

REGISTERED NUMBER: 09060429 (England and Wales)

**OPTIMA CARE HOLDINGS LIMITED**  
**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2016**

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FOR THE YEAR ENDED 31 MAY 2016

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**OPTIMA CARE HOLDINGS LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 MAY 2016**

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**Directors:** Vadivambikai Coombes  
Edward Coombes

**Secretary:** Haley Coombes

**Registered office:** 69/85 Tabernacle Street  
London  
EC2A 4RR

**Registered number:** 09060429 (England and Wales)

**Auditors:** The Gallagher Partnership LLP, Statutory Auditor  
69-85 Tabernacle Street  
London  
EC2A 4RR

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MAY 2016**

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The directors present their strategic report of the company and the group for the year ended 31 May 2016.

The purpose of the Strategic Report is to inform shareholders and help them assess how the directors have performed their duties to promote the success of the group. The report, together with the further information in the Directors' Report, provides:

A fair and balanced review of the group's business including;

- the development and performance of the group's business during the financial period
- the position of the group at the end of the period

A description of the principal risks and uncertainties facing the group.

**Review of business**

The group's principle activity during the period was that of a provider of Specialist Healthcare for Intellectual Disabilities in residential and community homes.

Optima Care Holdings Limited was incorporated on 28 May 2014 and the Optima Care group was created when on 30 May 2014 100% of the share capital in Optima Care Limited (formerly Family Care Homes Limited) was transferred from Family Care Homes (Holdings) Limited to Optima Care Holdings Limited as part of a group reconstruction.

**Principal risks and uncertainties**

The Board considers the primary risk to be associated with continued funding pressures from the commissioning authorities, specifically Local Authorities who are under the greatest budgetary constraints. However, the Board are confident of the group's reputation and market position to take advantage of increasing market demand for its services in specialist service areas.

Overall, the organisation continues to trade as expected through service reconfiguration, difficult economic environments.

The Board remains optimistic that the organisation provides key service offerings in Intellectual Disability and Mental Health services to both Health and Social Care commissioners, continuing to meet demand.

**Development and financial performance during the period**

The results for the year which are set out in the profit and loss account, show a loss before tax of £387,712.

The organisation continues to meet all of its financial and statutory obligations; this is achieved through strong financial controls, specifically around cashflow and working capital. This will continue to be the prevailing position over the coming years as Health and Social Care funders look to reduce their budgets under central government austerity measures. The Board will continue to operate an integrated governance framework to ensure it continues to meet its quality of care and maintain this as a primary objective during the next financial period.

**The financial position of the group at the period end**

At the year end the group had a post-tax loss for the year of £358,392 and a surplus on shareholders' funds of £3,362,806. The group generated cash from operations of £932,079 in the current period and invested £471,253 in fixed assets supporting service reconfiguration projects.

**Key performance indicators**

Management use a range of performance measures to monitor and manage the business.

Given the nature of the business the directors are of the opinion that a detailed analysis using KPI's is not necessary for the understanding of the development, performance or position of the business.

The key financial highlights are as follows:

	<b>Year to 31 May 2016</b>	<b>Period to 31 May 2015</b>
	<b>£</b>	<b>£</b>
Turnover	6,937,878	7,329,913
Gross profit margin	29.63%	31.76%
EBITDA	829,461	1,048,089
(Loss) before taxation	-387,712	(97,757)
Shareholders funds	<u>3,362,806</u>	<u>3,721,198</u>

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MAY 2016**

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**Future developments**

The external environment is expected to remain competitive going forward, however the directors remain confident that the group's profitability for 2016/2017 will be significantly improved.

**Financial instruments**

Financial instruments comprise of cash and working capital, i.e. the trade debtors and trade creditors that arise during the course of the day to day business. This can result in a liquidity risk. The liquidity risk is controlled by maintaining a healthy balance between the debtors and creditors. The debtors risk is controlled through a stringent credit control policy and regular monitoring of any outstanding amounts for both time and credit limits. Trade creditor liquidity risks are managed by ensuring that sufficient funds are available to meet amounts as and when they fall due and in accordance with payment terms agreed.

