

COMPANY REGISTRATION NUMBER: 08384847

Eastern Healthcare Limited
Financial statements
31 March 2021



Eastern Healthcare Limited

Strategic report

Year ended 31 March 2021

In the following paragraphs we aim to present a balanced and comprehensive review of the development and performance of our business during the year and its position at the year end. The company currently operates three care homes in Norfolk and Suffolk providing 24 hour care and support for people suffering from dementia and other mental health conditions.

During the financial year the company completed work on a new purpose built 9 bed extension at Blyford Residential Home and also major improvement and development work at The Hollies, this will greatly improve the facilities at this home. The Key Performance Indicators (KPIs) for the Company are occupancy rates and turnover and we continue to perform well against both of these. Occupancy has remained strong despite the 9 bed extension coming on board during the year and the impact of COVID-19 on our homes (2020: 93% vs 2021 90%). Turnover has increased compared to the previous year (2020: £3,934,417 vs 2021 £4,053,656).

The population in the UK is ageing therefore this provides a good foundation for the business to continue to grow and meet our KPI targets, however our main objective is to provide a high level of person centred care and help to the people in our care homes.

The main risks to the business include the implications of failing to meet the high standards demanded by the regulatory environment, limited fee growth from local authorities and from cost increases mainly due to the introduction of the living wage which has pushed up wage costs and will continue to do so in the foreseeable future.

In order to combat these risks as a company we ensure that we have robust governance measures in place and invest in good quality staff. To mitigate the risk of increasing costs and low fee growth from local authority our strategy will continue to be to invest in the each of the homes and maintain them to an excellent standard in order to attract privately funded clientele. As a company we consider the risk imposed by the impending Brexit to be minimal.

As you would expect, we have faced considerable challenges during the year as a result of the Covid-19 pandemic with the impact on our industry sector being enormous. We have worked closely with our customers and their families, as well as CQC, to ensure a safe environment at our homes and to reduce the risks as far as possible.

This report was approved by the board of directors on 26/10/2021 and signed on behalf of the board by:



Mr J Chong
Director

Registered office:
15 Romany Road
Lowestoft
Suffolk
United Kingdom
NR32 3PJ

Eastern Healthcare Limited

Directors' report

Year ended 31 March 2021

The directors present their report and the financial statements of the company for the year ended 31 March 2021.

Directors

The directors who served the company during the year were as follows:

Mr J Chong
Mrs N A Chong
Dr P D J Premachandra
Mrs W Premachandra

Dividends

Particulars of recommended dividends are detailed in note 12 to the financial statements.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 26/10/2021 and signed on behalf of the board by:



Mr J Chong
Director

Registered office:
15 Romany Road
Lowestoft
Suffolk
United Kingdom
NR32 3PJ

Eastern Healthcare Limited

Directors' responsibilities statement

Year ended 31 March 2021

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 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 then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Eastern Healthcare Limited

Independent auditor's report to the members of Eastern Healthcare Limited

Year ended 31 March 2021

Opinion

We have audited the financial statements of Eastern Healthcare Limited (the 'company') for the year ended 31 March 2021 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

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. 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.

Eastern Healthcare Limited

Independent auditor's report to the members of Eastern Healthcare Limited

(continued)

Year ended 31 March 2021

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, 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 directors' responsibilities statement, 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.

Eastern Healthcare Limited

Independent auditor's report to the members of Eastern Healthcare Limited (continued)

Year ended 31 March 2021

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:

- Enquiry of management and those charged with governance to confirm there are no instances of fraud or non-compliance with laws and regulations.
- Review of CQC reports to ensure compliance with laws and regulations.
- Reviewing journal entries to ensure they are appropriate and do not indicate management override.
- Review of key accounting estimates, to ensure reasonable and no signs of management bias.
- Review of disclosures within the financial statements to ensure compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

Eastern Healthcare Limited

Independent auditor's report to the members of Eastern Healthcare Limited

(continued)

Year ended 31 March 2021

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.



