

OPTIMA CARE HOLDINGS LIMITED

Group Strategic Report,

Directors' Report and

Consolidated Financial Statements

for the Year Ended 31 May 2022

**Contents of the Consolidated Financial Statements
for the year ended 31 May 2022**

	Page
Company Information	1
Group Strategic Report	2
Directors' Report	4
Independent Auditors' Report	6
Consolidated Income Statement	9
Consolidated Other Comprehensive Income	10
Consolidated Balance Sheet	11
Company Balance Sheet	12
Consolidated Statement of Changes in Equity	13
Company Statement of Changes in Equity	14
Consolidated Cash Flow Statement	15
Notes to the Consolidated Cash Flow Statement	16
Notes to the Consolidated Financial Statements	17

OPTIMA CARE HOLDINGS LIMITED

**Company Information
for the year ended 31 May 2022**

Directors:	V Coombes E M Coombes
Registered office:	New Derwent House 69-73 Theobalds Road London WC1X 8TA
Registered number:	09060429 (England and Wales)
Auditors:	Haines Watts Statutory Auditor New Derwent House 69-73 Theobalds Road London WC1X 8TA

**Group Strategic Report
for the year ended 31 May 2022**

The directors present their Strategic Report of the Company and the Group for the year ended 31 May 2022.

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; and
- 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 principal activity during the year continues to be that of a provider of Specialist Healthcare supporting people with complex needs who have a Intellectual Disability and or enduring mental health conditions 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 £1,470,686 compared to a loss of £164,287 for 2021.

The Group 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.

During the year, the Group has encountered issues identified in Care Quality Commission (CQC) reports, which has led to some of the locations being archived and still remains archived at the date of the audit report being signed.

The group has since been delivering a recovery program to return to fair maintainable trading which includes appointment of new management team, revised governance, and regulatory framework as well as introduction of new training and development program for workforce development and retention. The group's business plan seeks to achieve normalised trading with some modest organic growth by 2024

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 £1,318,422 (2021: £296,538) and a decrease in the surplus on shareholders' funds from £2,004,985 to £686,563. The Group generated a cash deficit from operations of £594,034 (2021: surplus of £191,324) and invested £66,472 (2021: £136,067) in fixed assets.

**Group Strategic Report
for the year ended 31 May 2022**

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 2022	Year to 2021
	£		
Turnover		4,712,996	8,233,644
Gross profit margin		19.58%	21.12%
EBITDA		(367,005)	830,326
Profit/(loss) before taxation		(1,470,686)	(164,287)
Shareholders' funds		<u>687,464</u>	<u>2,005,886</u>

Future developments

The external environment is expected to remain competitive going forward and the directors remain determined to maintain profitability to acceptable levels.

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:

E M Coombes - Director

2 March 2023

**Directors' Report
for the year ended 31 May 2022**

The directors present their report with the financial statements of the Company and the Group for the year ended 31 May 2022.

Dividends

No dividends will be distributed for the year ended 31 May 2022.

Directors

The directors shown below have held office during the whole of the period from 1 June 2021 to the date of this report.

V Coombes
E M Coombes

Political donations and expenditure

Donations of £1,213 (2021: £1,008) were made during the year, none of which were 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.

**Directors' Report
for the year ended 31 May 2022**

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:

E M Coombes - Director

2 March 2023

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 2022 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 2022 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

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

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

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

Other information

The 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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.

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.

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

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We discussed with the directors the policies and procedures in place regarding compliance with laws and regulations. We discussed amongst the audit team the identified laws and regulations, and remained alert to any indications of non-compliance.

During the audit we focused on laws and regulations which could reasonably be expected to give rise to a material misstatement in the financial statements, including, but not limited to, the Companies Act 2006 and UK tax legislation. Our tests included agreeing the financial statement disclosures to underlying supporting documentation and enquiries with management.

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

Our procedures in relation to fraud included but were not limited to: inquires of management whether they have any knowledge of any actual, suspected or alleged fraud, and discussions amongst the audit team regarding risk of fraud such as opportunities for fraudulent manipulation of financial statements. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements in accounting estimates. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

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.