On behalf of the board:

A handwritten signature in black ink, appearing to read 'Edward Coombes', with a long horizontal flourish extending to the right.

Edward Coombes - Director

28 February 2017

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MAY 2016**

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The directors present their report with the financial statements of the company and the group for the year ended 31 May 2016.

**Dividends**

No dividends will be distributed for the year ended 31 May 2016.

**Directors**

The directors shown below have held office during the whole of the period from 1 June 2015 to the date of this report.

Vadivambikai Coombes  
Edward Coombes

**Disclosure in the strategic report**

As permitted by paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the strategic report. These matters relate to financial instruments and future developments.

**Statement of directors' responsibilities**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

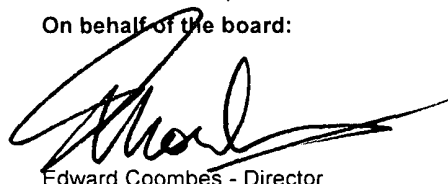
**Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**Auditors**

The auditors, The Gallagher Partnership LLP, Statutory Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:



Edward Coombes - Director

28 February 2017

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OPTIMA CARE HOLDINGS LIMITED

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We have audited the financial statements of Optima Care Holdings Limited for the year ended 31 May 2016 on pages six to twenty seven. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 May 2016 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.

### **Emphasis of matter**

We draw attention to Note 2 to the financial statements which describes the uncertainty related to the group's going concern. Our opinion is not qualified in respect of this matter.


### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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.



Andrew Jepson (Senior Statutory Auditor)  
for and on behalf of The Gallagher Partnership LLP, Statutory Auditor  
69-85 Tabernacle Street  
London  
EC2A 4RR

28 February 2017

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MAY 2016**

		<b>Year ended 31.5.16 £</b>	<b>Period 28.5.14 to 31.5.15 £</b>
	<b>Notes</b>		
Turnover		6,937,878	7,329,913
Cost of sales		<u>(4,882,226)</u>	<u>(5,002,153)</u>
Gross profit		2,055,652	2,327,760
Administrative expenses		<u>(2,053,328)</u>	<u>(2,021,916)</u>
		2,324	305,844
Other operating income		<u>6,533</u>	<u>-</u>
Operating profit	4	8,857	305,844
Interest receivable and similar income		<u>699</u>	<u>171</u>
		9,556	306,015
Interest payable and similar charges	5	<u>(397,268)</u>	<u>(403,772)</u>
Loss on ordinary activities before taxation		(387,712)	(97,757)
Tax on loss on ordinary activities	6	<u>29,320</u>	<u>13,018</u>
Loss on ordinary activities after taxation		(358,392)	(84,739)
Extraordinary items after taxation	7	<u>-</u>	<u>142,341</u>
(Loss)/profit for the financial year		<u>(358,392)</u>	<u>57,602</u>
(Loss)/profit attributable to: Owners of the parent		<u>(358,392)</u>	<u>57,602</u>

The notes form part of these financial statements

CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MAY 2016

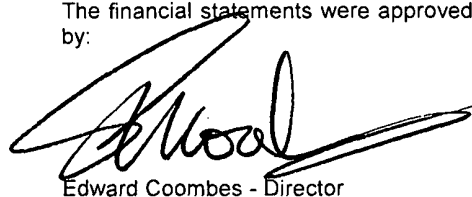
	Notes	Year ended 31.5.16 £	Period 28.5.14 to 31.5.15 £
(Loss)/profit for the year		(358,392)	57,602
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>(358,392)</u>	<u>57,602</u>
Total comprehensive income attributable to: Owners of the parent		<u>(358,392)</u>	<u>57,602</u>

