Company Registration No. 10223785

Project Light Topco Limited

Annual Report and Financial Statements

for the year ended 31 October 2019

Project Light Topco Limited
Officers and advisers

Directors

O J Lightowlers
M G Goulding
I B Jackson
C E Bowman
K A Harkin
M C Rushton

Registered office

Fourth Floor
84 Albion Street
Leeds
LS1 6AG

Independent auditor

RSM UK Audit LLP
Central Square
5th Floor
29 Wellington Street
Leeds
LS1 4DL

Bankers

Yorkshire Bank
94-96 Briggate
Leeds
LS1 6NP

Royal Bank of Scotland
3rd Floor
2 Whitehall Quay
Leeds
LS1 4HR

Company number

10223785

The Directors present the Strategic report for the year ended 31 October 2019.

Fair review of the business and future developments
The Group provides residential and nursing care services to around 1,500 plus residents in 35 homes in the United Kingdom, through its trading brands of Akari Care and Akari Care Cymru. This care is provided by approximately 2,000 employees across the business. The Group was created through the completion of two acquisitions in 2016 and 2017. Performance for 2019 incorporates the twelve months to October 2019.

The Group takes its responsibilities to deliver high quality care, in a safe, comfortable and stimulating environment seriously and has robust quality governance and assurance systems in place. Akari Care is passionate about the welfare and wellbeing of our residents. We want our care homes to be great places where our residents want to live. Day to day care is overseen by our care home managers who have primary responsibility for ensuring compliance with Care Quality Commission and Care Inspectorate Wales' standards, local authority requirements and more generally with continuously improving the quality of care for our residents. Home managers are in turn supported by regional managers, each overseeing a small portfolio of homes. Home and regional managers are also supported by regional support managers and by our internal quality team which monitors and assesses day to day delivery of care services through a comprehensive internal audit process. During 2019 and in the new financial year to date, we have invested significantly in both our internal quality function and network of regional support managers with headcount across these functions more than doubling since 1 November 2018.

This investment, along with others made in the year, and a targeted focus on seeking to improve the quality of care that we provide to our residents has seen a marked increase in the proportion of our services which are rated as Good and Compliant to 83% at 31 October 2019 (2018: 58%). Within the new financial year to date, we have further improved the proportion of our services which are rated as Good. This is in line with the efforts made to establish a sound base across services from which high quality day to day care is delivered. Through this creation of a robust people and systems infrastructure and platform, sustainable improvements in the delivery of care can be made, not just in the current year, but over future years. Furthermore, two of our services have now recorded Outstanding domains and we are working towards having the first Akari service to be rated overall as Outstanding. The Board continues to believe that the business is well positioned to be successful in the longer term through the effective delivery of good quality care for our residents.

The Board would again like to place on record their appreciation for the hard work and dedication shown by each of the Group's employees in the improvements made over the year, and to thank our residents together with their families and representatives, for the trust that they placed in Akari Care, in choosing one of our homes. In line with expectations, we have seen more residents and their families, together with NHS bodies and local authorities, place their trust in Akari Care which has seen occupancy increase. Continuing to maintain and improve the quality of our services, and for that to be recognised in our occupancy levels, is one of our key objectives for 2020.

Putting to one side for the moment the current impact of the Coronavirus, the environment within which care services are provided remains challenging. In particular, the costs of providing health and social care have not only increased but continue to significantly outpace inflation. The National Living Wage increased by 4.9% in 2019 and increased again by 6.2% in April 2020. At the same time, the cost of workplace pensions increased to 3% in April 2019. Other costs such as food, utilities and medical supplies also continue to outpace inflation, CPI and RPI. Against this backdrop, we were awarded fee increases by Local Authorities and NHS groups although some were as low as 1.6%, and in almost all cases less than the rates by which our costs have increased. Whilst we are supportive of increases in the National Living Wage since it benefits our staff who provide day to day care, this means that the business has to continuously find new ways to improve its efficiency, challenging our suppliers to do the same, whilst effectively subsidising the provision of care in certain parts of the country.

The current model of funding for social care is not practical or sustainable in the longer term and it is not the case that local authorities and NHS groups are unaware of these issues. We regularly meet with these bodies alone and with other providers but there remains a reluctance to recognise the pressures that providers are facing, particularly as care needs become more complex with higher levels of acuity, and a reluctance to address these pressures through fee increases. Many other care providers have also identified and raised these issues and we continue to wait for a joined up strategy for the funding of social care encompassing Government and Local Government. We are extremely grateful to the small number of local authorities and NHS groups who do recognise the true cost of providing care each year and the rate of annual inflation that this is subject to.

Notwithstanding this backdrop, the Group recorded an improved operating profit for the twelve months to October 2019 of £3.9 million (2018: £2.9 million). This improvement is built on the platform of better quality which has improved our occupancy whilst at the same time having better control of a reduced number of agency hours used in the business (which again benefits the quality of care provided). Ordinarily, the Group would have expected to see further performance improvements during 2020. However, against the backdrop of the Coronavirus and current uncertainty as to which direction the virus outbreak will progress or how long it will take to be brought under control, we expect 2020 (and possibly beyond) to provide a number of challenges for the business. Based on our experiences to date, these include higher consumable costs and usage, including personal protective equipment and cleaning consumables, together with a reduction in occupancy reflecting higher resident mortality caused by the virus and reduced admissions. The Group is also subject to higher rates of staff absence giving rise to increased costs of working. We are in discussions with a number of Local Authorities to seek to recover some of these increased costs of working and most have put forward a mechanism to provide some measure of additional financial support. We anticipate that other measures to provide further financial support will be forthcoming. We are carefully monitoring government and regulatory guidance and have taken a number of steps to seek to protect both our residents and staff. These measures are not always universally popular but are driven by the fact that the wellbeing of our residents and staff is our main priority at the current time.

