

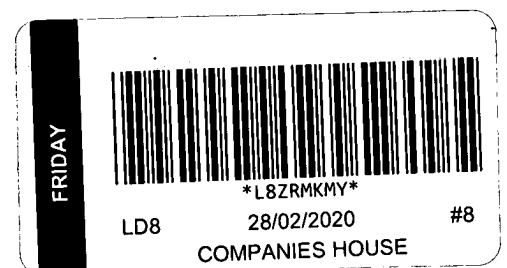
OPTIMA CARE HOLDINGS LIMITED

Group Strategic Report,

Directors' Report and

Consolidated Financial Statements

for the Year Ended 31 May 2019



OPTIMA CARE HOLDINGS LIMITED

**Contents of the Consolidated Financial Statements
for the year ended 31 May 2019**

	Page
Company Information	1
Group Strategic Report	2
Directors' Report	4
Independent Auditors' Report	6
Consolidated Income Statement	8
Consolidated Other Comprehensive Income	9
Consolidated Balance Sheet	10
Company Balance Sheet	11
Consolidated Statement of Changes in Equity	12
Company Statement of Changes in Equity	13
Consolidated Cash Flow Statement	14
Notes to the Consolidated Cash Flow Statement	15
Notes to the Consolidated Financial Statements	16
Consolidated Reconciliation of Equity	28

OPTIMA CARE HOLDINGS LIMITED

**Company Information
for the year ended 31 May 2019**

Directors:	Vadivambikai Coombes Edward Mark Coombes
Registered office:	New Derwent House 69-73 Theobalds Road London WC1X 8TA
Registered number:	09060429 (England and Wales)
Auditors:	Haines Watts (City) LLP Statutory Auditor New Derwent House 69-73 Theobalds Road London WC1X 8TA

OPTIMA CARE HOLDINGS LIMITED

Group Strategic Report for the year ended 31 May 2019

The directors present their strategic report of the company and the group for the year ended 31 May 2019.

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 year
- the position of the group at the end of the year

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

Review of business

The group's principle activity during the year continues to be that of a provider of Specialist Healthcare for Intellectual Disabilities in residential and community homes.

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 £92,642 compared to a loss of £270,211 for 2018.

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 company at the period end

At the year end the group had a post-tax loss for the year of £92,642 and a decrease in the surplus on shareholders' funds from £2,622,551 to £2,473,119. The company generated cash from operations of £211,874 in the current year and invested £229,768 in fixed assets.

OPTIMA CARE HOLDINGS LIMITED

Group Strategic Report for the year ended 31 May 2019

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:

	Year to 2019 £	Year to 2018 £
Turnover	7,861,413	6,979,272
Gross profit margin	31.24%	28.91%
EBITDA	1,1052,266	913,606
Profit/(loss) before taxation	(92,642)	(270,211)
Shareholders' funds	<u>2,473,119</u>	<u>2,622,551</u>

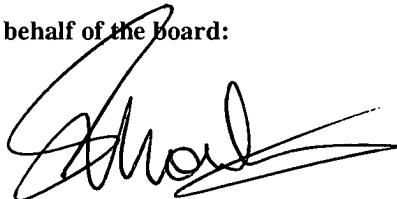
Future developments

The external environment is expected to remain competitive going forward, however the directors remain confident that the company's profitability for 2019/2020 is expected to 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 Mark Coombes - Director

28 February 2020

OPTIMA CARE HOLDINGS LIMITED

Directors' Report for the year ended 31 May 2019

The directors present their report with the financial statements of the company and the group for the year ended 31 May 2019.

Dividends

No dividends will be distributed for the year ended 31 May 2019.

Directors

The directors shown below have held office during the whole of the period from 1 June 2018 to the date of this report.

Vadivambikai Coombes
Edward Mark Coombes

Political donations and expenditure

Donations made during the year were not political in nature.

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 Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the 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.

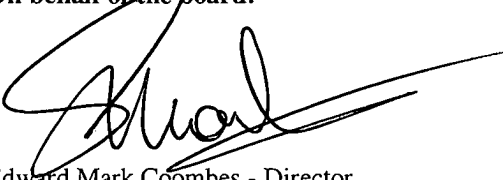
OPTIMA CARE HOLDINGS LIMITED

**Directors' Report
for the year ended 31 May 2019**

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.

