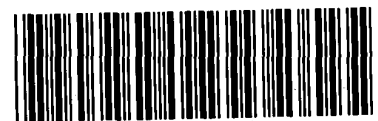


REGISTERED NUMBER: 09060429 (England and Wales)

**OPTIMA CARE HOLDINGS LIMITED**  
**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2017**

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OPTIMA CARE HOLDINGS LIMITED (REGISTERED NUMBER: 09060429)

**CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017**

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**OPTIMA CARE HOLDINGS LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MAY 2017**

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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 2017**

---

The directors present their strategic report of the company and the group for the year ended 31 May 2017.

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 report of the directors, 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 income statement, show a loss before tax of £487,544.

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 £450,044 and a surplus on shareholders' funds of £2,912,762. The group generated cash from operations of £811,332 in the current period and invested £179,615 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 2017</b>	<b>Period to 31 May 2016</b>
	<b>£</b>	<b>£</b>
Turnover	7,185,005	6,937,878
Gross profit margin	29.53%	29.63%
EBITDA	648,151	829,461
(Loss) before taxation	(487,544)	(387,712)
Shareholders funds	2,012,762	3,362,806

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MAY 2017**

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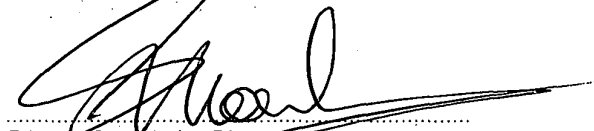
**Future developments**

The external environment is expected to remain competitive going forward, however the directors remain confident that the group's profitability for 2017/2018 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:



Edward Coombes - Director

Date: 23 Feb 2018

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MAY 2017**

---

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2017.

**Dividends**

No dividends will be distributed for the year ended 31 May 2017.

**Directors**

The directors shown below have held office during the whole of the period from 1 June 2016 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.

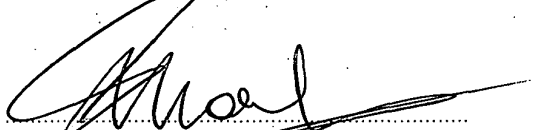
**Statement as to disclosure of information to auditors**

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

Date: 23 Feb 2018

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

---

We have audited the financial statements of Optima Care Holdings Limited for the year ended 31 May 2017 on pages six to twenty five. 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 2017 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 in the financial statements which describes the uncertainty related to the company's going concern. Our opinion is not qualified in respect of this matter.

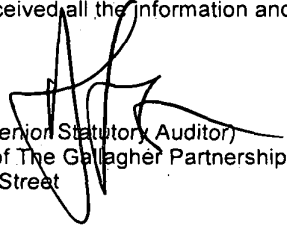
### Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, 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, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the group and the parent company and its environment, we have not identified any material misstatements in the Group Strategic Report or the Report of the Directors.

### 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

Date: 23 Feb 2018

OPTIMA CARE HOLDINGS LIMITED (REGISTERED NUMBER: 09060429)

CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 MAY 2017

	Notes	2017 £	2016 £
Turnover	3	7,185,005	6,937,878
Cost of sales		(5,063,136)	(4,882,226)
<b>Gross profit</b>		<b>2,121,869</b>	<b>2,055,652</b>
Administrative expenses		(2,443,416)	(2,053,328)
		(321,547)	2,324
Other operating income		81,591	6,533
<b>Operating (loss)/profit</b>	5	<b>(239,956)</b>	<b>8,857</b>
Interest receivable and similar income		85	699
		(239,871)	9,556
Interest payable and similar expenses	6	(247,673)	(397,268)
<b>Loss before taxation</b>		<b>(487,544)</b>	<b>(387,712)</b>
Tax on loss	7	37,500	29,320
<b>Loss for the financial year</b>		<b>(450,044)</b>	<b>(358,392)</b>
Loss attributable to: Owners of the parent		(450,044)	(358,392)

The notes form part of these financial statements



OPTIMA CARE HOLDINGS LIMITED (REGISTERED NUMBER: 09060429)

**CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MAY 2017**

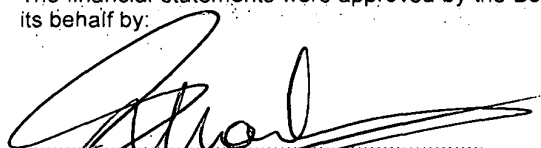
	Notes	2017 £	2016 £
Loss for the year		(450,044)	(358,392)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(450,044)</u>	<u>(358,392)</u>
Total comprehensive income attributable to: Owners of the parent		<u>(450,044)</u>	<u>(358,392)</u>