Cash generation from day to day operations remains strong with £6.2 million of cash generated from operations in 2019 (2018: £4.2 million) arising from improved profitability and management of working capital. Notwithstanding the continued strong cash generation of the business, out of an abundance of caution, the business has taken the opportunity to draw its revolving credit facility of £2.5 million during March 2020. This has principally been done to guard against any issues which might arise through delayed receipt of monies arising from local authorities or NHS Group being impacted by staff absences caused by the Coronavirus. The Group recorded net assets of £8.8 million (2018: £9.5 million) at the balance sheet date.

Against the backdrop of the Coronavirus and uncertainty that this creates, the Board believes that the business is as well positioned as it can be to address issues as they arise for the benefit of our residents, employees and other stakeholders.

Key performance indicators
The key financial and operational performance indicators monitored by management include internal quality ratings, the results of regulatory reviews, occupancy ratios, average weekly fee data and cost to revenue ratios. Performance in respect of these and other measures is set out in the Review of the business and future developments section of the Strategic report.

Principal risks and uncertainties
The Board meets regularly during the course of each year and considers the key risks that face the Group and how established processes and controls are used to manage these risks. The senior management team of the business meets weekly.

The quality of care is the primary concern of the Board and the Group's employees are given appropriate training and support to ensure that they live up to the expectations placed upon them. There is a comprehensive risk management framework in place to ensure the business maintains the highest standards of care in all of its homes. The Group operates a dedicated quality function to monitor the provision of care in the business through a comprehensive internal audit process.

Other risks and uncertainties which are being addressed by the business are set out in the Review of the business and future developments section of the Strategic report.

Financial instruments
Currency Risk
As the Company does little business outside the UK, currency risk is not a significant issue in risk management.

Fair value interest risk
The Group does not hedge its interest rate risk and therefore would be exposed to movements in the rate of LIBOR.

Liquidity risk
The Group is funded by a combination of equity, loan note debt and bank debt. This funding has been structured to meet the requirement of the business. The Fixed Rate Secured Loan Notes are not due for repayment until 2026 and loan interest rolls up annually on the anniversary of issue of each loan note. New banking facilities were put in place in October 2017. These facilities include headroom which is currently unutilised. The bank facilities are repayable in instalments over a six year term and also by lump sum at the end of the term. Further details are set out in note 13 to the financial statements.

By order of the Board of Directors

O J Lightowlers
Director
27 May 2020

Introduction
The Directors present their report and the audited Company and Group financial statements for the year ended 31 October 2019.

Principal activities
The principal activity of the Company is that of a Parent Company. The principal activity of the Group is the provision of residential and nursing care services.

Result for the year
During the year the Group's operating profit before exceptional costs, central costs, depreciation and amortisation was £9,183,204 (2018: £8,001,975). After taking account of exceptional costs, central costs, depreciation and amortisation the Group recorded an operating profit of £3,885,331 (2018: £2,931,275). The Group's retained loss for the year was £82,462 (2018: £936,836). No dividend has been proposed for the year ended 31 October 2019 (2018: £Nil).

During the year, a dividend of £Nil (2018: £22,431,603) was received from the Company's subsidiary undertaking.

Going concern
The Directors consider that, as at the date of approving the financial statements, there is a reasonable expectation that the Company and Group will have adequate resources to remain in operations for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

In arriving at this view, the Directors have taken account of the impact to date of the Coronavirus as set out in the Strategic Report. The virus has resulted in higher costs being incurred relating to consumables and staffing and at the same time reductions in occupancy caused by higher mortality and reduced admissions. The Group has received some additional financial support from Local Authorities and anticipates other financial support will be forthcoming. Whilst the precise ongoing impact of the Coronavirus is difficult to quantify, the Directors have undertaken revised forecasting of performance and cash flows in determining the appropriateness of continuing to adopt the going concern basis in preparing the financial statements. This forecasting has included considering further reductions to occupancy caused by the virus and reduced admissions and continued higher operating costs arising from the virus. Where appropriate, the Directors have also considered the potential impact of strategies to reduce costs to reflect lower occupancy as well as actions that might be taken to manage cash. After carefully considering these and other factors, the Directors continue to adopt the going concern basis in preparing the financial statements.

Financial risk management
The Group's operations are subject to a number of financial risks including liquidity and interest rates.

The Directors manage the liquidity risk by the agreement of a working capital facility and term loan facilities with the Group's bankers. The financial performance of the business is monitored closely and forecasting is used to identify peaks and troughs in the cash requirements of the business. The current level of headroom in the forecasts gives the Board confidence that this risk will be managed.

The Group has an effective credit control function which identifies debts which are beyond the agreed payment date, so action can be taken to recover monies due.

The Group does not hedge its interest rate risk and therefore would be exposed to movements in the rate of LIBOR.

Employees
The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on various factors affecting the performance of the Group and its residents. This is achieved through a cascade of information through the organisation through work based meetings and newsletters.

We encourage positive engagement with staff representatives to improve the performance of the business from a care quality, financial management and risk management perspective.

The Group is an equal opportunities employer. We actively look to promote equal opportunities for all employees and we do not discriminate on grounds of colour, sex, ethnic origin, gender, age, religious belief, disability, sexual orientation or marital status. The Group expects its employees to act with a high degree of dignity, respect, integrity and commitment in all their business activities. Applications for employment by disabled persons are always fully considered bearing in mind the aptitudes of the applicant concerned. In the event of an employee becoming disabled, every effort is made to ensure that his/her employment with the Group continues and that, where necessary, appropriate re-training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible in the circumstances of each particular case, be the same as that of other employees. Both employment and policy in the Group are based on non-discrimination and equal opportunities.

We encourage our employees to develop new and existing skills by offering training and opportunities for development. Our aim is to create, develop and lead highly motivated teams which possess the competencies required to meet our business needs and those of our residents.