Gary Flatt ACA FCCA (Senior Statutory Auditor)

For and on behalf of
Lovewell Blake LLP
Chartered accountants & statutory auditor
Excelsior House
9 Quay View Business Park
Barnards Way
Lowestoft
NR32 2HD

Eastern Healthcare Limited

Statement of income and retained earnings

Year ended 31 March 2021

		2021 £	2020 £
Turnover	Note 4	4,053,656	3,934,417
Cost of sales		(2,961,767)	(2,838,204)
Gross profit		1,091,889	1,096,213
Administrative expenses		(614,416)	(532,567)
Other operating income		350,455	—
Operating profit	5	827,928	563,646
Income from participating interests	8	85,000	73,000
Other interest receivable and similar income	9	1,549	2,856
Interest payable and similar expenses	10	(96,597)	(118,563)
Profit before taxation		817,880	520,939
Tax on profit	11	(180,851)	(129,214)
Profit for the financial year and total comprehensive income		<u>637,029</u>	<u>391,725</u>

All the activities of the company are from continuing operations.

The notes on pages 11 to 21 form part of these financial statements.

Eastern Healthcare Limited

Statement of financial position

31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	13	953,780	1,195,023
Tangible assets	14	4,801,561	4,188,064
Investments	15	18,050	18,000
		<u>5,773,391</u>	<u>5,401,087</u>
Current assets			
Stocks	16	2,100	3,338
Debtors	17	527,839	149,118
Cash at bank and in hand		660,114	480,164
		<u>1,190,053</u>	<u>632,620</u>
Creditors: Amounts falling due within one year	18	<u>(712,325)</u>	<u>(572,885)</u>
Net current assets		<u>477,728</u>	<u>59,735</u>
Total assets less current liabilities		<u>6,251,119</u>	<u>5,460,822</u>
Creditors: Amounts falling due after more than one year	19	<u>(3,786,709)</u>	<u>(3,508,865)</u>
Provisions			
Taxation including deferred tax	21	<u>(174,404)</u>	<u>(148,980)</u>
Net assets		<u>2,290,006</u>	<u>1,802,977</u>
Capital and reserves			
Called up share capital	25	100	100
Profit and loss account	26	2,289,906	1,802,877
Shareholders funds		<u>2,290,006</u>	<u>1,802,977</u>

These financial statements were approved by the board of directors and authorised for issue on 26/10/2021, and are signed on behalf of the board by:



Mr J Chong
Director

Company registration number: 08384847

The notes on pages 11 to 21 form part of these financial statements.

Eastern Healthcare Limited

Statement of cash flows

Year ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	637,029	391,725
<i>Adjustments for:</i>		
Depreciation of tangible assets	161,495	152,921
Amortisation of intangible assets	241,243	241,243
Government grant income	(350,455)	–
Income from participating interests	(85,000)	(73,000)
Other interest receivable and similar income	(1,549)	(2,856)
Interest payable and similar expenses	96,597	118,563
(Gains)/loss on disposal of tangible assets	(16,680)	1,712
Tax on profit	180,851	129,214
Accrued expenses/(income)	58,252	(7,426)
<i>Changes in:</i>		
Stocks	1,238	526
Trade and other debtors	(378,721)	(15,998)
Trade and other creditors	(120,478)	148,056
Cash generated from operations	423,822	1,084,680
Interest paid	(96,597)	(118,563)
Interest received	1,549	2,856
Tax paid	(131,100)	(54,243)
Net cash from operating activities	<u>197,674</u>	<u>914,730</u>
Cash flows from investing activities		
Purchase of tangible assets	(774,992)	(553,387)
Proceeds from sale of tangible assets	16,680	100
Acquisition of interests in associates and joint ventures	(50)	–
Dividends received	85,000	73,000
Net cash used in investing activities	<u>(673,362)</u>	<u>(480,287)</u>
Cash flows from financing activities		
Proceeds from borrowings	426,223	(281,801)
Proceeds from loans from group undertakings	51,576	–
Government grant income	350,455	–
Payments of finance lease liabilities	(22,616)	(12,230)
Dividends paid	(150,000)	(117,084)
Net cash from/(used in) financing activities	<u>655,638</u>	<u>(411,115)</u>
Net increase in cash and cash equivalents	179,950	23,328
Cash and cash equivalents at beginning of year	480,164	456,836
Cash and cash equivalents at end of year	<u>660,114</u>	<u>480,164</u>

The notes on pages 11 to 21 form part of these financial statements.

