reserve		510,698	521,120
Profit and loss account		<u>(1,110,948)</u>	<u>(2,326,644)</u>
Total equity		<u>1,333,320</u>	<u>128,046</u>

These financial statements were approved and authorised for issue by the Board on 28 September 2021 and signed on its behalf by:



Mr R J Boulger
Director

Steps Rehabilitation Limited
(Registration number: 07923565)

Balance Sheet as at 30 April 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	8	5,536,571	187,195
Investments	9	<u>2</u>	<u>2</u>
		<u>5,536,573</u>	<u>187,197</u>
Current assets			
Stocks		2,757	3,000
Debtors	10	903,453	5,710,984
Cash at bank and in hand		<u>599,813</u>	<u>57,163</u>
		1,506,023	5,771,147
Creditors: Amounts falling due within one year	11	<u>(2,521,892)</u>	<u>(5,837,204)</u>
Net current liabilities		<u>(1,015,869)</u>	<u>(66,057)</u>
Total assets less current liabilities		4,520,704	121,140
Creditors: Amounts falling due after more than one year	11	<u>(3,141,000)</u>	<u>-</u>
Net assets		<u>1,379,704</u>	<u>121,140</u>
Capital and reserves			
Called up share capital	13	1,651	1,651
Share premium reserve		1,931,919	1,931,919
Profit and loss account		<u>(553,866)</u>	<u>(1,812,430)</u>
Total equity		<u>1,379,704</u>	<u>121,140</u>

The company made a profit after tax for the financial year of £1,258,564 (2020 - loss of £17,183).

These financial statements were approved and authorised for issue by the Board on 28 September 2021 and signed on its behalf by:



Mr R J Boulger
Director

Steps Rehabilitation Limited

Consolidated Statement of Changes in Equity for the Year Ended 30 April 2021

Equity attributable to the parent company

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 May 2020	1,651	1,931,919	521,120	(2,326,644)	128,046
Profit for the year	-	-	-	1,205,274	1,205,274
Transfer between reserves	-	-	(10,422)	10,422	-
At 30 April 2021	<u>1,651</u>	<u>1,931,919</u>	<u>510,698</u>	<u>(1,110,948)</u>	<u>1,333,320</u>

	Share capital £	Share premium £	Revaluation reserve £	Profit and loss account £	Total £
At 1 May 2019	1,589	1,794,481	-	(2,080,947)	(284,877)
Loss for the year	-	-	-	(245,697)	(245,697)
Gain on property valuation	-	-	521,120	-	521,120
New share capital subscribed	62	137,438	-	-	137,500
At 30 April 2020	<u>1,651</u>	<u>1,931,919</u>	<u>521,120</u>	<u>(2,326,644)</u>	<u>128,046</u>

Steps Rehabilitation Limited

Statement of Changes in Equity for the Year Ended 30 April 2021

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 May 2020	1,651	1,931,919	(1,812,430)	121,140
Profit for the year	-	-	1,258,564	1,258,564
At 30 April 2021	<u>1,651</u>	<u>1,931,919</u>	<u>(553,866)</u>	<u>1,379,704</u>

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 May 2019	1,589	1,794,481	(1,795,247)	823
Loss for the year	-	-	(17,183)	(17,183)
New share capital subscribed	<u>62</u>	<u>137,438</u>	<u>-</u>	<u>137,500</u>
At 30 April 2020	<u>1,651</u>	<u>1,931,919</u>	<u>(1,812,430)</u>	<u>121,140</u>

The notes on pages 16 to 25 form an integral part of these financial statements.