In all aspects of our business we seek to operate in compliance with laws, rules and regulations and for our employees to work in a manner that is professional, ethical, fair and open.

Supplier payment policy
The Group's policy is to agree terms of payment with each supplier. At 31 October 2019 trade creditors were equal to 3 days' purchases (2018: 19 days) based on the average daily amount invoiced by suppliers during the year.

Directors
The Directors who served during the year (unless indicated) were as follows:

K W Roberts	(resigned 31 January 2019)
O J Lightowlers	
M G Goulding	
I B Jackson	
P E Kumchev	(resigned 1 February 2019)
C E Bowman	
K A Harkin	(appointed 30 January 2020)
M C Rushton	(appointed 30 January 2020)

Audit information
The Directors confirm that, so far as they are aware, there is no relevant audit information of which the auditor is unaware and that each Director has taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent auditor
RSM UK Audit LLP have indicated their willingness to continue in office and a resolution concerning their reappointment shall be proposed at the Annual General Meeting.

Strategic report
The Company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Company's Strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch 7 to be contained in the Directors' report (specifically financial instruments, risk management and future developments).

By order of the Board of Directors

O J Lightowlers
Director

27 May 2020

The Directors are responsible for preparing the 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 period. 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 those financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group 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.

Independent auditor's report to the members of Project Light Topco Limited

Opinion
We have audited the financial statements of Project Light Topco Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 October 2019 which comprise the consolidated statement of comprehensive income, consolidated and Company statements of financial position, consolidated statement of cash flows, consolidated and Company statements of changes in equity and 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 October 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;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern
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 or the Parent Company'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Independent auditor's report to the members of Project Light Topco Limited (continued)

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 their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' report.

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

- adequate accounting records have not been kept 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 Directors' responsibilities statement set out on page 8 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the 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.

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

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

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

RSM UK Audit LLP

MICHAEL THORNTON (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Central Square, 5th Floor,
29 Wellington Street,
Leeds,
LS1 4DL

27 May 2020

Project Light Topco Limited
Consolidated statement of comprehensive income
for the year ended 31 October 2019

	Notes	2019 £	2018 £
Revenue	1	**53,848,220**	53,505,008
Cost of sales		**(38,370,075)**	(39,526,175)
Gross profit		**15,478,145**	13,978,833
Administrative expenses		**(11,592,814)**	(11,047,558)
Operating profit before depreciation, amortisation, exceptional costs and cost of central support services		**9,183,204**	8,001,975
Depreciation		**(1,958,172)**	(1,949,827)
Amortisation of negative goodwill		**306,948**	306,948
Cost of central support services		**(3,071,243)**	(3,023,615)
Exceptional costs	6	**(575,406)**	(404,206)
Operating profit	2	**3,885,331**	2,931,275
Interest payable and similar charges	5	**(3,967,793)**	(3,868,111)
Loss on ordinary activities before taxation		**(82,462)**	(936,836)
Tax on loss on ordinary activities	7	**-**	-
Loss for the financial year	16	**(82,462)**	(936,836)
Other comprehensive income:			
Revaluation of land and buildings	9	**(555,000)**	(505,000)
Total comprehensive loss relating to the year		**(637,462)**	(1,441,836)

Project Light Topco Limited

Company Registration No. 10223785

Consolidated statement of financial position at 31 October 2019

	Notes	**2019**	2018
		£	£
Fixed assets			
Negative goodwill	8	**(14,349,735)**	(14,656,683)
Tangible assets	9	**73,665,745**	72,808,701
		59,316,010	58,152,018
Current assets			
Debtors	11	**4,788,983**	5,388,418
Cash at bank and in hand		**4,821,370**	6,129,823
		9,610,353	11,518,241
Creditors: Amounts falling due within one year	12	**(10,011,644)**	(10,161,263)
Net current (liabilities)/assets		**(401,291)**	1,356,978
Creditors: Amounts falling due after one year	13	**(50,081,095)**	(50,020,790)
Net assets		**8,833,624**	9,488,206
Capital and reserves			
Called up share capital	15	**14,469**	14,069
Revaluation reserve	16	**11,474,921**	12,029,921
Profit and loss account	16	**17,462,128**	17,544,590
Share Premium	16	**3,600**	-
Other reserves	16	**(20,121,494)**	(20,100,374)
Total equity		**8,833,624**	9,488,206

The financial statements on pages 11 to 33 were approved by the Board of Directors and authorised for issue on 27 May 2020 and are signed on its behalf by:

O J Lightowlers
Director

Project Light Topco Limited

Company Registration No. 10223785

Company statement of financial position at 31 October 2019

	Notes	2019 £	2018 £
Fixed assets			
Investments	10	**20,175,712**	20,175,712
Current assets			
Debtors	11	**12,829**	8,829
Net current assets		**12,829**	8,829
Creditors: Amounts falling due over one year	13	**(143,077)**	(129,632)
Net assets		**20,045,464**	20,054,909
Capital and reserves			
Called up share capital	15	**14,469**	14,069
Profit and loss account	16	**40,109,742**	40,123,187
Share premium	16	**3,600**	-
Other reserves	16	**(20,082,347)**	(20,082,347)
Total equity		**20,045,464**	20,054,909

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own statement of comprehensive income. The result for the year dealt with in the financial statements of the Company was a loss of £13,445 (2018: profit of £22,300,021).