Eastern Healthcare Limited

Notes to the financial statements

Year ended 31 March 2021

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 15 Romany Road, Lowestoft, Suffolk, NR32 3PJ, United Kingdom.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

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.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that it is probable the expenses recognised will be recovered.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Eastern Healthcare Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that 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 that are expected to apply to the reversal of the timing difference.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill	- 10% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	- 2% straight line
Fixtures and fittings	- 15% straight line
Motor vehicles	- 25% straight line
Equipment	- 25% straight line

Eastern Healthcare Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Depreciation *(continued)*

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Finance leases and hire purchase contracts

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Eastern Healthcare Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Eastern Healthcare Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2021

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover arises from:

	2021	2020
	£	£
Rendering of services	<u>4,053,656</u>	<u>3,934,417</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2021	2020
	£	£
Amortisation of intangible assets	241,243	241,243
Depreciation of tangible assets	161,495	152,921
(Gains)/loss on disposal of tangible assets	(16,680)	1,712
Fees payable for the audit of the financial statements	<u>9,200</u>	<u>6,600</u>

Eastern Healthcare Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2021

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2021 No.	2020 No.
Production staff	179	170
Administrative staff	2	1
	<u>181</u>	<u>171</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2021 £	2020 £
Wages and salaries	2,373,525	2,109,256
Social security costs	113,245	79,975
Other pension costs	52,346	28,842
	<u>2,539,116</u>	<u>2,218,073</u>

7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2021 £	2020 £
Remuneration	17,568	—
Company contributions to defined contribution pension plans	18,838	—
	<u>36,406</u>	<u>—</u>

8. Income from participating interests

	2021 £	2020 £
Dividends from participating interests	<u>85,000</u>	<u>73,000</u>

9. Other interest receivable and similar income

	2021 £	2020 £
Other interest receivable and similar income	<u>1,549</u>	<u>2,856</u>

10. Interest payable and similar expenses

	2021 £	2020 £
Other interest payable and similar charges	<u>96,597</u>	<u>118,563</u>

Eastern Healthcare Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2021

11. Tax on profit

Major components of tax expense

	2021 £	2020 £
Current tax:		
UK current tax expense	155,427	129,214
Deferred tax:		
Origination and reversal of timing differences	25,424	—
Tax on profit	<u>180,851</u>	<u>129,214</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

The differences are explained below:-

	2021 £	2020 £
Profit on ordinary activities before taxation	817,880	520,939
Profit on ordinary activities by rate of tax	155,397	98,978
Effect of expenses not deductible for tax purposes	42,358	(195,394)
Effect of capital allowances and depreciation	(42,328)	227,516
Deferred tax movement	25,424	(1,886)
Tax on profit	<u>180,851</u>	<u>129,214</u>

12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2021 £	2020 £
Equity dividends on ordinary shares	<u>150,000</u>	<u>117,084</u>

13. Intangible assets

	Goodwill £
Cost	
At 1 April 2020 and 31 March 2021	<u>2,412,431</u>
Amortisation	
At 1 April 2020	1,217,408
Charge for the year	241,243
At 31 March 2021	<u>1,458,651</u>
Carrying amount	
At 31 March 2021	<u>953,780</u>
At 31 March 2020	<u>1,195,023</u>

Eastern Healthcare Limited

Notes to the financial statements (continued)

Year ended 31 March 2021

14. Tangible assets

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
Cost					
At 1 April 2020	4,246,866	502,440	53,668	13,756	4,816,730
Additions	707,445	42,886	5,800	18,861	774,992
Disposals	—	—	(39,645)	—	(39,645)
At 31 March 2021	4,954,311	545,326	19,823	32,617	5,552,077
Depreciation					
At 1 April 2020	367,614	208,560	42,777	9,715	628,666
Charge for the year	77,385	73,233	6,946	3,931	161,495
Disposals	—	—	(39,645)	—	(39,645)
At 31 March 2021	444,999	281,793	10,078	13,646	750,516
Carrying amount					
At 31 March 2021	4,509,312	263,533	9,745	18,971	4,801,561
At 31 March 2020	3,879,252	293,880	10,891	4,041	4,188,064

15. Investments

	Shares in group undertakings £	Shares in joint venture £	Total £
Cost			
At 1 April 2020	18,000	—	18,000
Additions	—	50	50
At 31 March 2021	18,000	50	18,050
Impairment			
At 1 April 2020 and 31 March 2021	—	—	—
Carrying amount			
At 31 March 2021	18,000	50	18,050
At 31 March 2020	18,000	—	18,000

St Edmunds Limited is a wholly owned subsidiary company, incorporated in England. The company has not traded in the financial year and remains dormant.