The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET**  
**31 MAY 2016**

		2016		2015	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9		3,496,421		3,942,773
Tangible assets	10		9,493,087		9,395,387
Investments	11		1		1
			<u>12,989,509</u>		<u>13,338,161</u>
<b>Current assets</b>					
Debtors	12	1,147,547		970,495	
Cash at bank and in hand		<u>233,940</u>		<u>453,537</u>	
		1,381,487		1,424,032	
<b>Creditors</b>					
Amounts falling due within one year	13	<u>1,862,416</u>		<u>1,913,119</u>	
<b>Net current liabilities</b>			<u>(480,929)</u>		<u>(489,087)</u>
<b>Total assets less current liabilities</b>			12,508,580		12,849,074
<b>Creditors</b>					
Amounts falling due after more than one year	14		(9,145,774)		(9,113,376)
<b>Provisions for liabilities</b>	19		-		(14,500)
<b>Net assets</b>			<u>3,362,806</u>		<u>3,721,198</u>
<b>Capital and reserves</b>					
Called up share capital	20		1,000		1,000
Other reserves	21		3,662,596		3,662,596
Retained earnings	21		<u>(300,790)</u>		<u>57,602</u>
<b>Shareholders' funds</b>			<u>3,362,806</u>		<u>3,721,198</u>

The financial statements were approved by the Board of Directors on 28 February 2017 and were signed on its behalf by:



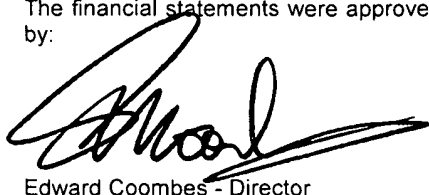
Edward Coombes - Director

The notes form part of these financial statements

COMPANY BALANCE SHEET  
31 MAY 2016

		2016	2015
	Notes	£	£
<b>Fixed assets</b>			
Intangible assets	9	-	-
Tangible assets	10	-	-
Investments	11	100	100
		<u>100</u>	<u>100</u>
<b>Current assets</b>			
Debtors	12	900	900
		<u>900</u>	<u>900</u>
<b>Net current assets</b>		900	900
<b>Total assets less current liabilities</b>		<u>1,000</u>	<u>1,000</u>
<b>Capital and reserves</b>			
Called up share capital	20	1,000	1,000
		<u>1,000</u>	<u>1,000</u>
<b>Shareholders' funds</b>		<u>1,000</u>	<u>1,000</u>

The financial statements were approved by the Board of Directors on 28 February 2017 and were signed on its behalf by:



Edward Coombes - Director

The notes form part of these financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2016**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Other reserves £</b>	<b>Total equity £</b>
<b>Changes in equity</b>				
Issue of share capital	1,000	-	-	1,000
Total comprehensive income	-	57,602	3,662,596	3,720,198
<b>Balance at 31 May 2015</b>	<u>1,000</u>	<u>57,602</u>	<u>3,662,596</u>	<u>3,721,198</u>
<b>Changes in equity</b>				
Total comprehensive income	-	(358,392)	-	(358,392)
<b>Balance at 31 May 2016</b>	<u>1,000</u>	<u>(300,790)</u>	<u>3,662,596</u>	<u>3,362,806</u>

The notes form part of these financial statements

OPTIMA CARE HOLDINGS LIMITED (REGISTERED NUMBER: 09060429)

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MAY 2016

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	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Issue of share capital	1,000	-	1,000
Balance at 31 May 2015	1,000	-	1,000
Changes in equity			
Balance at 31 May 2016	1,000	-	1,000

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The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MAY 2016**

		<b>Year ended 31.5.16 £</b>	<b>Period 28.5.14 to 31.5.15 £</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	932,079	1,273,430
Interest paid		(373,135)	(332,317)
Interest element of finance lease payments paid		(455)	(455)
Tax paid		(50,022)	(172,893)
<b>Net cash from operating activities</b>		<b>508,467</b>	<b>767,765</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(469,753)	(296,076)
Purchase of fixed asset investments		-	(1)
Sale of tangible fixed assets		8,592	18,819
Group reconstruction		-	415,110
Interest received		699	171
<b>Net cash from investing activities</b>		<b>(460,462)</b>	<b>138,023</b>
<b>Cash flows from financing activities</b>			
New loans in year		35,649	-
Loan repayments in year		(300,000)	(450,000)
Capital repayments in year		(3,251)	(3,251)
Share issue		-	1,000
<b>Net cash from financing activities</b>		<b>(267,602)</b>	<b>(452,251)</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(219,597)</b>	<b>453,537</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>453,537</b>	<b>-</b>
<b>Cash and cash equivalents at end of year</b>	2	<b>233,940</b>	<b>453,537</b>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MAY 2016