The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET**  
**31 MAY 2017**

	Notes	2017		2016	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	9		3,050,074		3,496,421
Tangible assets	10		9,231,027		9,493,087
Investments	11		1		1
			<u>12,281,102</u>		<u>12,989,509</u>
<b>Current assets</b>					
Debtors	12	953,056		1,147,547	
Cash at bank and in hand		370,340		233,940	
		<u>1,323,396</u>		<u>1,381,487</u>	
<b>Creditors</b>					
Amounts falling due within one year	13	10,691,736		1,862,416	
<b>Net current liabilities</b>			<u>(9,368,340)</u>		<u>(480,929)</u>
<b>Total assets less current liabilities</b>			<u>2,912,762</u>		<u>12,508,580</u>
<b>Creditors</b>					
Amounts falling due after more than one year	14		-		9,145,774
<b>Net assets</b>			<u>2,912,762</u>		<u>3,362,806</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		(750,834)		(300,790)
<b>Shareholders' funds</b>			<u>2,912,762</u>		<u>3,362,806</u>

The financial statements were approved by the Board of Directors on 23 Feb 2018 and were signed on its behalf by:



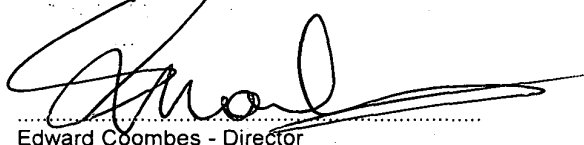
Edward Coombes - Director

## OPTIMA CARE HOLDINGS LIMITED (REGISTERED NUMBER: 09060429)

COMPANY BALANCE SHEET  
31 MAY 2017

	Notes	2017 £	2016 £
<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>
Company's profit for the financial year		-	-

The financial statements were approved by the Board of Directors on 23 Feb 2018 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 2017**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Other reserves £</b>	<b>Total equity £</b>
<b>Balance at 1 June 2015</b>	1,000	57,602	3,662,596	3,721,198
<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>
<b>Changes in equity</b>				
Total comprehensive income	-	(450,044)	-	(450,044)
<b>Balance at 31 May 2017</b>	<u>1,000</u>	<u>(750,834)</u>	<u>3,662,596</u>	<u>2,912,762</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 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 June 2015	1,000	-	1,000
Changes in equity			
Balance at 31 May 2016	1,000	-	1,000
Changes in equity			
Balance at 31 May 2017	1,000	-	1,000

The notes form part of these financial statements

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MAY 2017**

	Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	751,332	932,079
Interest paid		(281,896)	(373,135)
Interest element of finance lease payments paid		(455)	(455)
Tax paid		-	(50,022)
Net cash from operating activities		<u>468,981</u>	<u>508,467</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(179,615)	(469,753)
Sale of tangible fixed assets		200	8,592
Interest received		85	699
Net cash from investing activities		<u>(179,330)</u>	<u>(460,462)</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	35,649
Loan repayments in year		(150,000)	(300,000)
Capital repayments in year		(3,251)	(3,251)
Net cash from financing activities		<u>(153,251)</u>	<u>(267,602)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>136,400</u>	<u>(219,597)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>233,940</u>	<u>453,537</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>370,340</u></u>	<u><u>233,940</u></u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MAY 2017

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

	2017	2016
	£	£
Loss before taxation	(487,544)	(387,712)
Depreciation charges	888,022	819,905
Profit on disposal of fixed assets	(200)	(10,092)
Finance costs	247,673	397,268
Finance income	(85)	(699)
	<u>647,866</u>	<u>818,670</u>
Decrease/(increase) in trade and other debtors	231,991	(163,052)
(Decrease)/increase in trade and other creditors	(128,525)	276,461
<b>Cash generated from operations</b>	<u><u>751,332</u></u>	<u><u>932,079</u></u>

2. Cash and cash equivalents

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

Year ended 31 May 2017

	31.5.17	1.6.16
	£	£
Cash and cash equivalents	<u>370,340</u>	<u>233,940</u>

Year ended 31 May 2016

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

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2017

---

1. **Statutory information**

Optima Care Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

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" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Set out below is a summary of principal accounting policies, all of which have been consistently applied throughout the year and the preceding year (except as otherwise stated). The financial statements are presented in Sterling (£).

**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 2017. 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.

**Critical accounting judgements and key sources of estimation uncertainty**

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.

Turnover is recognised in line with the services rendered during the period and the contractual agreement between the group and the customer.

**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.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**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.



2. **Accounting policies - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**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.

**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 facility expired 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 and the current loan provider has provided no indication that the facility will not be renewed. The directors are confident that other loan providers would be willing to extend the loan terms.