The financial statements on pages 13 to 33 were approved by the Board of Directors and authorised for issue on 27 May 2020 and are signed on its behalf by:

O J Lightowlers
Director

Project Light Topco Limited

Consolidated statement of cash flows for the year ended 31 October 2019

	Notes	**2019**	2018
		£	£
Operating activities			
Net cash generated from operations	17	**6,222,555**	4,183,880
Interest paid		**(902,758)**	(1,813,962)
Tax		**-**	-
Net cash generated from operating activities		**5,319,797**	2,369,918
Investing activities			
Purchase of property, plant and equipment		**(4,934,336)**	(2,355,456)
Acquisition of subsidiary undertakings		**-**	(3,243)
Proceeds of disposal of tangible fixed assets		**1,563,910**	-
Net cash used in investing activities		**(3,370,462)**	(2,358,699)
Financing activities			
Net proceeds from the issue of Ordinary shares		**-**	-
Net proceeds from the issue of Preference shares		**-**	-
Net proceeds from the issue of loan notes		**-**	-
Net proceeds from bank financing		**-**	-
Repayment of bank financing		**(3,236,668)**	(1,666,668)
Repayment of Preference shares		**-**	(21,583,471)
Repayment of loan notes		**-**	(2,468,208)
Refinancing costs		**-**	(355,597)
Employee Benefit Trust		**(21,120)**	(18,027)
Net cash used in financing activities		**(3,257,788)**	(26,091,971)
Net decrease in cash and cash equivalents in the year		**(1,308,453)**	(26,080,752)
Cash and cash equivalents at the beginning of the year		**6,129,823**	32,210,575
Cash and cash equivalents at the end of the year		**4,821,370**	6,129,823

Project Light Topco Limited

Consolidated statement of changes in equity for the year ended 31 October 2019

	Called up share capital £	Share premium £	Profit and loss account £	Revaluation reserve £	Other reserves £	Total equity £
Balance at 1 November 2017	14,069	-	18,481,426	12,534,921	(20,082,347)	10,948,069
Changes in total equity – year ended 31 October 2018						
Loss for the financial period	-	-	(936,836)	-	-	(936,836)
Revaluation of land and buildings	-	-	-	(505,000)	-	(505,000)
Employee Benefit Trust	-	-	-	-	(18,027)	(18,027)
Balance at 31 October 2018	14,069	-	17,544,590	12,029,921	(20,100,374)	9,488,206
Changes in total equity – year ended 31 October 2019						
Loss for the financial year	-	-	(82,462)	-	-	(82,462)
Revaluation of land and buildings	-	-	-	(555,000)	-	(555,000)
Employee Benefit Trust	-	-	-	-	(21,120)	(21,120)
Share issue	400	3,600	-	-	-	4,000
Balance at 31 October 2019	**14,469**	**3,600**	**17,462,128**	**11,474,921**	**(20,121,494)**	**8,833,624**

Project Light Topco Limited

Company statement of changes in equity in the year ended 31 October 2019

	Called up share capital £	Share premium £	Profit and loss account £	Other reserves £	Total equity £
Balance at 1 November 2017	14,069	-	17,823,166	(20,082,347)	(2,245,112)
Changes in total equity – year ended 31 October 2018					
Profit for the financial year	-	-	22,300,021	-	22,300,021
Balance at 31 October 2018	14,069	-	40,123,187	(20,082,347)	20,054,909
Changes in total equity – year ended 31 October 2019					
Loss for the financial year	-	-	(13,445)	-	(13,445)
Share issue	400	3,600	-	-	4,000
Balance at 31 October 2019	**14,469**	**3,600**	**40,109,742**	**(20,082,347)**	**20,045,464**

General information
Project Light Topco Limited is a private limited company, limited by shares and incorporated in England and Wales, and its registered number is 10223785. The registered office of the Company is Fourth Floor, 84 Albion Street, Leeds, LS1 6AG. The principal activity of the Company is that of a Parent Company. The principal activities of the Group are the provision of residential and nursing care services. The Group consists of Project Light Topco Limited and all of its subsidiary undertakings.

Basis of accounting
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value.

Reduced disclosures
The Company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of exemptions from the following disclosure requirements for Parent Company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The Directors are required to make an assessment of the Group's ability to continue as a going concern.

The Directors consider that, as at the date of approving the financial statements, there is a reasonable expectation that the Company and Group will have adequate resources to remain in operation for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. In arriving at this view, the Directors have taken account of the impact to date of the Coronavirus as set out in the Strategic Report. The virus has resulted in higher costs being incurred relating to consumables and staffing and at the same time reductions in occupancy caused by higher mortality and reduced admissions. The Group has received some additional financial support from Local Authorities and anticipates other financial support will be forthcoming. Whilst the precise ongoing impact of the Coronavirus is difficult to quantify, the Directors have undertaken revised forecasting of performance and cash flows in determining the appropriateness of continuing to adopt the going concern basis in preparing the financial statements. This forecasting has included considering further reductions to occupancy caused by the virus and reduced admissions and continued higher operating costs arising from the virus. Where appropriate, the Directors have also considered the potential impact of strategies to reduce costs to reflect lower occupancy as well as actions that might be taken to manage cash. After carefully considering these and other factors, the Directors continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation
The consolidated financial statements incorporate those of Project Light Topco Limited and all of its subsidiary undertakings (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiary undertakings acquired during the period are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

Functional and presentational currencies
The financial statements are presented in sterling which is also the functional currency of the Company and the Group.

Revenue
Revenue comprises income recognised by the Group in respect of residents' fees in the period on an accruals basis and is shown net of value added tax.

Negative goodwill
Negative goodwill arises on business combinations. Negative goodwill is the excess of the fair value of identifiable net assets attributed to acquisition over the cost of acquisition. Negative goodwill is amortised through the consolidated statement of comprehensive income over the period through which non-monetary assets are recovered through depreciation or sale. The Directors consider this period to be 50 years in order to match the estimated useful life of freehold property.

Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently at cost or valuation less depreciation and any impairment losses. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	2% straight line
Leasehold property	2% straight line
Plant and machinery	20% straight line and 20% reducing balance
Fixtures and fittings	20% and 33% straight line and 20% reducing balance

Revaluation of properties
Properties whose fair value can be measured reliably are held under the revaluation model and carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity, in which case such gains and losses are recognised in profit or loss.