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

2 March 2023

OPTIMA CARE HOLDINGS LIMITED (REGISTERED NUMBER: 09060429)

**Consolidated
Income Statement
for the year ended 31 May 2022**

		2022	2021
	Notes	£	£
Turnover	3	4,712,996	8,233,644
Cost of sales		<u>(3,789,916)</u>	<u>(6,247,329)</u>
Gross profit		923,080	1,986,315
Administrative expenses		<u>(2,245,913)</u>	<u>(2,384,733)</u>
		(1,322,833)	(398,418)
Other operating income		<u>164,046</u>	<u>444,333</u>
Operating (loss)/profit		(1,158,787)	45,915
Interest receivable and similar income		<u>286</u>	<u>851</u>
		(1,158,501)	46,766
Interest payable and similar expenses	6	<u>(312,185)</u>	<u>(211,053)</u>
Loss before taxation	7	(1,470,686)	(164,287)
Tax on loss	8	<u>152,264</u>	<u>(132,251)</u>
Loss for the financial year		<u>(1,318,422)</u>	<u>(296,538)</u>
Loss attributable to:			
Owners of the parent		<u>(1,318,422)</u>	<u>(296,538)</u>

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 2022**

	2022	2021
Notes	£	£
Loss for the year	(1,318,422)	(296,538)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>(1,318,422)</u>	<u>(296,538)</u>
Total comprehensive income attributable to: Owners of the parent	<u>(1,318,422)</u>	<u>(296,538)</u>

The notes form part of these financial statements

OPTIMA CARE HOLDINGS LIMITED (REGISTERED NUMBER: 09060429)

**Consolidated Balance Sheet
31 May 2022**

			2022		2021
	Notes	£	£	£	£
Fixed assets					
Intangible assets	10		818,374		1,264,714
Tangible assets	11		7,987,875		8,247,777
Investments	12		<u>1</u>		<u>1</u>
			8,806,250		9,512,492
Current assets					
Debtors	13	1,152,707		1,385,357	
Cash at bank and in hand		<u>914,523</u>		<u>1,459,345</u>	
		2,067,230		2,844,702	
Creditors					
Amounts falling due within one year	14	<u>2,435,917</u>		<u>2,649,562</u>	
Net current (liabilities)/assets			(368,687)		195,140
Total assets less current liabilities			8,437,563		9,707,632
Creditors					
Amounts falling due after more than one year	15		(7,733,486)		(7,673,335)
Provisions for liabilities	20		<u>(16,613)</u>		<u>(28,411)</u>
Net assets			<u>687,464</u>		<u>2,005,886</u>
Capital and reserves					
Called up share capital	21		1,000		1,000
Retained earnings	22		<u>686,464</u>		<u>2,004,886</u>
Shareholders' funds			<u>687,464</u>		<u>2,005,886</u>

The financial statements were approved by the Board of Directors and authorised for issue on 2 March 2023 and were signed on its behalf by:

E M Coombes - Director

The notes form part of these financial statements

OPTIMA CARE HOLDINGS LIMITED (REGISTERED NUMBER: 09060429)

**Company Balance Sheet
31 May 2022**

			2022		2021
	Notes	£	£	£	£
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	21		<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 and authorised for issue on 2 March 2023 and were signed on its behalf by:

E M Coombes - Director

The notes form part of these financial statements

OPTIMA CARE HOLDINGS LIMITED (REGISTERED NUMBER: 09060429)

**Consolidated Statement of Changes in Equity
for the year ended 31 May 2022**

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 June 2020	1,000	2,301,424	2,302,424
Changes in equity			
Total comprehensive income	-	(296,538)	(296,538)
Balance at 31 May 2021	<u>1,000</u>	<u>2,004,886</u>	<u>2,005,886</u>
Changes in equity			
Total comprehensive income	-	(1,318,422)	(1,318,422)
Balance at 31 May 2022	<u>1,000</u>	<u>686,464</u>	<u>687,464</u>

The notes form part of these financial statements

Company Statement of Changes in Equity
for the year ended 31 May 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 June 2020	1,000	-	1,000
Changes in equity			
Balance at 31 May 2021	1,000	-	1,000
Changes in equity			
Balance at 31 May 2022	1,000	-	1,000

The notes form part of these financial statements

Consolidated Cash Flow Statement
for the year ended 31 May 2022

		2022	2021
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	1	(281,849)	404,460
Interest paid		(312,185)	(211,053)
Tax paid		-	(2,083)
Net cash from operating activities		<u>(594,034)</u>	<u>191,324</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(66,472)	(136,067)
Sale of tangible fixed assets		-	3,401
Interest received		286	851
Net cash from investing activities		<u>(66,186)</u>	<u>(131,815)</u>
Cash flows from financing activities			
Net loan repayments in the		(41,851)	(672,052)
Amount introduced by directors		18,804	48,112
Amount withdrawn by directors		-	(31,811)
Government grants		138,445	383,987
Net cash from financing activities		<u>115,398</u>	<u>(271,764)</u>
Decrease in cash and cash equivalents		<u>(544,822)</u>	<u>(212,255)</u>
Cash and cash equivalents at beginning of year	2	1,459,345	1,671,600
Cash and cash equivalents at end of year	2	<u>914,523</u>	<u>1,459,345</u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the year ended 31 May 2022**