## 1. Reconciliation of loss before taxation to cash generated from operations

	Year ended 31.5.16 £	Period 28.5.14 to 31.5.15 £
Loss before taxation	(387,712)	(97,757)
Depreciation charges	819,905	742,244
Profit on disposal of fixed assets	(10,092)	(1,379)
Group reconstruction	-	9,190
Finance costs	397,268	403,772
Finance income	(699)	(171)
	<u>818,670</u>	<u>1,055,899</u>
Increase in trade and other debtors	(163,052)	(970,495)
Increase in trade and other creditors	<u>276,461</u>	<u>1,188,026</u>
<b>Cash generated from operations</b>	<u><u>932,079</u></u>	<u><u>1,273,430</u></u>

## 2. Cash and cash equivalents

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

## Year ended 31 May 2016

	31.5.16 £	1.6.15 £
Cash and cash equivalents	<u><u>233,940</u></u>	<u><u>453,537</u></u>

## Period ended 31 May 2015

	31.5.15 £	28.5.14 £
Cash and cash equivalents	<u><u>453,537</u></u>	<u><u>-</u></u>

The notes form part of these financial statements

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2016**

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**1. Summary**

Set out below is a summary of the principal accounting policies, all of which have been applied consistently (except as otherwise stated).

**2. Accounting policies**

**Basis of preparing the financial statements**

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" (FRS 102) and the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

This is the first year in which the financial statements have been prepared under FRS 102, previously the group reported under old UK GAAP, the group has made no measurement and recognition adjustments, however, various presentational changes have been made as discussed in the "First Year Adoption" note to the accounts.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102 in the transition period. The group has not taken any of the exemptions in these financial statements.

**Basis of consolidation**

The consolidated profit and loss and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 May 2016. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

**Significant judgements and estimates**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Critical judgements in applying the group's accounting policies**

The group makes a number of assessments which require judgement in preparing the accounts and can have a significant effect upon the financial statements. However due to the straight forward nature of the group's business, management does not believe that there are any judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**(b) Key accounting estimates and assumptions**

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However due to the straight forward nature of the group's business, management does not believe that there are any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**Goodwill**

Goodwill, being the amount paid in connection with the acquisition of a business in 2014, is being amortised evenly over its estimated useful life of ten years.

2. **Accounting policies - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- Cost over 50 years
Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- Straight line over 3 years

No depreciation is provided in respect of freehold land.

**Deferred tax**

Tax expense for the period comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future gives rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is also recognised in relation to revaluing certain assets. Income or expenses from a subsidiary, which is recognised in the financial statements will be assessed to or allowed for tax in a future period, except where the reporting entry is able to control the reversal of the timing differences, and it is probably that the timing differences will not reverse in the foreseeable future. In addition deferred tax is recognised through fair value adjustments arising on business combinations.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date that are expenses to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to profit or loss over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The pension costs charged in the financial statements represent the contributions payable by the group to employees private pension schemes during the year.

2. Accounting policies - continued

**Going concern**

These financial statements have been prepared on a going concern basis.

The current economic conditions present increased risks for all businesses and in response to such conditions, the directors have carefully considered these risks including an assessment on uncertainty on future trading projection for a period of at least 12 months from the date of signing the financial statements and the extent to which they might affect the preparation of the financial statements on a going concern basis.

The group's current loan agreement expires on 31 May 2017. The directors are currently renegotiating the loan facilities in order to extend the loan term. The directors do not envisage that the facilities will not be renewed on favourable terms.

Based on assessment, the directors consider that the group maintains an appropriate level of liquidity, sufficient to meet the demands of the business including any capital and servicing obligations and external debt liabilities.

In addition, the group's assets are assessed for recoverability on a regular basis, and the directors consider that the group is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubts upon the group's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

2. Accounting policies - continued

**Financial instruments**

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

**(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from other group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables 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 payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2016

## 2. Accounting policies - continued

## (iii) Compound financial instruments

The group has not issued and is not in receipt of any compound financial instruments.

## (iv) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

## (v) Hedging arrangements

The group does not generally apply hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies.