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the Group estimates the recoverable amount of the asset or, for goodwill, the recoverable amount of the cash-generating unit to which the goodwill belongs.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use, are recognised as impairment losses. Impairments of revalued assets are treated as a revaluation loss. All other impairment losses are recognised in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the statement of comprehensive income or, for revalued assets, as a revaluation gain. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Investments
Investments held as fixed assets are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. Investments held as current assets are stated at the lower of cost and net realisable value. Interests in subsidiary undertakings are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

Leased assets and obligations
All leases are "operating leases" and the annual rentals are charged to the statement of comprehensive income on a straight line basis over the lease term. Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight line basis over the lease term.

Taxation
Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

Pension costs
The Group operates a defined contribution scheme. The amount charged to the statement of comprehensive income in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Exceptional income/(costs)
Items that are either material or non-recurring and whose significance is sufficient to warrant separate disclosure and identification within the financial statements are referred to as exceptional income/(costs). Such items are disclosed separately within the financial statements.

Employee benefits
The costs of short-term employee benefits are recognised as a liability and an expense. The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Financial instruments
The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets
Trade, group and other debtors
Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the consolidated statement of comprehensive income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the consolidated statement of comprehensive income.

Financial liabilities and equity
Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments
Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade, Group and other creditors
Trade, Group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

Borrowings and preference shares presented as a liability
Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Preference shares
Dividends or interest on preference shares classified as liabilities are presented within interest payable and similar expenses.

Critical accounting estimates and judgements
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. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions 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 discussed below.

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.

The residual value of the land and buildings is considered to be the land element. The Directors consider the land element to be 25% of the valuation of each property.

Property valuation
The Group's freehold properties are held at fair value or cost less any subsequent accumulated depreciation. The Directors are required to ensure that revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the period end. In determining whether or not to perform a full valuation of the property portfolio, the Directors have regard to current property conditions and they exercise their judgement in determining whether or not to perform a full valuation. The last such valuation was performed in October 2017, as disclosed in note 9.

Impairment of debtors
The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

1 Revenue

The whole of the revenue is attributable to the principal activities of the Group and arises solely within the United Kingdom.

2 Operating profit

	2019	2018
	£	£
The operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 9)	**1,958,172**	1,949,827
Negative goodwill released to profit or loss (note 8)	**(306,948)**	(306,948)
Loss on disposal of tangible fixed assets (note 9)	**-**	-
Operating lease rentals (note 21)	**20,199**	57,835
Exceptional costs (note 6)	**575,406**	404,206

Included within the operating profit for the year ended 31 October 2019 is £193,705 (2018: £478,952) of losses relating to discontinued operations being care homes closed during the year.

3 Auditor's remuneration

	2019	2018
	£	£
Fees payable for the audit of the Company and consolidated financial statements	**5,000**	5,000
Fees payable for the audit of the Company's subsidiary undertakings	**52,000**	52,000
Fees payable for taxation services	**3,500**	3,000
Other non-audit services	**3,500**	5,000
	64,000	65,000

4 Employees

	2019	2018
	£	£
Staff costs were as follows:		
Wages and salaries	**32,120,771**	31,770,388
Social security costs	**2,170,350**	2,161,027
Other pension costs	**420,095**	275,002
	34,711,216	34,206,417

4 Employees (continued)

The average monthly number of persons (including Directors) employed by the Group during the year was:	**2019** **£**	2018 £
Care home staff	**1,899**	1,975
Administration staff	**34**	38
Back office support staff	**51**	45
	1,984	2,058

The Group operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company and the Group in an independently administered fund. The contributions payable by the Group during the year amounted to £375,928 (2018: £275,002). Contributions totalling £25,308 (2018: £63,715) are included within creditors.

The Company has no employees other than the Directors, who did not receive any remuneration from the Company (2018: £nil).

Directors' emoluments
The aggregate emoluments paid by the Group to Directors of the Company who served during the year were:

	2019 **£**	2018 £
Aggregate emoluments (including benefits in kind)	**334,872**	495,513
Compensation for loss of office	-	158,292
Company contributions to money purchase pension schemes	-	-
	334,872	653,805

None (2018: None) of the Directors of the Company who served during the year participated within a Company or Group pension scheme.

Highest paid Director
The aggregate emoluments paid to Directors includes the following in respect of the highest paid Director:

	2019 **£**	2018 £
Aggregate emoluments (including benefits in kind)	**260,729**	260,142

5 Interest payable

	2019 £	2018 £
On bank loans and overdrafts	**1,119,628**	1,149,163
On loan notes	**2,834,720**	2,587,366
On preference shares	**13,445**	131,582
	3,967,793	3,868,111

6 Exceptional costs

	2019 £	2018 £
Fees and costs in connection with restructuring	**575,406**	352,060
Impairment arising on disposals of tangible fixed assets	-	52,146
	575,406	404,206

7 Taxation

	2019 £	2018 £
Current tax		
Current tax	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax		
UK deferred tax	-	-
Adjustments in respect of prior years	-	-
Total deferred tax	-	-
Total tax charge	-	-

7 Taxation (continued)

The tax charge assessed for the year is lower than (2018: lower) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	**(637,459)**	(936,836)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	**(121,117)**	(177,999)
Effects of:		
Expenses not deductible for tax purposes	**862,586**	147,167
Movement in deferred tax not provided	**(741,469)**	30,832
Total tax charge for the year	**-**	-

The Group has a potential deferred tax asset of £15,636,030 (2018: £16,025,609), relating to losses incurred, available to carry forward against future taxable profits. This amount is unrecognised due to uncertainty over the timing and incidence of future taxable profits.

The Group has a potential deferred tax liability of £8,482,730 (2018: £8,438,599), relating to the acquisitions of Akari Care Limited (and related companies) and GRWP Gofal Cymru Care Homes North Limited. This potential deferred tax liability has been offset against the potential deferred tax asset.