Investments in group undertakings

	Class of share	Percentage of shares held
Subsidiary undertakings		
St Edmunds Limited, 4-5 Marine Parade, Gorleston, Gt Yarmouth, Norfolk, NR31 6DP	Ordinary	100
Other significant holdings		
Rosmead Healthcare Limited, 33 Dumfries Drive, Derby, DE22 3XT	Ordinary	50

Eastern Healthcare Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2021

15. Investments *(continued)*

Investments in joint ventures

The company has a 50% holding in Rosmead Healthcare Limited, which has been dormant up until 23 March 2021.

16. Stocks

	2021	2020
	£	£
Finished goods and goods for resale	<u>2,100</u>	<u>3,338</u>

17. Debtors

	2021	2020
	£	£
Trade debtors	94,806	102,874
Amounts owed by undertakings in which the company has a participating interest	301,429	—
Prepayments and accrued income	36,032	24,525
Other debtors	<u>95,572</u>	<u>21,719</u>
	<u>527,839</u>	<u>149,118</u>

18. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	199,024	—
Trade creditors	35,788	193,388
Amounts owed to group undertakings	51,576	—
Accruals and deferred income	148,737	90,485
Corporation tax	155,427	131,100
Social security and other taxes	61,512	20,943
Obligations under finance leases and hire purchase contracts	8,730	22,771
Director loan accounts	—	59,220
Other creditors	<u>51,531</u>	<u>54,978</u>
	<u>712,325</u>	<u>572,885</u>

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

	2021	2020
	£	£
Bank loans and overdrafts	3,786,709	3,500,290
Obligations under finance leases and hire purchase contracts	—	8,575
	<u>3,786,709</u>	<u>3,508,865</u>

Eastern Healthcare Limited

Notes to the financial statements (continued)

Year ended 31 March 2021

19. Creditors: Amounts falling due after more than one year (continued)

Included within creditors: amounts falling due after more than one year is an amount of £2,662,310 (2020: £2,473,147) in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

The bank loans are secured by a charge on the properties concerned, they are repayable over a term of 25 years and the rate of interest is 2.51% above the Bank of England Base Rate.

20. Finance leases and hire purchase contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	2021 £	2020 £
Not later than 1 year	8,730	22,771
Later than 1 year and not later than 5 years	—	8,575
	<u>8,730</u>	<u>31,346</u>

21. Provisions

	Deferred tax (note 22) £
At 1 April 2020	148,980
Additions	25,424
At 31 March 2021	<u>174,404</u>

22. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2021 £	2020 £
Included in provisions (note 21)	<u>174,404</u>	<u>148,980</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2021 £	2020 £
Accelerated capital allowances	<u>174,404</u>	<u>148,980</u>

23. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £52,346 (2020: £28,842).

Eastern Healthcare Limited

Notes to the financial statements *(continued)*

Year ended 31 March 2021

24. Government grants

The amounts recognised in the financial statements for government grants are as follows:

	2021 £	2020 £
Recognised in other operating income:		
Government grants recognised directly in income	<u>350,455</u>	<u>—</u>

25. Called up share capital

Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

26. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

27. Analysis of changes in net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	480,164	179,950	660,114
Debt due within one year	(81,991)	(177,339)	(259,330)
Debt due after one year	<u>(3,508,865)</u>	<u>(277,844)</u>	<u>(3,786,709)</u>
	<u>(3,110,692)</u>	<u>(275,233)</u>	<u>(3,385,925)</u>

28. Related party transactions

During the year, Eastern Healthcare Limited loaned a total of £301,429 to an associate, Rosmead Healthcare Limited.