

ADVANCED SPECIALIST CARE LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

ADVANCED SPECIALIST CARE LIMITED

COMPANY INFORMATION

Directors	Mr A R Banks Mrs J Kerr (appointed 12 September 2019)
Registered number	SC096630
Registered office	Balhousie Care Group Earn House Lamberkine Drive Perth PH1 1RA
Independent auditors	EQ Accountants LLP Chartered Accountants & Statutory Auditors 14 City Quay Dundee DD1 3JA

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STRATEGIC REPORT

For the Year Ended 30 September 2019

Introduction

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Principal activity

The principal activity of the Company is the provision of care services including residential care for adults with learning disabilities, nursing care for elderly, dementia care, palliative care and Huntington's care.

The Company is a wholly owned subsidiary of Balhousie Holdings Limited ("The Group").

Financial key performance indicators

The Group has assessed their KPIs as:

- Occupancy Rates
- Average Fee Income per bed
- Care Quality Grades
- EBITDA % of Turnover
- Wages & Salaries % of Income
- Staff Turnover

In relation to KPIs, the Group is performing at or above regional sector averages when benchmarked to the sector.

Results

The Company recorded a profit before tax of £2,396k (2018: £2,202k) and the directors are satisfied with the results for the period. A more detailed analysis of the performance of the Company is provided in the Business Review below.

Business review

The Company has experienced a 6.3% increase in turnover from 2018. Cost increases were in line with budget, which has resulted in an increase of 6.5% to operating profit on the prior year.

STRATEGIC REPORT (CONTINUED)
For the Year Ended 30 September 2019

Principal risks and uncertainties

The directors are responsible for risk assessment and management within the Group. The main risks associated with the Group's financial assets and liabilities are set out below:-

Financial Risks

The Group is primarily financed by bank borrowing and therefore is exposed to interest rate fluctuations. The Group aims to mitigate risk by managing cash generated by its operations, and reviews the risk of interest rate fluctuations with input from external interest rate advisors.

Credit risk is managed by invoicing in advance whenever possible to private residents and ensuring that all sales invoices are raised timeously. Appropriate credit control procedures are followed for all operations. Credit risk is also reduced by being in the advantageous position of having a significant level of income generated through local government across a variety of local authorities.

Operational risks

The Group's services are regulated by the Care Inspectorate which has significant enforcement powers against operators who do not comply with statutory requirements. Operational risk is managed by care home managers and the Group's Operational Support Team. This is monitored internally by management and externally by regular unannounced inspections by the Care Inspectorate. The Care Inspectorate will inspect the homes at least annually and provide feedback on any potential areas for improvement which is then implemented by the operations team under the guidance of the Group's Head of Operations.

COVID-19

On 11 March 2020, the World Health Organisation declared COVID-19 a pandemic due to the global spread of the virus. That same day Balhousie Care Group had already closed its homes to all non-essential visits in an attempt to protect our residents as far as possible from the virus which can be deadly to the elderly population.

The Group had a rigorous Compliance Risk Management Plan in place which covered pandemic flu, and the leadership team set about refining this plan and internal protocols as and when advice and guidance in relation to the virus was shared by authorities.

The decision to lock down the homes to non-essential visitors early, combined with rigorous infection control procedures has resulted in none of our facilities having confirmed cases, significantly lower than the average across the sector.

As governments begin to relax restrictions, the Group are focusing on how we can continue to best protect our residents. Visitation must once again commence for the wellbeing of our residents, however, this must be done on a risk assessed basis.

Corporate governance

The Group operates Care Governance and Audit & Remuneration Committees that provide oversight on key care quality, remuneration and audit issues impacting on the business. These committees meet on a regular basis and are chaired independently.

This report was approved by the board on 30 June 2020 and signed on its behalf.

Mr A R Banks
Director

DIRECTORS' REPORT

For the Year Ended 30 September 2019

The directors present their report and the financial statements for the year ended 30 September 2019.

Directors' responsibilities statement

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 year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

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

Results and dividends

The profit for the year, after taxation, amounted to £1,673k (2018: £1,980k).

A dividend of £250k was paid during the year to Balhousie Holdings Limited (2018: £250k)

Directors

The directors who served during the year were:

Mr A R Banks

Mrs J Kerr (appointed 12 September 2019)

Employee involvement

The Group places strong emphasis in ensuring the wellbeing of our employees and looks to share and communicate information to our staff using all possible means. This involves regular in house communications, staff meetings as well as monthly managers' meetings and is designed to ensure that all staff are kept reasonably informed on all company matters. Employee surveys are regularly carried out to monitor satisfaction in the workplace and receive feedback from staff.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that the appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 30 September 2019

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

The potential impact of COVID-19 has been considered within the Strategic report under the heading of Principal risks and uncertainties. There have been no other significant events affecting the Company since the year end.

Auditors

The auditors, EQ Accountants LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the directors on 30 June 2020 and signed on their behalf.