8 Negative goodwill

Group	Total £
Cost	
At 1 November 2018	(15,347,397)
Acquisition costs	-
At 31 October 2019	**(15,347,397)**
Amortisation	
At 1 November 2018	690,714
Credit for the year	306,948
At 31 October 2019	**997,662**
Net book value at 31 October 2019	**(14,349,735)**
Net book value at 31 October 2018	(14,656,683)

The amortisation of negative goodwill is recognised within administrative expenses.

The Company had no intangible fixed assets or negative goodwill at 31 October 2019 (2018: £Nil).

9 Tangible fixed assets

Group	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost or valuation					
At 1 November 2018	71,872,074	1,562,383	2,557,603	28,766	76,020,826
Additions	3,623,328	658,709	652,299	-	4,934,336
Disposals	(1,558,544)	(4,080)	(7,364)	-	(1,569,988)
At 31 October 2019	**73,936,858**	**2,217,012**	**3,202,538**	**28,766**	**79,385,174**
Depreciation and impairment					
At 1 November 2018	1,623,865	465,211	1,119,774	3,275	3,212,125
Charged in the year	1,073,094	398,324	481,001	5,753	1,958,172
Disposal	-	(2,575)	(3,293)	-	(5,868)
Revaluation	555,000	-	-	-	555,000
At 31 October 2019	**3,251,959**	**860,960**	**1,597,482**	**9,028**	**5,719,429**
Net book value at 31 October 2019	**70,684,899**	**1,356,052**	**1,605,056**	**19,738**	**73,665,745**
Net book value at 31 October 2018	70,248,209	1,097,172	1,437,829	25,491	72,808,701

Included in the net book value of land and buildings is freehold land of £17,013,750 (2018: £17,433,750) and long leasehold land of £199,512 (2018: £199,512) which are not depreciated. Also included in land and buildings are long leasehold buildings of £602,104 (2018: £614,713).

During October 2017, the Group concluded the refinancing of its activities with new bank facilities provided by Yorkshire Bank and Royal Bank of Scotland. As part of this refinancing, the banks appointed an external independent valuer, Savills, to undertake a valuation of the Group's freehold land and buildings for security purposes. This valuation was undertaken using various scenarios and assumptions which mainly took account of the trading potential of each site and its maintainable level of operating performance. A multiple, based on qualitative and quantitative factors, was applied to each site's maintainable earnings. The Directors have considered the valuation undertaken by Savills, and adopted by the banks for loan security purposes, and determined that this valuation provides a reasonable approximation of the fair value of the freehold land and buildings at the date of valuation (after making certain adjustments for maintainable operating performance in order to determine fair value for financial reporting purposes). Consequently, the Group revalued its freehold land and buildings at £69.7 million during October 2017. At the revaluation date, accumulated depreciation had been eliminated against the gross carrying value of the related asset. The Group intends to revalue freehold land and buildings every three years, or sooner to the extent that there are indications that the carrying value differs significantly from fair value.

9 Tangible fixed assets (continued)

Cost or valuation at 31 October 2019 is as follows:

Group	Land and buildings £
At cost	**4,201,858**
At valuation – 31 October 2017 at an open market basis	**69,735,000**
	73,936,858

If the land and buildings and assets held for resale had not been included at valuation they would have been included under the historical cost convention as follows:

	2019 £
Group	
Cost	71,872,074
Additions	3,623,328
Disposal	(1,558,544)
Accumulated depreciation	(2,696,959)
Revaluation	(555,000)
Net book value	**70,684,899**

The Company had no tangible fixed assets at 31 October 2019 (2018: £Nil).

10 Fixed assets investments

	Investments in subsidiary undertakings £
Company	
Cost or valuation	
At 1 November 2018 and 31 October 2019	20,175,712
Impairment	
At 1 November 2018 and 31 October 2019	-
Net book value at 31 October 2019	**20,175,712**
Net book value at 31 October 2018	20,175,712

10 Fixed assets investments (continued)

Subsidiary undertakings

The following are subsidiary undertakings of the Company (*denotes investments held indirectly):

Name	*Registered office*	*Class of share capital*	*Holding %*	*Activities*
Akari Derby Limited*	England	Ordinary	100	Dormant
Akari Felmingham Limited*	England	Ordinary	100	Dormant
Akari Martha Limited*	England	Ordinary	100	Dormant
Akari Frindsbury Limited*	England	Ordinary	100	Dormant
Akari Middleton Limited*	England	Ordinary	100	Dormant
Akari Nantwich Limited*	England	Ordinary	100	Dormant
Akari Parbold Limited*	England	Ordinary	100	Dormant
Akari Salford Limited*	England	Ordinary	100	Dormant
Akari Shropshire Limited*	England	Ordinary	100	Dormant
Akari Whitchurch Limited*	England	Ordinary	100	Dormant
Akari Beechcroft Limited*	England	Ordinary	100	Dormant
Akari Ivy Limited*	England	Ordinary	100	Dormant
Akari Homes Limited*	England	Ordinary	100	Dormant
Akari Homes & Estates Limited*	England	Ordinary	100	Dormant
Nilerace Limited*	England	Ordinary	100	Property rental
Akari Care Limited*	England	Ordinary	100	Care services
Akari Care Cymru Limited*	England	Ordinary	100	Care services
Akari Care Group Limited*	England	Ordinary	100	Intermediate parent
AK (SPV) Limited*	England	Ordinary	100	Intermediate parent
Project Light Bidco Limited*	England	Ordinary	100	Intermediate parent
Project Light Cleanco Limited*	England	Ordinary	100	Intermediate parent
Project Light Midco Limited	England	Ordinary	100	Intermediate parent

The registered office of the Company's subsidiary undertakings is Fourth Floor, 84 Albion Street, Leeds, LS1 6AG.