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

	2022	2021
	£	£
Loss before taxation	(1,470,686)	(164,287)
Depreciation charges	325,442	338,071
Loss on disposal of fixed assets	932	-
Amortisation charges	446,340	446,340
Impairment of intangible	-	71,868
Government grants	(138,445)	(383,987)
Finance costs	312,185	211,053
Finance income	(286)	(851)
	<u>(524,518)</u>	<u>518,207</u>
Decrease in trade and other debtors	300,396	133,803
Decrease in trade and other creditors	(57,727)	(247,550)
Cash generated from operations	<u><u>(281,849)</u></u>	<u><u>404,460</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 2022

	31/5/22	1/6/21
	£	£
Cash and cash equivalents	<u>914,523</u>	<u>1,459,345</u>

Year ended 31 May 2021

	31/5/21	1/6/20
	£	£
Cash and cash equivalents	<u>1,459,345</u>	<u>1,671,600</u>

3. Analysis of changes in net debt

	At 1/6/21	Cash flow	At 31/5/22
	£	£	£
Net cash			
Cash at bank and in hand	<u>1,459,345</u>	<u>(544,822)</u>	<u>914,523</u>
	<u>1,459,345</u>	<u>(544,822)</u>	<u>914,523</u>
Debt			
Debts falling due within 1 year	(1,149,760)	-	(1,149,760)
Debts falling due after 1 year	<u>(7,673,335)</u>	<u>(60,151)</u>	<u>(7,733,486)</u>
	<u>(8,823,095)</u>	<u>(60,151)</u>	<u>(8,883,246)</u>
Total	<u><u>(7,363,750)</u></u>	<u><u>(604,973)</u></u>	<u><u>(7,968,723)</u></u>

**Notes to the Consolidated Financial Statements
for the year ended 31 May 2022**

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 Company Information page.

The financial statements are presented in Pound Sterling (£). Monetary amounts in these financial statements are rounded to the nearest £.

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.

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. 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

The annual depreciation charge for tangible assets 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

Annually, the Group considers whether tangible assets 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.

Turnover

Turnover relates to services providing residential care activities for the elderly and disabled. It 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 client.

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.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2022

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	- 2% on cost
Plant and machinery	- 25% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost

Freehold property

Freehold property is held at cost less depreciation. The directors undertake professional valuations when they believe they are required, including when there are indicators of impairment. Impairments of the freehold property assets are written off to the profit or loss in the period in which the impairment is identified.

No depreciation is provided in respect of freehold land.

Fixed asset investments

Fixed asset investments are held at cost less accumulated impairment losses.

Impairment of fixed assets

At each reporting period end date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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.

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2022**

2. Accounting policies - continued

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 Consolidated Balance Sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their useful lives or lease terms, whichever is shorter.

The interest element of these obligations is charged to the Consolidated Income Statement over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Consolidated Income Statement 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 the Consolidated Income Statement in the period to which they relate.

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. The directors have agreed a loan management strategy with Coutts to extend the facility to December 2024 with a Capital Repayment Holiday for the duration to assist with cash flow support. Additionally, the Group has plans to dispose of non-core properties to reduce debt by an estimated £1m.

The Group continues to increase its admissions post year-end off the back of gradual growth post pandemic due to regulatory issues. Following removal of sanctions across a number of sites the Group has been able to increase capacity and continues to receive a high level of enquiries for complex care and supported living. Furthermore, the directors are in discussion with council authority commissioners regarding fee increases for 2023/24 to compensate for higher National Living Wage and cost of living increases. The authorities since confirmed a 6% increase in fees, 3% greater than for 2022/23. Overall, trading is anticipated to improve throughout the next financial year as occupancy averages increase and recruitment fulfilment improves.

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

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2022**

2. Accounting policies - continued

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 Company'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.

During the year under review the Group received £138,445 (2021: £383,987) in grant funding under various government and council-led schemes. No further funding is currently expected.

While government guidelines have reduced to a minimum at the year-end in light of the COVID-19 pandemic, the Group are maintaining an active Infection Prevention and Control policy which covers COVID-19 and other air transmissible infections. The directors have reviewed and considered relevant information, including the annual budget and future cash flows in making their assessment. The directors have tested their cash flows to take into account the impact on their business of possible scenarios brought on by the impact of pandemic, alongside the measures that they can take to mitigate the impact. Based on these assessments, given the measures that could be undertaken to mitigate the current adverse conditions, and the current resources available, the directors have concluded that they can continue to adopt the going concern basis in preparing the annual report and accounts.