Steps Rehabilitation Limited

Consolidated Statement of Cash Flows for the Year Ended 30 April 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit/(loss) for the year	1,205,274	(245,697)
Adjustments to cash flows from non-cash items:		
Depreciation and amortisation	190,782	179,051
Finance income	(5)	(16)
Finance costs	402,076	587,554
Income tax credit	(110,000)	-
	<u>1,688,127</u>	<u>520,892</u>
Adjustments to cash flow from non-cash items:		
Decrease in stocks	243	-
Increase in trade debtors	(402,651)	(44,110)
Increase in trade creditors	82,650	24,548
	<u>1,368,369</u>	<u>501,330</u>
Net cash flow from operating activities		
Cash flows from investing activities		
Interest received	5	16
Acquisitions of tangible assets	(141,984)	(29,341)
Proceeds from sale of tangible assets	221	-
	<u>(141,758)</u>	<u>(29,325)</u>
Net cash flows from investing activities		
Cash flows from financing activities		
Interest paid	(513,051)	(473,109)
Proceeds from bank borrowings	3,450,000	35,347
Repayment of bank borrowings	(3,517,318)	-
(Payments)/proceeds from invoice discounting facilities	(100,294)	100,294
Payments to finance lease creditors	(3,420)	(105,901)
	<u>(684,083)</u>	<u>(443,369)</u>
Net cash flows from financing activities		
Net increase in cash and cash equivalents	542,528	28,636
Cash and cash equivalents at 1 May	<u>57,285</u>	<u>28,649</u>
Cash and cash equivalents at 30 April	<u><u>599,813</u></u>	<u><u>57,285</u></u>

The notes on pages 16 to 25 form an integral part of these financial statements.

Steps Rehabilitation Limited

Consolidated Statement of Cash Flows for the Year Ended 30 April 2021 (continued)

Analysis of changes in net debt

	At 1 May 2020 £	Net cash flows £	At 30 April 2021 £
Cash and cash equivalents			
Cash at bank and in hand	57,285	542,528	599,813
Bank overdrafts	-	-	-
	<u>57,285</u>	<u>542,528</u>	<u>599,813</u>
Borrowings			
Invoice discounting facility	(100,294)	100,294	-
Bank loans due within one year	(3,402,073)	3,208,318	(193,755)
Finance leases due within one year	(3,420)	3,420	-
Bank loans due in more than one year	-	(3,141,000)	(3,141,000)
	<u>(3,505,787)</u>	<u>171,032</u>	<u>(3,334,755)</u>
Total net funds/(debt)	<u>(3,448,502)</u>	<u>713,560</u>	<u>(2,734,942)</u>

Steps Rehabilitation Limited

Notes to the Financial Statements for the Year Ended 30 April 2021

1 Accounting policies

Statutory information

Steps Rehabilitation Limited is a private company, limited by shares, domiciled in England and Wales, company number 07923565. The registered office is at Alexander House, 30 Troutbeck Road, Sheffield, S7 2QA.

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 have been 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. There were no material departures from that standard.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value. The presentation currency is United Kingdom pounds sterling. The financial statements are those of the group.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 April 2021.

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account includes the results of subsidiaries from the date of acquisition to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

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

Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006.

Going concern

After due consideration of all relevant factors, including the ongoing COVID19 pandemic, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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 rebates and discounts. Income is recognised when services have been delivered to the service user.

Government grants

Grants received in respect of revenue are recognised in the same period as the related expenditure.

Steps Rehabilitation Limited

Notes to the Financial Statements for the Year Ended 30 April 2021 (continued)

1 Accounting policies (continued)

Tax

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

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated 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, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

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 over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Buildings	2% straight line
Land	No depreciation charged
Office equipment	25% straight line
Fixtures and fittings	25% straight line
Plant and machinery	15% 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.

Inventories

Stocks are stated at the lower of cost and net realisable value.

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.

Steps Rehabilitation Limited

Notes to the Financial Statements for the Year Ended 30 April 2021 (continued)

1 Accounting policies (continued)

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.

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

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 in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the statement of comprehensive income.

2 Turnover

The group's turnover represents the value of all revenues arising from the continuing operations of the principal activity, and are wholly undertaken in the United Kingdom.