11 Debtors

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Trade debtors	**3,682,964**	4,565,687	**-**	-
Other debtors	**508,415**	285,581	**4,000**	-
Prepayments and accrued income	**597,604**	537,150	**-**	-
Amounts owed by subsidiary undertakings	**-**	-	**8,829**	8,829
	4,788,983	5,388,418	**12,829**	8,829

Trade debtors are stated after making provisions for impairment of £643,376 (2018: £923,621).

12 Creditors: Amounts falling due within one year

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Bank loans and overdrafts	**1,666,668**	1,666,668	-	-
Trade creditors	**109,094**	672,278	-	-
Other taxation and social security	**814,902**	769,543	-	-
Other creditors	**76,462**	1,851,325	-	-
Accruals and deferred income	**7,343,518**	5,201,449	-	-
Corporation tax	-	-	-	-
	10,011,644	10,161,263	-	-

13 Creditors: Amounts falling due after one year

	Group		Company	
	2019	**2018**	**2019**	2018
	£	**£**	**£**	£
Bank loans	**18,503,460**	21,543,956	-	-
Loan notes	**25,301,537**	25,051,537	-	-
Preference shares	**108,472**	108,472	**108,472**	108,472
Interest arising on preference shares	**34,605**	21,160	**34,605**	21,160
Interest arising on loan notes	**6,133,021**	3,295,665	-	-
	50,081,095	50,020,790	**143,077**	129,632

Loan notes are due to mature in August 2026. Interest rolls up annually on the anniversary of issue of each loan note at a rate of 10% per annum. Loan notes and interest are repayable in greater than five years from the reporting date.

Preference shares are due to be repaid in August 2026. Interest rolls up annually on the anniversary of issue of each share at a rate of 10% per annum. Preference shares and interest are repayable in greater than five years from the reporting date.

In October 2017, a subsidiary company, Project Light Cleanco Limited, concluded the refinancing of the activities of its subsidiary undertakings raising £26,000,000 in bank term loans of which £10,000,000 is repayable in quarterly instalments over a six year term and £16,000,000 is repayable in full at the end of the six year term. Interest is payable on bank borrowings at variable rates of interest between 2.75% and 3.25% plus Libor.

In addition, Project Light Cleanco Limited has put in place a revolving credit facility totalling £2,500,000 which was undrawn at the end of the financial year. Out of an abundance of caution as explained in the Strategic Report, the business has taken the opportunity to draw its revolving credit facility of £2,500,000 during March 2020.

Bank facilities are provided to Project Light Cleanco Limited and its subsidiary undertakings by Yorkshire Bank and Royal Bank of Scotland.

Amounts repayable other than by instalments falling due after more than five years are £20,957,775 (2018: £28,476,834). Amounts repayable by instalments falling due after more than five years are £Nil (2018: £Nil).

14 Financial instruments

The carrying value of financial instruments at 31 October 2019 was:

	Group		Company	
Financial assets	**2019**	2018	**2019**	2018
	£	£	**£**	£
Measured at amortised cost:				
Trade debtors	**3,682,964**	4,565,687	-	-
Other debtors	**508,415**	285,581	-	-
	4,191,379	4,851,268	-	-

	Group		Company	
Financial liabilities	**2019**	2018	**2019**	2018
	£	£	**£**	£
Measured at amortised cost:				
Bank loans	**20,170,128**	23,210,624	-	-
Trade creditors	**109,094**	672,278	-	-
Other creditors	**76,462**	1,851,325	-	-
Accruals	**4,925,606**	2,926,662	-	-
Loan notes and interest	**31,434,558**	28,347,202	-	-
Preference shares and interest	**143,077**	129,632	**143,077**	129,632
	56,858,925	57,137,723	**143,077**	129,632

15 Share capital

Group and Company

	31 October 2019 Number issued	31 October 2018 Number issued	**2019 £**	2018 £
Allotted, called up and fully paid				
A Ordinary shares of £0.10 each	**89,621**	89,621	**8,963**	8,963
B Ordinary shares of £0.10 each	**556**	556	**56**	56
C1 Ordinary share of £0.10 each	**9,500**	5,500	**950**	550
C2 Ordinary shares of £1 each	**4,500**	4,500	**4,500**	4,500
Preference shares of £0.0001 each	**108,472**	108,472	**11**	11
	212,649	208,649	**14,480**	14,080
Reclassification of Preference shares as liabilities	**(108,472)**	(108,472)	**(11)**	(11)
	104,177	100,177	**14,469**	14,069

15 Share capital (continued)

In October 2019, the Company issued 4,000 C1 Ordinary shares of £0.10 each for consideration of £4,000. In November 2017, the Company repaid 19,975,883 Preference shares of £0.0001 each together with accumulated interest of £2,455,720. Remaining Preference shares have been recognised as a liability of the Company and Group (note 13).

The holders of Preference shares shall, in respect of the Preference shares held by them, not be entitled to receive notice of or to attend, speak or vote at any general meeting of the Company nor to receive a copy of or vote on any written resolution of the Company. Preference shares are redeemable.

A Ordinary shares shall confer on each holder thereof the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to vote on written resolutions and, on a poll or written resolution, to exercise, together with the B Ordinary shares (pari passu as if a single class of share) the right to 85% of the total voting rights of all shares at any time which shall be allocated amongst the holders pro rata to the number of such A Ordinary shares and B Ordinary shares held.

B Ordinary shares shall confer on each holder thereof the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to vote on written resolutions and, on a poll or written resolution, to exercise, together with the A Ordinary shares (pari passu as if a single class of share) the right to 85% of the total voting rights of all shares at any time which shall be allocated amongst the holders pro rata to the number of such A Ordinary shares and B Ordinary shares held

The holders of C1 Ordinary shares shall, in respect of the C1 Ordinary shares held by them, not be entitled to receive notice of or to attend, speak or vote at any general meeting of the Company nor to receive a copy of or vote on any written resolution of the Company.