The group has not applied any hedge accounting treatment in this year or in any prior years.

## 3. Staff costs

	Year ended 31.5.16 £	Period 28.5.14 to 31.5.15 £
Wages and salaries	3,716,280	3,764,904
Social security costs	272,457	289,298
Other pension costs	19,401	19,598
	<u>4,008,138</u>	<u>4,073,800</u>

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

	Year ended 31.5.16	Period 28.5.14 to 31.5.15
Care and domestic	203	219
Administration	13	8
	<u>216</u>	<u>227</u>

## 4. Operating profit

The operating profit is stated after charging/(crediting):

	Year ended 31.5.16 £	Period 28.5.14 to 31.5.15 £
Hire of plant and machinery	21,476	16,577
Other operating leases	11,872	24,277
Depreciation - owned assets	369,077	292,162
Depreciation - assets on finance leases	4,476	3,730
Profit on disposal of fixed assets	(10,092)	(1,379)
Goodwill amortisation	446,352	446,351
Auditors' remuneration	33,150	33,050
Taxation compliance services	4,200	4,000
	<u>325,267</u>	<u>301,540</u>
Directors' remuneration	<u>325,267</u>	<u>301,540</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2016

## 4. Operating profit - continued

Information regarding the highest paid director is as follows:

	Year ended 31.5.16 £	Period 28.5.14 to 31.5.15 £
Emoluments etc	<u>171,837</u>	<u>166,041</u>

## 5. Interest payable and similar charges

	Year ended 31.5.16 £	Period 28.5.14 to 31.5.15 £
Loan	396,813	403,317
Hire purchase	455	455
	<u>397,268</u>	<u>403,772</u>

## 6. Taxation

## Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows:

	Year ended 31.5.16 £	Period 28.5.14 to 31.5.15 £
Current tax:		
UK corporation tax	-	(11,853)
Adjustment for prior years	(820)	(17,483)
Total current tax	<u>(820)</u>	<u>(29,336)</u>
Deferred tax	<u>(28,500)</u>	<u>16,318</u>
Tax on loss on ordinary activities	<u>(29,320)</u>	<u>(13,018)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2016

## 6. Taxation - continued

**Reconciliation of total tax credit included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 31.5.16 £	Period 28.5.14 to 31.5.15 £
Loss on ordinary activities before tax	(387,712)	(97,757)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	(77,542)	(19,551)
Effects of:		
Expenses not deductible for tax purposes	5,124	4,410
Depreciation in excess of capital allowances	31,983	3,288
Adjustments to tax charge in respect of previous periods	(820)	(17,483)
Trading losses carried forward	40,435	-
Deferred tax	(28,500)	16,318
Total tax credit	(29,320)	(13,018)

## 7. Extraordinary items

	Year ended 31.5.16 £	Period 28.5.14 to 31.5.15 £
Group reconstruction	-	142,341

Prior to the incorporation of Optima Care Holdings Limited the previous Optima Care Group undertook a S110 reconstruction. As part of this the care homes within the group were split into two regions. Care homes within the North West area remain in Active Pathways Limited (formerly Optima Care Limited) and the care homes in the South East remain in Optima Care Limited (formerly Family Care Homes Limited). The prior period credit relates to the release of part of the loan account between Active Pathways Limited and Optima Care Limited.

## 8. Profit of parent company

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £0 (2015 - £0).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2016

## 9. Intangible fixed assets

## Group

	Goodwill £
<b>Cost</b>	
At 1 June 2015 and 31 May 2016	4,389,124
<b>Amortisation</b>	
At 1 June 2015	446,351
Amortisation for year	446,352
At 31 May 2016	892,703
<b>Net book value</b>	
At 31 May 2016	3,496,421
At 31 May 2015	3,942,773