Based on cash flow 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 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.

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

3. **Turnover**

The turnover and loss before taxation are attributable to the one principal activity of the group.

The group's principal turnover is materially of one class only being the rendering of care home services and the group has supplied only one market being the United Kingdom.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2017

## 4. Employees and directors

	2017 £	2016 £
Wages and salaries	3,797,534	3,716,280
Social security costs	291,852	272,457
Other pension costs	19,926	19,401
	<u>4,109,312</u>	<u>4,008,138</u>

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

	2017	2016
Care and domestic	210	203
Administration	10	13
	<u>220</u>	<u>216</u>

	2017 £	2016 £
Directors' remuneration	<u>212,777</u>	<u>325,267</u>

Information regarding the highest paid director is as follows:

	2017 £	2016 £
Emoluments etc	<u>159,433</u>	<u>171,837</u>

## 5. Operating (loss)/profit

The operating loss (2016 - operating profit) is stated after charging/(crediting):

	2017 £	2016 £
Hire of plant and machinery	17,367	21,476
Other operating leases	32,742	11,872
Depreciation - owned assets	437,199	369,077
Depreciation - assets on finance leases	4,476	4,476
Profit on disposal of fixed assets	(200)	(10,092)
Goodwill amortisation	446,347	446,352
Auditors' remuneration	30,000	33,150
Taxation compliance services	3,200	4,200
	<u></u>	<u></u>

## 6. Interest payable and similar expenses

	2017 £	2016 £
Loan	247,218	396,813
Hire purchase	455	455
	<u>247,673</u>	<u>397,268</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2017

## 7. Taxation

**Analysis of the tax credit**

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

	2017 £	2016 £
Current tax:		
Adjustment for prior years	-	(820)
Deferred tax	(37,500)	(28,500)
Tax on loss	<u>(37,500)</u>	<u>(29,320)</u>

UK corporation tax has been charged at 20%.

**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:

	2017 £	2016 £
Loss before tax	<u>(487,544)</u>	<u>(387,712)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	(97,509)	(77,542)
Effects of:		
Adjustments to tax charge in respect of previous periods	-	(820)
Permanent differences	55,133	41,288
Change in future tax rates	<u>4,876</u>	<u>7,754</u>
Total tax credit	<u>(37,500)</u>	<u>(29,320)</u>

The group has tax losses carried forward of £408,872 (2016: £204,621). The directors after review of the current forecasts and available information are satisfied that it is probable that these losses will be utilised within the next 5 years.

## 8. Individual income statement

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2017

## 9. Intangible fixed assets

## Group

	Goodwill £
<b>Cost</b>	
At 1 June 2016 and 31 May 2017	4,389,124
<b>Amortisation</b>	
At 1 June 2016	892,703
Amortisation for year	446,347
At 31 May 2017	1,339,050
<b>Net book value</b>	
At 31 May 2017	3,050,074
At 31 May 2016	3,496,421

## 10. Tangible fixed assets

## Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>Cost</b>					
At 1 June 2016	9,251,713	39,666	825,294	40,046	10,156,719
Additions	-	4,771	167,846	6,998	179,615
Disposals	-	-	-	(6,236)	(6,236)
At 31 May 2017	9,251,713	44,437	993,140	40,808	10,330,098
<b>Depreciation</b>					
At 1 June 2016	396,729	26,727	226,456	13,720	663,632
Charge for year	198,804	4,637	225,938	12,296	441,675
Eliminated on disposal	-	-	-	(6,236)	(6,236)
At 31 May 2017	595,533	31,364	452,394	19,780	1,099,071
<b>Net book value</b>					
At 31 May 2017	8,656,180	13,073	540,746	21,028	9,231,027
At 31 May 2016	8,854,984	12,939	598,838	26,326	9,493,087

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2017

## 10. Tangible fixed assets - continued

## Group

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

	Motor vehicles £
<b>Cost</b>	
At 1 June 2016 and 31 May 2017	14,175
<b>Depreciation</b>	
At 1 June 2016	8,206
Charge for year	4,476
At 31 May 2017	12,682
<b>Net book value</b>	
At 31 May 2017	1,493
At 31 May 2016	5,969

## 11. Fixed asset investments

## Group

	Unlisted investments £
<b>Cost</b>	
At 1 June 2016 and 31 May 2017	1
<b>Net book value</b>	
At 31 May 2017	1
At 31 May 2016	1

## Company

	Unlisted investments £
<b>Cost</b>	
At 1 June 2016 and 31 May 2017	100
<b>Net book value</b>	
At 31 May 2017	100
At 31 May 2016	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2017

## 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**

Registered office: Same as parent.