On behalf of the board:

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

Edward Mark Coombes - Director

28 February 2020

Independent Auditors' Report to the Members of Optima Care Holdings Limited

Opinion

We have audited the financial statements of Optima Care Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 May 2019 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 May 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Directors' Report, but does not include the financial statements and our Auditors' Report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Independent Auditors' Report to the Members of
Optima Care Holdings Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

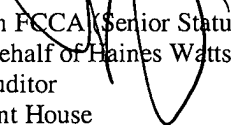
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.


Andy Jepson FCCA (Senior Statutory Auditor)
for and on behalf of Haines Watts (City) LLP
Statutory Auditor
New Derwent House
69-73 Theobalds Road
London
WC1X 8TA

Date: 28/2/20

OPTIMA CARE HOLDINGS LIMITED

Consolidated Income Statement

for the year ended 31 May 2019

	Notes	2019 £	2018 £
Turnover	3	7,861,413	6,979,272
Cost of sales		<u>(5,405,183)</u>	<u>(4,961,410)</u>
Gross profit		2,456,230	2,017,862
Administrative expenses		<u>(2,245,800)</u>	<u>(2,050,619)</u>
		210,430	(32,757)
Other operating income		<u>6,080</u>	<u>44,531</u>
Operating profit		216,510	11,774
Interest receivable and similar income		<u>714</u>	<u>212</u>
		217,224	11,986
Interest payable and similar expenses	6	<u>(309,866)</u>	<u>(282,197)</u>
Loss before taxation	7	(92,642)	(270,211)
Tax on loss	8	<u>(56,790)</u>	<u>(19,000)</u>
Loss for the financial year		<u><u>(149,432)</u></u>	<u><u>(289,211)</u></u>
Loss attributable to: Owners of the parent		<u><u>(149,432)</u></u>	<u><u>(289,211)</u></u>

The notes form part of these financial statements

OPTIMA CARE HOLDINGS LIMITED

Consolidated Other Comprehensive Income
for the year ended 31 May 2019

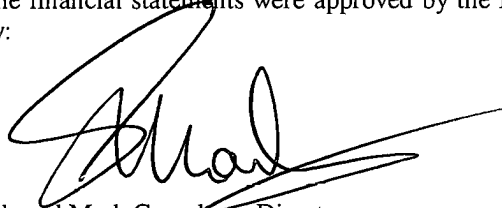
	Notes	2019 £	2018 £
Loss for the year		(149,432)	(289,211)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(149,432)</u>	<u>(289,211)</u>
Total comprehensive income attributable to: Owners of the parent		<u>(149,432)</u>	<u>(289,211)</u>

The notes form part of these financial statements

Consolidated Balance Sheet
31 May 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Intangible assets	10		2,157,394		2,603,734
Tangible assets	11		8,716,152		8,929,204
Investments	12		<u>101</u>		<u>101</u>
			10,873,647		11,533,039
Current assets					
Debtors	13	1,696,232		609,322	
Cash at bank and in hand		<u>682,516</u>		<u>665,351</u>	
		2,378,748		1,274,673	
Creditors					
Amounts falling due within one year	14	<u>1,628,766</u>		<u>10,184,061</u>	
Net current assets/(liabilities)			<u>749,982</u>		<u>(8,909,388)</u>
Total assets less current liabilities			11,623,629		2,623,651
Creditors					
Amounts falling due after more than one year	15		(9,125,120)		-
Provisions for liabilities	19		<u>(24,290)</u>		<u>-</u>
Net assets			<u>2,474,219</u>		<u>2,623,651</u>
Capital and reserves					
Called up share capital	20		1,100		1,100
Retained earnings	21		<u>2,473,119</u>		<u>2,622,551</u>
Shareholders' funds			<u>2,474,219</u>		<u>2,623,651</u>

The financial statements were approved by the Board of Directors on 28 February 2020 and were signed on its behalf by:




Edward Mark Coombes - Director

Company Balance Sheet
31 May 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Intangible assets	10		-		-
Tangible assets	11		-		-
Investments	12		<u>100</u>		<u>100</u>
			100		100
Current assets					
Debtors	13	<u>900</u>		<u>900</u>	
Net current assets			<u>900</u>		<u>900</u>
Total assets less current liabilities			<u>1,000</u>		<u>1,000</u>
Capital and reserves					
Called up share capital	20		<u>1,000</u>		<u>1,000</u>
Shareholders' funds			<u>1,000</u>		<u>1,000</u>
Company's profit for the financial year			<u>-</u>		<u>-</u>

The financial statements were approved by the Board of Directors on
on its behalf by:

28/02/2020 and were signed


.....
Director

OPTIMA CARE HOLDINGS LIMITED

**Consolidated Statement of Changes in Equity
for the year ended 31 May 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 June 2017	1,100	2,911,762	2,912,862
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(289,211)</u>	<u>(289,211)</u>
Balance at 31 May 2018	<u>1,100</u>	<u>2,622,551</u>	<u>2,623,651</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>(149,432)</u>	<u>(149,432)</u>
Balance at 31 May 2019	<u><u>1,100</u></u>	<u><u>2,473,119</u></u>	<u><u>2,474,219</u></u>

The notes form part of these financial statements

OPTIMA CARE HOLDINGS LIMITED

**Company Statement of Changes in Equity
for the year ended 31 May 2019**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 June 2017	1,000	-	1,000
Changes in equity	<hr/>	<hr/>	<hr/>
Balance at 31 May 2018	<hr/> 1,000	<hr/> -	<hr/> 1,000
Changes in equity	<hr/>	<hr/>	<hr/>
Balance at 31 May 2019	<hr/> 1,000	<hr/> -	<hr/> 1,000

The notes form part of these financial statements

OPTIMA CARE HOLDINGS LIMITED

**Consolidated Cash Flow Statement
for the year ended 31 May 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	195,315	750,939
Interest paid		(309,866)	(281,681)
Interest element of hire purchase or finance lease rental payments paid		-	(516)
Tax paid		(1)	-
Net cash from operating activities		<u>(114,552)</u>	<u>468,742</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(229,768)	(159,297)
Sale of tangible fixed assets		560	600
Interest received		<u>714</u>	<u>212</u>
Net cash from investing activities		<u>(228,494)</u>	<u>(158,485)</u>
 Cash flows from financing activities			
New loans in year		9,700,000	-
Loan repayments in year		(9,330,096)	-
Amount introduced by directors		214,034	-
Amount withdrawn by directors		(223,727)	(16,346)
Share issue		<u>-</u>	<u>1,100</u>
Net cash from financing activities		<u>360,211</u>	<u>(15,246)</u>
 Increase in cash and cash equivalents		<u>17,165</u>	<u>295,011</u>
Cash and cash equivalents at beginning of year	2	<u>665,351</u>	<u>370,340</u>
 Cash and cash equivalents at end of year	2	<u><u>682,516</u></u>	<u><u>665,351</u></u>

The notes form part of these financial statements

OPTIMA CARE HOLDINGS LIMITED

**Notes to the Consolidated Cash Flow Statement
for the year ended 31 May 2019**

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

	2019	2018
	£	£
Loss before taxation	(92,642)	(270,211)
Depreciation charges	888,042	901,832
Loss on disposal of fixed assets	557	5,028
Finance costs	309,866	282,197
Finance income	(714)	(212)
	<u>1,105,109</u>	918,634
(Increase)/decrease in trade and other debtors	(1,216,481)	341,080
Increase/(decrease) in trade and other creditors	<u>306,687</u>	<u>(508,775)</u>
Cash generated from operations	<u><u>195,315</u></u>	<u><u>750,939</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 2019

	31/5/19	1/6/18
	£	£
Cash and cash equivalents	<u><u>682,516</u></u>	<u><u>665,351</u></u>

Year ended 31 May 2018

	31/5/18	1/6/17
	£	£
Cash and cash equivalents	<u><u>665,351</u></u>	<u><u>370,340</u></u>

OPTIMA CARE HOLDINGS LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 May 2019

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 (£).

Related party exemption

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.

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 company'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 's 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. The 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 are addressed below.

i. Useful economic lives of tangible assets and goodwill

The annual depreciation charge for tangible assets and goodwill is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

ii. Impairment of tangible assets and goodwill

Annually, the group considers whether tangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the future cash flows from the assets along with selection of appropriate discount rates to calculate the net present value of those cash flows.