## 10. Tangible fixed assets

## Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>Cost</b>					
At 1 June 2015	9,251,713	31,819	383,733	18,201	9,685,466
Additions	-	7,847	441,561	21,845	471,253
Disposals	-	-	-	(150,581)	(150,581)
At 31 May 2016	9,251,713	39,666	825,294	(110,535)	10,006,138
<b>Depreciation</b>					
At 1 June 2015	197,907	23,565	63,787	4,820	290,079
Charge for year	198,822	3,162	162,669	8,900	373,553
Eliminated on disposal	-	-	-	(150,581)	(150,581)
At 31 May 2016	396,729	26,727	226,456	(136,861)	513,051
<b>Net book value</b>					
At 31 May 2016	8,854,984	12,939	598,838	26,326	9,493,087
At 31 May 2015	9,053,806	8,254	319,946	13,381	9,395,387

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2016

## 10. Tangible fixed assets - continued

## Group

Fixed assets, included in the above, which are held under finance leases are as follows:

	<b>Motor vehicles £</b>
<b>Cost</b>	
At 1 June 2015 and 31 May 2016	14,175
<b>Depreciation</b>	
At 1 June 2015	3,730
Charge for year	4,476
At 31 May 2016	8,206
<b>Net book value</b>	
At 31 May 2016	5,969
At 31 May 2015	10,445

## 11. Fixed asset investments

## Group

	<b>Unlisted investments £</b>
<b>Cost</b>	
At 1 June 2015 and 31 May 2016	1
<b>Net book value</b>	
At 31 May 2016	1
At 31 May 2015	1

## Company

	<b>Unlisted investments £</b>
<b>Cost</b>	
At 1 June 2015 and 31 May 2016	100
<b>Net book value</b>	
At 31 May 2016	100
At 31 May 2015	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2016

## 11. Fixed asset investments - continued

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiary****Optima Care Limited**

Nature of business: Provider of specialist healthcare.

Class of shares:	% holding	2016 £	2015 £
Ordinary	100.00		
Aggregate capital and reserves		3,361,906	3,720,298
(Loss)/profit for the year/period		<u>(358,392)</u>	<u>57,602</u>

## 12. Debtors: amounts falling due within one year

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	751,467	588,581	-	-
Other debtors	50,551	68,322	900	900
Directors' loan accounts	197,688	197,688	-	-
Deferred tax asset	14,000	-	-	-
Prepayments and accrued income	133,841	115,904	-	-
	<u>1,147,547</u>	<u>970,495</u>	<u>900</u>	<u>900</u>

## Deferred tax asset

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Timing differences on Capital Allowances	(22,500)	-	-	-
Tax losses carried forward	36,500	-	-	-
	<u>14,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 13. Creditors: amounts falling due within one year

	Group	
	2016 £	2015 £
Bank loans and overdrafts (see note 15)	300,000	600,000
Finance leases (see note 16)	3,251	3,251
Trade creditors	280,246	185,702
Tax	-	50,842
Social security and other taxes	83,644	66,361
Other creditors	124,402	44,353
Accruals and deferred income	1,070,873	962,610
	<u>1,862,416</u>	<u>1,913,119</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2016

## 14. Creditors: amounts falling due after more than one year

	Group	
	2016	2015
	£	£
Bank loans (see note 15)	9,144,690	9,109,041
Finance leases (see note 16)	1,084	4,335
	<u>9,145,774</u>	<u>9,113,376</u>

## 15. Loans

An analysis of the maturity of loans is given below:

	Group	
	2016	2015
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>300,000</u>	<u>600,000</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>600,000</u>	<u>600,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>8,544,690</u>	<u>8,509,041</u>

## 16. Leasing agreements

Minimum lease payments fall due as follows:

Group		Finance leases	
		2016	2015
		£	£
Net obligations repayable:			
Within one year		3,251	3,251
Between one and five years		1,084	4,335
		<u>4,335</u>	<u>7,586</u>

Group		Non-cancellable operating leases	
		2016	2015
		£	£
Within one year		23,164	23,164
Between one and five years		16,716	39,880
		<u>39,880</u>	<u>63,044</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2016

## 17. Secured debts

The following secured debts are included within creditors:

	Group	
	2016	2015
	£	£
Bank loans	9,444,690	9,709,041
Finance leases	4,335	7,586
	<u>9,449,025</u>	<u>9,716,627</u>

The bank loans all relate to loans held with Santander UK Plc. These are repayable in quarterly instalments of £150,000 and the balance is repayable in full by bullet repayment on the termination date 31 May 2017.