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 the Income Statement.

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 the Income Statement.

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 the Income Statement, 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.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2022

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 Group's principal turnover is materially of one class only being the specialist healthcare for intellectual disabilities in residential and community homes and the Group has supplied only one market being the United Kingdom.

4. Employees and directors

	2022	2021
	£	£
Wages and salaries	2,753,514	3,764,983
Social security costs	226,335	306,598
Other pension costs	42,489	57,012
	<u>3,022,338</u>	<u>4,128,593</u>

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

	2022	2021
Care and domestic	131	203
Administration	<u>5</u>	<u>4</u>
	<u>136</u>	<u>207</u>

The average number of employees by undertakings that were proportionately consolidated during the year was 136 (2021 - 207) .

Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2022

5. Directors' emoluments

	2022	2021
	£	£
Directors' remuneration	<u>215,714</u>	<u>240,145</u>

Information regarding the highest paid director is as follows:

	2022	2021
	£	£
Emoluments etc	<u>160,547</u>	<u>185,081</u>

6. Interest payable and similar expenses

	2022	2021
	£	£
Other interest	5,593	-
Loan interest	<u>306,592</u>	<u>211,053</u>
	<u>312,185</u>	<u>211,053</u>

7. Loss before taxation

The loss is stated after charging:

	2022	2021
	£	£
Hire of plant and machinery	16,213	18,159
Other operating leases	60,072	63,233
Depreciation - owned assets	325,442	338,072
Loss on disposal of fixed assets	1,220	-
Goodwill amortisation	446,340	446,340
Auditors' remuneration	<u>35,000</u>	<u>35,000</u>

8. Taxation

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	(140,466)	138,192
Deferred tax	<u>(11,798)</u>	<u>(5,941)</u>
Tax on loss	<u>(152,264)</u>	<u>132,251</u>

UK corporation tax has been charged at 19 % .

Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 20228. **Taxation - continued****Reconciliation of total tax (credit)/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:

	2022 £	2021 £
Loss before tax	<u>(1,470,686)</u>	<u>(164,287)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19 % (2021 - 19 %)	(279,430)	(31,215)
Effects of:		
Expenses not deductible for tax purposes	3,750	106,049
Income not taxable for tax purposes	(20,113)	(15,726)
Depreciation in excess of capital allowances	128,661	119,214
Utilisation of tax losses	3,894	(40,130)
Deferred tax movement	(11,836)	(5,941)
Carry forward of tax losses	22,810	-
Total tax (credit)/charge	<u>(152,264)</u>	<u>132,251</u>

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 2021 and 31 May 2022	<u>5,406,131</u>
Amortisation	
At 1 June 2021	4,141,417
Amortisation for year	<u>446,340</u>
At 31 May 2022	<u>4,587,757</u>
Net book value	
At 31 May 2022	<u>818,374</u>
At 31 May 2021	<u>1,264,714</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2022

11. Tangible fixed assets

Group

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Cost					
At 1 June 2021	10,048,803	301,477	1,689,696	248,436	12,288,412
Additions	-	32,104	26,814	7,554	66,472
Disposals	-	-	-	(4,095)	(4,095)
At 31 May 2022	10,048,803	333,581	1,716,510	251,895	12,350,789
Depreciation					
At 1 June 2021	2,065,916	267,732	1,480,026	226,961	4,040,635
Charge for year	202,419	23,240	88,844	10,939	325,442
Eliminated on disposal	-	-	-	(3,163)	(3,163)
At 31 May 2022	2,268,335	290,972	1,568,870	234,737	4,362,914
Net book value					
At 31 May 2022	7,780,468	42,609	147,640	17,158	7,987,875
At 31 May 2021	7,982,887	33,745	209,670	21,475	8,247,777

The directors last undertook an independent professional valuation in 2018. The directors are of the opinion that although market conditions have changed since 2018 the underlying investment value (based on a 1 month marketing period with unconditional sale) has not materially changed and that the market value of the freehold properties remains significantly higher than the net book value of the properties.