OPTIMA CARE HOLDINGS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 May 2019

2. Accounting policies - continued

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.

Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 33% on cost

No depreciation is provided in respect of freehold land.

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 group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

OPTIMA CARE HOLDINGS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 May 2019

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.

Based on this and 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.

OPTIMA CARE HOLDINGS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 May 2019

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.

OPTIMA CARE HOLDINGS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 May 2019

2. Accounting policies - continued

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

4. Employees and directors

	2019	2018
	£	£
Wages and salaries	3,783,081	3,867,355
Social security costs	261,214	282,693
Other pension costs	42,418	26,405
	<u>4,086,713</u>	<u>4,176,453</u>

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

	2019	2018
Care and domestic	220	213
Administration	<u>16</u>	<u>10</u>
	<u>236</u>	<u>223</u>

The average number of employees by undertakings that were proportionately consolidated during the year was NIL (2018 - NIL).

OPTIMA CARE HOLDINGS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2019**

5. Directors' emoluments

	2019	2018
	£	£
Directors' remuneration	<u>191,333</u>	<u>216,469</u>

6. Interest payable and similar expenses

	2019	2018
	£	£
Loan interest	309,866	281,681
Hire purchase	<u>-</u>	<u>516</u>
	<u>309,866</u>	<u>282,197</u>

7. Loss before taxation

The loss is stated after charging:

	2019	2018
	£	£
Hire of plant and machinery	14,186	15,599
Other operating leases	42,928	4,508
Depreciation - owned assets	441,703	453,999
Depreciation - assets on hire purchase contracts or finance leases	-	1,493
Loss on disposal of fixed assets	557	5,028
Goodwill amortisation	446,340	446,340
Auditors' remuneration	33,600	33,600
Auditors' rem - other services	<u>-</u>	<u>3,824</u>

8. Taxation

Analysis of the tax charge

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

	2019	2018
	£	£
Deferred tax	<u>56,790</u>	<u>19,000</u>
Tax on loss	<u>56,790</u>	<u>19,000</u>

UK corporation tax has been charged at 19%.

OPTIMA CARE HOLDINGS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2019**

8. Taxation - continued

Reconciliation of total tax charge 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:

	2019 £	2018 £
Loss before tax	<u>(92,642)</u>	<u>(270,211)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(17,602)	(51,340)
Effects of:		
Depreciation in excess of capital allowances	54,056	-
Permanent differences	16,910	66,914
Other differences	<u>3,426</u>	<u>3,426</u>
Total tax charge	<u>56,790</u>	<u>19,000</u>

The company has tax losses carried forward of £17,970 (2018: £408,872). After review of the current forecasts and available information the directors are satisfied that it is probable that these losses will be utilised within the next 1-2 years.

9. 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.

10. Intangible fixed assets

Group	Goodwill £
Cost	
At 1 June 2018 and 31 May 2019	<u>5,406,131</u>
Amortisation	
At 1 June 2018	2,802,397
Amortisation for year	<u>446,340</u>
At 31 May 2019	<u>3,248,737</u>
Net book value	
At 31 May 2019	<u>2,157,394</u>
At 31 May 2018	<u>2,603,734</u>

OPTIMA CARE HOLDINGS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2019**

11. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Cost					
At 1 June 2018	9,959,751	243,995	1,388,405	204,137	11,796,288
Additions	86,887	28,960	101,326	12,595	229,768
Disposals	-	-	-	(8,014)	(8,014)
At 31 May 2019	<u>10,046,638</u>	<u>272,955</u>	<u>1,489,731</u>	<u>208,718</u>	<u>12,018,042</u>
Depreciation					
At 1 June 2018	1,459,868	228,916	1,008,632	169,668	2,867,084
Charge for year	201,234	10,144	216,674	13,651	441,703
Eliminated on disposal	-	-	-	(6,897)	(6,897)
At 31 May 2019	<u>1,661,102</u>	<u>239,060</u>	<u>1,225,306</u>	<u>176,422</u>	<u>3,301,890</u>
Net book value					
At 31 May 2019	<u>8,385,536</u>	<u>33,895</u>	<u>264,425</u>	<u>32,296</u>	<u>8,716,152</u>
At 31 May 2018	<u>8,499,883</u>	<u>15,079</u>	<u>379,773</u>	<u>34,469</u>	<u>8,929,204</u>