C2 Ordinary shares shall confer on each holder thereof the right to receive notice of and to attend, speak and vote at all general meetings of the Company and to vote on written resolutions and, on a poll or written resolution, to exercise the right to 15% of the total voting rights of all shares at any time which shall be allocated amongst the holders pro rata to the number of such C2 Ordinary shares held.

No dividend shall be declared or paid in respect of any financial year unless Investor Approval to such distribution shall have been obtained. Subject thereto, any profits which the Company may determine to distribute in respect of any financial year: (i) in respect of the A Ordinary shares, B Ordinary shares. C1 Ordinary shares and C2 Ordinary shares (the "Equity Shares"), shall be applied amongst the holders of the Equity Shares (pari passu as if the same constituted one class of share) and pro rata to the number of Equity Shares held; or (ii) in respect of the Preference shares, shall be applied amongst the holders of the Preference shares pro rata to the number of Preference shares held.

On a return of assets on liquidation, reduction of capital or otherwise, the surplus assets of the Company remaining after the payment of its liabilities (including but not limited to all amounts due under the Loan Notes) shall be applied: (i) first, in paying to the holders of the A Ordinary shares (pro rata to their respective holdings of the A Ordinary shares) such amount as is agreed between the Investor and the Managers within 28 days of the Acquisition Completion Date as being the Managers' proportion of the transactional costs incurred by the Investor, the Company, Midco, Cleanco or Bidco in relation to the acquisition of AK (SPV) Limited; (ii) second, to the extent permitted by law, in paying to each holder of Preference shares the amount set out in the Articles; and (iii) subject thereto, the balance of such assets shall belong to and be distributed amongst the holders of the Equity Shares (pari passu as if the same constituted one class of share) and pro rata to the number of Equity Shares held. In the event of a Sale, the proceeds of such Sale shall be distributed between the selling Shareholders in the manner set out above as if the same constituted a liquidation of the Company.

A Ordinary shares, B Ordinary shares, C1 Ordinary shares and C2 Ordinary shares are non redeemable.

view

16 Reserves

Revaluation reserve in respect of land and buildings (note 9)
The cumulative revaluation gains and losses in respect of land and buildings, except revaluation gains and losses recognised in profit or loss.

Profit and loss account
Cumulative profit and loss net of distributions to owners.

Share premium
Consideration received for shares issued above their nominal value net of transaction costs.

Other reserves
Included in Other reserves is £39,147 (2018: £18,027) relating to The Akari Care Employee Benefit Trust ("the EBT"), which was set up in September 2018. The sole corporate trustee of the EBT is Akari Beechcroft Limited. The EBT and Akari Beechcroft are under common control.

Also, included in Other reserves is £20,082,347 (2018: £20,082,347) relating to the historic presentation of certain Preference shares as a balance sheet liability (which have subsequently been repaid).

17 Net cash flow from operating activities

	2019	2018
	£	£
Loss on ordinary activities before taxation	**(82,462)**	(936,836)
Interest payable and similar charges	**3,967,794**	3,868,111
Depreciation of tangible assets	**1,958,172**	1,949,827
Amortisation of negative goodwill	**(306,948)**	(306,948)
Impairment arising on disposal of tangible fixed assets	**-**	52,146
Decrease / (increase) in debtors	**853,436**	(793,500)
Increase / (decrease in creditors	**(167,437)**	351,080
Net cash generated from operations	**6,222,555**	4,183,880

18 Related party disclosures

The Company has taken advantage of the exemption permitted by FRS 102 to not disclose transactions entered into by two or more members of the Group on the grounds that the Company's subsidiaries are wholly owned members of the Group.

During the year, the Group incurred and paid fees and expenses totalling £369,533 (2018: £23,757) to The Carlyle Group. At the balance sheet date, an amount of £Nil (2018: £Nil) is included within trade creditors due to The Carlyle Group.

During the year the Group issued loan notes to which certain Directors subscribed. At the year end date the Directors owed a total of £175,000 to the Group in relation to their individual subscriptions. These loan notes have the same terms as those already in issue and as described in note 13. M C Rushton also subscribed for 3,000 C1 Ordinary shares of £0.10 each for consideration of £3,000 which was unsettled at the year end date.

18 Related party disclosures (continued)

The remuneration of the Directors and key management personnel of the Group is set out below in aggregate:

	2019	2018
	£	£
Short term employee benefits (excluding bonuses)	**704,353**	688,875
Compensation for loss of office	**-**	158,292
Payments to third parties	**81,382**	175,735
	785,735	1,022,902

Remuneration of the Directors and key management included remuneration paid by other group undertakings.

19 Ultimate parent undertaking and controlling party

The Company's ultimate controlling party is CSP IV (Cayman 2), L.P., registered in the Cayman Islands.

20 Capital commitments

At 31 October 2019, the Group had capital expenditure contracted for but not provided for in the financial statements of £210,599 (2018: £70,253).

21 Commitments under operating leases

At 31 October 2019, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2019	2018
	£	£
Within one year	**17,751**	25,383
Between 2 and 5 years	**2,448**	32,452
After more than 5 years	**-**	-
	20,199	57,835

22 Post balance sheet events

As set out in the Strategic Report and Directors Report, the Group has been impacted by the Coronavirus in the period since the year end date. The virus has resulted in higher costs being incurred relating to consumables and staffing and at the same time some reductions in occupancy caused by higher mortality and reduced admissions. The Group has received some additional financial support from Local Authorities and anticipates other financial support will be forthcoming. The precise ongoing impact of the Coronavirus is difficult to quantify but the Directors have undertaken revised forecasting of performance and cash flows in determining the appropriateness of continuing to adopt the going concern basis in preparing the financial statements.