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 2021 and 31 May 2022	17,905
Depreciation	
At 1 June 2021 and 31 May 2022	17,905
Net book value	
At 31 May 2022	-
At 31 May 2021	-

Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2022

12. Fixed asset investments

Group

Unlisted
investments
£

Cost

At 1 June 2021
and 31 May 20221

Net book value

At 31 May 2022
At 31 May 202111

Company

Unlisted
investments
£

Cost

At 1 June 2021
and 31 May 2022100

Net book value

At 31 May 2022
At 31 May 2021100100

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

Subsidiaries

Optima Care Limited

Registered office: New Derwent House, 69-73 Theobalds Road, London, WC1X 8TA

Nature of business: Provider of specialist healthcare

Class of shares:	%
Ordinary	holding 100.00

Optima Care Shine London Limited

Registered office: New Derwent House, 69-73 Theobalds Road, London, WC1X 8TA

Nature of business: Provider of specialist healthcare

Class of shares:	%
Ordinary (Indirect)	holding 1.00

Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2022

13. Debtors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	553,709	883,029	-	-
Other debtors	429,652	294,445	900	900
Prepayments and accrued income	169,346	207,883	-	-
	<u>1,152,707</u>	<u>1,385,357</u>	<u>900</u>	<u>900</u>

14. Creditors: amounts falling due within one year

	Group	
	2022	2021
	£	£
Bank loans and overdrafts (see note 16)	1,149,760	1,149,760
Trade creditors	474,157	525,146
Tax	3,319	138,192
Social security and other taxes	66,023	58,881
Other creditors	244,103	312,703
Accruals and deferred income	498,555	464,880
	<u>2,435,917</u>	<u>2,649,562</u>

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

	Group	
	2022	2021
	£	£
Bank loans (see note 16)	<u>7,733,486</u>	<u>7,673,335</u>

16. Loans

An analysis of the maturity of loans is given below:

	Group	
	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank loans	<u>1,149,760</u>	<u>1,149,760</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>1,149,760</u>	<u>1,149,760</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>6,583,726</u>	<u>6,523,575</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2022

17. Leasing agreements

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2022	2021
	£	£
Within one year	43,439	43,239
Between one and five years	<u>11,558</u>	<u>142,581</u>
	<u>54,997</u>	<u>185,820</u>

18. Secured debts

The following secured debts are included within creditors:

	Group	
	2022	2021
	£	£
Bank loans	<u>8,883,246</u>	<u>8,823,095</u>

The bank loans all relate to loans held with Coutts bank, which expire in September 2023.

During the year the loan agreement with Coutts attracted interest at a rate of between 2.72513% and 3.3122% per annum.

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.

19. Financial instruments

The Group's financial instruments may be analysed as follows:

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Financial assets				
Financial assets that are equity instruments measured at cost less impairment	1	1	100	100
Financial assets that are measured at amortised cost	<u>1,897,884</u>	<u>2,635,919</u>	<u>900</u>	<u>900</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>0,100,063</u>	<u>0,125,826</u>	<u>-</u>	<u>-</u>

Financial assets that are equity instruments measured at cost less impairment include investments.

Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2022

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors, accruals and bank loans.

Information regarding the Group's exposure to risks are included in the Strategic Report.

20. Provisions for liabilities

	Group	
	2022	2021
	£	£
Deferred tax		
Timing differences on Capital		
Allowances	16,613	28,411
	<u>16,613</u>	<u>28,411</u>

Group

	Deferred tax
	£
Balance at 1 June 2021	28,411
Provided during year	<u>(11,798)</u>
Balance at 31 May 2022	<u>16,613</u>

21. Called up share capital

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2022	2021
			£	£
1,000	Ordinary	1	<u>1,000</u>	<u>1,000</u>

22. Reserves

Group

	Retained earnings
	£
At 1 June 2021	2,004,886
Deficit for the year	<u>(1,318,422)</u>
At 31 May 2022	<u>686,464</u>

Notes to the Consolidated Financial Statements - continued
for the year ended 31 May 2022

22. Reserves - continued

Company

	Retained earnings £
Profit for the year	—
At 31 May 2022	—

23. Pension commitments

Defined contribution schemes

	2022	2021
£		
Charge to the Income Statement in respect of defined contribution schemes	<u>42,489</u>	<u>57,012</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

24. Related party disclosures

The Group 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.

At the period end, the Group was owed £109,372 (2021: £116,789) by Optima Care Shine London Limited, a company related by virtue of a common director.

At the period end, the Group was owed £3,295 (2021: £34,256 owed to) by Optima HCI Limited, a company related by virtue of a common director.

At the period end, the Group was owed £228,500 (2021: £228,500) by Nidrekol Limited, a company related by virtue of a common director.

During the year, a total of key management personnel compensation of £ 243,348 (2021 - £ 270,850) was paid.

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.

25. Ultimate controlling party

The ultimate controlling party is Mr E Coombes.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.