The effective interest rates on the loan are  $\text{libor} + 2.25\%$  per annum.

The loan facilities from Santander UK Plc, the company's bankers, are secured by a debenture over all the assets of the company, first and legal charges over the freehold properties and personal guarantees by the directors.

## 18. Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2016	2015
Group	£	£
Assets measured at fair value through profit or loss	-	-
Assets measured at amortised cost less impairment	999,706	854,591
Cash at bank	233,940	453,537
Liabilities measured at fair value through profit or loss	-	-
Liabilities measured at amortised cost less impairment	10,477,559	10,464,631
	<u>10,711,205</u>	<u>11,712,759</u>
Company	2016	2015
	£	£
Assets measured at fair value through profit or loss	-	-
Assets measured at amortised cost less impairment	900	900
Cash at bank	-	-
Liabilities measured at fair value through profit or loss	-	-
Liabilities measured at amortised cost less impairment	-	-

Trade debtors, trade creditors, other debtors, other creditors and unlisted investments are measured at cost less impairment.

The fair values of all financial assets and liabilities do not significantly differ from their carrying values as shown in aggregate above and in the debtors and creditors notes to the accounts.

## 19. Provisions for liabilities

	Group	
	2016	2015
	£	£
Deferred tax		
Timing differences on Capital		
Allowances	-	14,500
	<u>-</u>	<u>14,500</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2016

## 19. Provisions for liabilities - continued

Group	Deferred tax £
Balance at 1 June 2015	14,500
Credit to Income Statement during year	(28,500)
Balance at 31 May 2016	<u>(14,000)</u>

## 20. Called up share capital

Allotted, issued and fully paid:		Nominal value:	2016 £	2015 £
Number:	Class:			
1,000	Ordinary	1	<u>1,000</u>	<u>1,000</u>

## 21. Reserves

Group	Retained earnings £	Other reserves £	Totals £
At 1 June 2015	57,602	3,662,596	3,720,198
Deficit for the year	(358,392)	-	(358,392)
At 31 May 2016	<u>(300,790)</u>	<u>3,662,596</u>	<u>3,361,806</u>

## Company

	Retained earnings £
Profit for the year	-
At 31 May 2016	<u>-</u>

Prior to the incorporation of Optima Care Holdings Limited the previous Optima Care Group undertook a S110 reconstruction. As part of this the care homes within the group were split into two regions. Care homes within the North West area remain in Active Pathways Limited (formerly Optima Care Limited) and the care homes in the South East remain in Optima Care Limited (formerly Family Care Homes Limited).

On 30th May 2014 the share capital in Optima Care Limited was transferred from Family Care Homes (Holdings) Limited to Optima Care Holdings Limited - creating a new Optima Care Group.

The other reserve is the difference on consolidation created from the transfer of shares between the two companies at nominal value and the retained earnings generated by Optima Care Limited before it was transferred to the new Optima Care Group, headed by Optima Care Holdings Limited.

## 22. Directors' advances, credits and guarantees

At period end Vadivambikai Coombes owed the group £197,688 (2015: £197,688).

The directors loan was acquired by the group when the previous group was reorganised on 30 May 2014 so that the share capital of Optima Care Limited was 100% owned by Optima Care Holdings Limited.

There were no movements in the directors loan during the year.

**23. Ultimate controlling party**

The ultimate controlling party is Edward Coombes.

**24. First year adoption**

This is the first year that the Group has presented its results under FRS 102. The last financial statements prepared under the previous UK GAAP were for the year ended 31 May 2015. The date of transition to FRS 102 was 1 June 2014.

Due to the straight forward nature of the Group's business and financial instruments, judgements, estimates, and provisions there were no adjustments to the Group's balance sheet at 1 June 2014 or 31 May 2015 or on the profit or loss of the Group for the year ended 31 May 2015, on transition to FRS 102.

**Statement of cash flows**

The Group's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. In addition the cash flow statement reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash. Cash and cash equivalents are defined in FRS 102 as 'cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value' whereas cash is defined in FRS 1 as 'cash in hand and deposits repayable on demand with any qualifying institution, less overdrafts from any qualifying institution repayable on demand'. The FRS 1 definition is more restrictive.