3 Operating profit/(loss)

Arrived at after charging:

	2021	2020
	£	£
Depreciation expense	190,480	179,051
Loss on disposal of tangible fixed assets	302	-
Operating leases expense	4,841	4,841
Auditor's remuneration	8,250	8,000

Steps Rehabilitation Limited

Notes to the Financial Statements for the Year Ended 30 April 2021 (continued)

4 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank borrowings	246,793	408,233
Interest on obligations under finance leases	46	32,406
Interest expense on other finance liabilities	155,237	146,915
	<u>402,076</u>	<u>587,554</u>

5 Staff costs

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

	2021	2020
	£	£
Wages and salaries	2,454,263	1,648,016
Social security costs	165,710	133,131
Pension costs, defined contribution scheme	116,937	82,709
	<u>2,736,910</u>	<u>1,863,856</u>

The average number of persons employed by the group (including directors) during the year was 121 (2020 - 89).

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021	2020
	£	£
Remuneration	<u>69,409</u>	<u>62,433</u>

Steps Rehabilitation Limited

Notes to the Financial Statements for the Year Ended 30 April 2021 (continued)

7 Taxation

Tax charged/(credited) in the income statement:

	2021 £	2020 £
Current taxation		
UK corporation tax	-	-
Deferred taxation		
Arising from origination and reversal of timing differences	(110,000)	-
	(110,000)	-

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit/(loss) before tax	1,095,274	(245,697)
Corporation tax at standard rate	208,102	(46,682)
Effect of expense not deductible in determining taxable loss	10,408	587
Decrease from tax losses for which no deferred tax asset was recognised	(196,274)	(32)
Deferred tax credit from unrecognised tax loss or credit	(142,291)	-
Tax increase from effect of capital allowances and depreciation	10,055	28,445
Tax increase from other short-term timing differences	-	17,682
Total tax charge	(110,000)	-

Steps Rehabilitation Limited

Notes to the Financial Statements for the Year Ended 30 April 2021 (continued)

8 Tangible assets

Group

	Freehold land and buildings £	Office equipment £	Fixtures and fittings £	Plant and machinery £	Total £
Cost or valuation					
At 1 May 2020	5,552,011	148,889	40,800	192,682	5,934,382
Additions	-	25,653	34,598	81,733	141,984
Disposals	-	-	(760)	-	(760)
At 30 April 2021	<u>5,552,011</u>	<u>174,542</u>	<u>74,638</u>	<u>274,415</u>	<u>6,075,606</u>
Depreciation					
At 1 May 2020	-	96,664	26,422	72,090	195,176
Charge for the year	107,040	39,249	12,613	31,578	190,480
Eliminated on disposal	-	-	(237)	-	(237)
At 30 April 2021	<u>107,040</u>	<u>135,913</u>	<u>38,798</u>	<u>103,668</u>	<u>385,419</u>
Carrying amount					
At 30 April 2021	<u>5,444,971</u>	<u>38,629</u>	<u>35,840</u>	<u>170,747</u>	<u>5,690,187</u>
At 30 April 2020	<u>5,552,011</u>	<u>52,225</u>	<u>14,378</u>	<u>120,592</u>	<u>5,739,206</u>

Revaluations

The freehold land and buildings class of fixed assets were revalued by the directors of the company, taking into account advice from external valuers and after consideration of prevailing market conditions. At the year end the directors value the freehold land and buildings at £5,444,971 (2020 - £5,552,011). The historical cost and net book value of the freehold land and buildings at 30 April 2021 is £5,352,011 (2020 - £5,352,011) and £4,923,851 (2020 - £5,030,891), respectively.

Steps Rehabilitation Limited

Notes to the Financial Statements for the Year Ended 30 April 2021 (continued)

8 Tangible assets (continued)

Company

	Freehold Land and buildings £	Office equipment £	Fixtures and fittings £	Plant and machinery £	Total £
Cost					
At 1 May 2020	-	148,889	40,800	192,682	382,371
Additions	5,552,011	25,653	34,598	81,733	5,693,995
Disposals	(200,000)	-	(760)	-	(200,760)
At 30 April 2021	<u>5,352,011</u>	<u>174,542</u>	<u>74,638</u>	<u>274,415</u>	<u>5,875,606</u>
Depreciation					
At 1 May 2020	-	96,664	26,422	72,090	195,176
Charge for the year	60,656	39,249	12,613	31,578	144,096
Eliminated on disposal	-	-	(237)	-	(237)
At 30 April 2021	<u>60,656</u>	<u>135,913</u>	<u>38,798</u>	<u>103,668</u>	<u>339,035</u>
Carrying amount					
At 30 April 2021	<u>5,291,355</u>	<u>38,629</u>	<u>35,840</u>	<u>170,747</u>	<u>5,536,571</u>
At 30 April 2020	<u>-</u>	<u>52,225</u>	<u>14,378</u>	<u>120,592</u>	<u>187,195</u>