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

	Motor vehicles £
Cost	
At 1 June 2018 and 31 May 2019	<u>17,905</u>
Depreciation	
At 1 June 2018 and 31 May 2019	<u>17,905</u>
Net book value	
At 31 May 2019	<u>-</u>
At 31 May 2018	<u>-</u>

OPTIMA CARE HOLDINGS LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 May 2019

12. Fixed asset investments

Group

Unlisted
investments
£

Cost

At 1 June 2018
and 31 May 2019

101

Net book value

At 31 May 2019

101

At 31 May 2018

101

Company

Unlisted
investments
£

Cost

At 1 June 2018
and 31 May 2019

100

Net book value

At 31 May 2019

100

At 31 May 2018

100

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.

Class of shares:

Ordinary

%
holding
100.00

2019

2018

£

£

Aggregate capital and reserves

2,473,119

2,622,651

Loss for the year

(149,432)

(289,211)

OPTIMA CARE HOLDINGS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2019**

13. Debtors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	888,080	243,967	-	-
Amounts owed by group undertakings	377,345	-	-	-
Other debtors	900	61,746	900	900
Directors' loan accounts	223,727	214,034	-	-
Deferred tax asset	-	32,500	-	-
Prepayments and accrued income	206,180	57,075	-	-
	<u>1,696,232</u>	<u>609,322</u>	<u>900</u>	<u>900</u>

Deferred tax asset

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Timing differences on Capital Allowances	-	(7,500)	-	-
Tax losses carried forward	-	40,000	-	-
	<u>-</u>	<u>32,500</u>	<u>-</u>	<u>-</u>

14. Creditors: amounts falling due within one year

	Group	
	2019	2018
	£	£
Bank loans and overdrafts (see note 16)	574,880	9,330,096
Trade creditors	279,239	206,614
Tax	(1)	-
Social security and other taxes	88,659	64,395
Other creditors	101,836	84,505
Accruals and deferred income	584,153	498,451
	<u>1,628,766</u>	<u>10,184,061</u>

15. Creditors: amounts falling due after more than one year

	Group
	2019
	£
Bank loans (see note 16)	<u>9,125,120</u>

OPTIMA CARE HOLDINGS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2019**

16. Loans

An analysis of the maturity of loans is given below:

	Group	
	2019	2018
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>574,880</u>	<u>9,330,096</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>1,149,760</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>7,975,360</u>	<u>-</u>

17. Secured debts

The following secured debts are included within creditors:

	Group	
	2019	2018
	£	£
Bank loans	<u>9,700,000</u>	<u>-</u>

The bank loans all relate to loans held with Coutts bank.

During the year the loan agreement with Coutts charged interest at Libor + 2.25% per annum.

At the year end the loan facilities from Coutts were secured by a debenture over all the assets of the company, including, 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:

	2019	2018
	£	£
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	1,489,152	518,847
- Cash at bank	682,516	665,351
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortised cost	10,665,227	10,119,622

Financial assets that are debt instruments measured at amortised cost include trade debtors, other debtors, and loan accounts.

Financial liabilities measured at amortised cost include bank loans, trade creditors, other creditors and accrued expenses.

OPTIMA CARE HOLDINGS LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2019**

19. Provisions for liabilities

	Group	
	2019	2018
	£	£
Deferred tax		
Timing differences on Capital Allowances	30,461	-
Tax losses carried forward	<u>(6,171)</u>	<u>-</u>
	<u>24,290</u>	<u>-</u>

Group

	Deferred tax
	£
Balance at 1 June 2018	(32,500)
Provided during year	<u>56,790</u>
Balance at 31 May 2019	<u><u>24,290</u></u>

20. Called up share capital

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2019	2018
			£	£
1,000	Ordinary	1	<u>1,100</u>	<u>1,100</u>

21. Reserves

Group

	Retained earnings
	£
At 1 June 2018	2,622,551
Deficit for the year	<u>(149,432)</u>
At 31 May 2019	<u><u>2,473,119</u></u>

Company

	Retained earnings
	£
Profit for the year	<u>-</u>
At 31 May 2019	<u><u>-</u></u>