Nature of business: Provider of specialist healthcare.

	%	2017	2016
Class of shares:	holding	£	£
Ordinary	100.00		
Aggregate capital and reserves		2,911,862	3,361,906
Loss for the year		(450,044)	(358,392)

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	545,673	751,467	-	-
Other debtors	51,744	50,551	900	900
Directors' loan accounts	197,688	197,688	-	-
Deferred tax asset	51,500	14,000	-	-
Prepayments and accrued income	106,451	133,841	-	-
	<u>953,056</u>	<u>1,147,547</u>	<u>900</u>	<u>900</u>

## Deferred tax asset

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Timing differences on Capital Allowances	(29,000)	(22,500)	-	-
Tax losses carried forward	80,500	36,500	-	-
	<u>51,500</u>	<u>14,000</u>	<u>-</u>	<u>-</u>

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

	Group	
	2017	2016
	£	£
Bank loans and overdrafts (see note 15)	9,294,689	300,000
Finance leases (see note 16)	1,084	3,251
Trade creditors	282,433	280,246
Social security and other taxes	70,788	83,644
Other creditors	174,652	124,402
Accruals and deferred income	868,090	1,070,873
	<u>10,691,736</u>	<u>1,862,416</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2017

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

	Group	
	2017	2016
	£	£
Bank loans (see note 15)	-	9,144,690
Finance leases (see note 16)	-	1,084
	<u>-</u>	<u>9,145,774</u>

## 15. Loans

An analysis of the maturity of loans is given below:

	Group	
	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>9,294,689</u>	<u>300,000</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>-</u>	<u>600,000</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>-</u>	<u>8,544,690</u>

## 16. Leasing agreements

Minimum lease payments fall due as follows:

## Group

	Finance leases	
	2017	2016
	£	£
Net obligations repayable:		
Within one year	1,084	3,251
Between one and five years	<u>-</u>	<u>1,084</u>
	<u>1,084</u>	<u>4,335</u>

## Group

	Non-cancellable operating leases	
	2017	2016
	£	£
Within one year	-	23,164
Between one and five years	<u>-</u>	<u>16,716</u>
	<u>-</u>	<u>39,880</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2017

## 17. Secured debts

The following secured debts are included within creditors:

	Group	
	2017	2016
	£	£
Bank loans	9,294,689	9,444,690
Finance leases	1,084	4,335
	<u>9,295,773</u>	<u>9,449,025</u>

The bank loans all relate to loans held with Santander UK Plc. The directors are currently in negotiations with Santander UK Plc over the facility renewal. The facility expired on 31 May 2017.

As such the loan agreement with Santander is currently rolling and no fixed repayments are currently scheduled, however due to the loan not having any fixed repayment date the directors feel it should be classified as being payable within 1 year.

The official effective interest rate on the loan is  $\text{libor} + 2.25\%$  per annum.

The loan facilities from Santander UK Plc 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:

	2017	2016
	£	£
<b>Group</b>		
Financial assets measured at fair value through profit or loss	-	-
Financial assets that are equity instruments measured at cost less impairment	1	1
Financial assets that are debt instruments measured at amortised cost	794,205	998,806
- Cash at bank	370,340	233,940
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost	10,206,954	10,477,559
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Company</b>		
Financial assets measured at fair value through profit or loss	-	-
Financial assets that are equity instruments measured at cost less impairment	-	-
Financial assets that are debt instruments measured at amortised cost	900	900
- Cash at bank	-	-
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost	-	-

## 19. Deferred tax

## Group

	£
Balance at 1 June 2016	(14,000)
Provided during year	<u>(37,500)</u>
Balance at 31 May 2017	<u>(51,500)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MAY 2017

## 20. Called up share capital

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2017 £	2016 £
1,000	Ordinary	1	<u>1,000</u>	<u>1,000</u>

## 21. Reserves

## Group

	Retained earnings £	Other reserves £	Totals £
At 1 June 2016	(300,790)	3,662,596	3,361,806
Deficit for the year	<u>(450,044)</u>	<u>-</u>	<u>(450,044)</u>
At 31 May 2017	<u>(750,834)</u>	<u>3,662,596</u>	<u>2,911,762</u>

## Company

	Retained earnings £
Profit for the year	-
At 31 May 2017	<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 (2016: £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. Related party disclosures

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

During the year, a total of key management personnel compensation of £317,463 was paid.

23. **Related party disclosures - continued**

The above includes all remuneration including the cash equivalent of benefits received, pension payments made and employer national insurance contributions paid on key management personnel salaries during the year.

24. **Ultimate controlling party**

The ultimate controlling party is Edward Coombes.