Steps Rehabilitation Limited

Notes to the Financial Statements for the Year Ended 30 April 2021 (continued)

9 Investments

Company

	2021 £	2020 £
Investments in subsidiaries	<u>2</u>	<u>2</u>

Subsidiaries

Cost or valuation

At 1 May 2020	2
Additions	<u>2</u>
At 30 April 2021	4

Provision

Provision in the year	<u>2</u>
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Carrying amount

At 30 April 2021	<u>2</u>
At 30 April 2020	<u>2</u>

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

Subsidiary undertakings	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2021	2020
Steps Rehabilitation Development Limited	England and Wales	Ordinary	100%	100%
Steps Land Limited	England and Wales	Ordinary	100%	0%

The principal activity of Steps Rehabilitation Development Limited is property development.

The principal activity of Steps Land Limited is property development.

On 15 June 2021 Steps Rehabilitation Developments Limited was dissolved, therefore the value of the investment has been provided for accordingly in these financial statements.

Steps Rehabilitation Limited

Notes to the Financial Statements for the Year Ended 30 April 2021 (continued)

10 Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	552,233	118,520	552,233	118,520
Amounts owed by group companies	-	-	199,998	5,520,180
Other debtors	3,184	27,954	3,184	27,954
Prepayments and accrued income	38,038	44,330	38,038	44,330
Deferred tax assets	110,000	-	110,000	-
	<u>703,455</u>	<u>190,804</u>	<u>903,453</u>	<u>5,710,984</u>

11 Creditors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Due within one year				
Bank borrowings	193,755	3,402,073	193,755	3,402,073
Finance lease liabilities	-	3,420	-	3,420
Invoice discounting	-	100,294	-	100,294
Trade creditors	134,700	279,348	134,700	270,948
Social security and other taxes	110,139	151,531	110,139	140,346
Other payables	1,223,506	1,274,155	1,223,506	1,274,155
Accruals and deferred income	726,684	514,240	726,684	508,780
Director loan accounts	133,108	137,188	133,108	137,188
	<u>2,521,892</u>	<u>5,862,249</u>	<u>2,521,892</u>	<u>5,837,204</u>
Due after one year				
Bank borrowings	<u>3,141,000</u>	<u>-</u>	<u>3,141,000</u>	<u>-</u>

On 6 October 2020 the group completed and signed an agreement with Unity Trust Bank PLC ("Unity") for Unity to provide a loan to the group of £3,400,000, repayable over 10 years. This agreement replaced the funding provided to the group by Amicus Finance PLC, which was due within one year at 30 April 2020.

The bank borrowings are secured by a fixed and floating charge over the assets of the group. Bank borrowings incur interest charges at 2.5%pa fixed or 3.48%pa above the Bank Rate.

Finance lease liabilities are secured against the assets to which they relate.

Included within bank borrowings due in more than one year is £2,285,198 due in more than 5 years.

Steps Rehabilitation Limited

Notes to the Financial Statements for the Year Ended 30 April 2021 (continued)

12 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 £116,937 (2020 - £82,709).

Contributions totalling £13,366 (2020 - £13,616) were payable to the scheme at the end of the year and are included in creditors.

13 Share capital

Allotted, called up and fully paid shares

	No.	2021 £	No.	2020 £
Ordinary shares of £0.01 each	<u>165,143</u>	<u>1,651.43</u>	<u>165,143</u>	<u>1,651.43</u>

14 Obligations under leases and hire purchase contracts

Group and Company

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	4,841	4,841
Later than one year and not later than five years	<u>4,840</u>	<u>9,681</u>
	<u>9,681</u>	<u>14,522</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £4,841 (2020 - £4,841).

15 Control

The company has no ultimate controlling party.