Mr A R Banks
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCED SPECIALIST CARE LIMITED

Opinion

We have audited the financial statements of Advanced Specialist Care Limited (the 'Company') for the year ended 30 September 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 Company's affairs as at 30 September 2019 and of its profit 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCED SPECIALIST CARE LIMITED (CONTINUED)

Opinion 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 on page 3, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ADVANCED SPECIALIST CARE LIMITED (CONTINUED)

Douglas Rae (Senior Statutory Auditor)

for and on behalf of

EQ Accountants LLP

Chartered Accountants & Statutory Auditors

14 City Quay

Dundee

DD1 3JA

30 June 2020

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 September 2019

	Note	2019 £000	2018 £000
Turnover	4	9,684	9,109
Cost of sales		(5,337)	(4,992)
Gross profit		4,347	4,117
Administrative expenses		(1,488)	(1,433)
Operating profit	5	2,859	2,684
Interest receivable and similar income	8	2	-
Interest payable and expenses	9	(465)	(482)
Profit before tax		2,396	2,202
Tax on profit	10	(723)	(222)
Profit for the financial year		1,673	1,980

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 11 to 23 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 30 September 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	12	22,512	22,450
		<u>22,512</u>	<u>22,450</u>
Current assets			
Stocks	13	6	4
Debtors: amounts falling due within one year	14	6,816	5,102
Cash at bank and in hand		1,023	1,343
		<u>7,845</u>	<u>6,449</u>
Creditors: amounts falling due within one year	15	(1,643)	(1,478)
Net current assets		<u>6,202</u>	<u>4,971</u>
Total assets less current liabilities		<u>28,714</u>	<u>27,421</u>
Creditors: amounts falling due after more than one year	16	(12,998)	(13,384)
Provisions for liabilities			
Deferred tax	18	(1,758)	(1,502)
		<u>(1,758)</u>	<u>(1,502)</u>
Net assets		<u><u>13,958</u></u>	<u><u>12,535</u></u>
Capital and reserves			
Called up share capital	19	50	50
Revaluation reserve	20	6,899	6,899
Profit and loss account	20	7,009	5,586
		<u>13,958</u>	<u>12,535</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2020.

Mr A R Banks
Director

The notes on pages 11 to 23 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 September 2019

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
At 1 October 2017	50	6,899	3,856	10,805
Comprehensive income for the year				
Profit for the year	-	-	1,980	1,980
Dividends: Equity capital	-	-	(250)	(250)
At 1 October 2018	50	6,899	5,586	12,535
Comprehensive income for the year				
Profit for the year	-	-	1,673	1,673
Dividends: Equity capital	-	-	(250)	(250)
At 30 September 2019	50	6,899	7,009	13,958

The notes on pages 11 to 23 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 September 2019

1. General information

Advanced Specialist Care Limited is a limited company incorporated in Scotland. The registered office is located at Earn House, Lamberkine Drive, Perth, PH1 1RA.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional and presentational currency of the Company is GBP sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Balhousie Holdings Limited as at 30 September 2019 and these financial statements may be obtained from Companies House.

2.3 Turnover

Turnover represents fee income receivable from care services provided. Turnover is recognised in the year in which the Company obtains the right to consideration as the services provided under contracts have been delivered and is recorded at the value of the consideration due. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of the Creditors due within one year. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.6 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.7 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

2.8 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Freehold property	-	Not depreciated
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	12.5% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

No depreciation is provided on freehold property in the current or prior year. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules is necessary to provide a true and fair view.

The Group has a policy and practice of regular maintenance and repairs (charges for which are recognised in the profit and loss account) such that the freehold property is kept to its previously assessed standards of performance. As a result the property maintains a high residual value and any depreciation is not considered material.

2.11 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.12 Stocks

Stocks are stated at cost. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced. The impairment loss is recognised immediately in profit or loss to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 September 2019

2. Accounting policies (continued)

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 September 2019

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Tangible Fixed Assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, asset life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Assets are considered for indications of impairment, if required an impairment review will be carried out and a decision made on possible impairment. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash generating unit, the viability and expected future performance of that unit.

Recoverability of debtors

Bad debts are provided where, in the opinion of the directors, there is objective evidence of the need for a provision.

4. Turnover

The whole of the turnover and profit before taxation relates to continuing activities and is attributable to the provision of care facilities for the elderly and infirm.

All turnover arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2019 £000	2018 £000
Depreciation of tangible fixed assets owned by the company	118	96
Defined contribution pension cost	77	44
Operating lease rentals	<u>135</u>	<u>101</u>

6. Auditors' remuneration

	2019 £000	2018 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>4</u>	<u>4</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

7. Employees

Staff costs were as follows:

	2019	2018
	£000	£000
Wages and salaries	4,585	4,435
Social security costs	359	301
Cost of defined contribution scheme	77	44
	5,021	4,780

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

	2019	2018
	No.	No.
Care home staff	217	226

8. Interest receivable

	2019	2018
	£000	£000
Bank and other interest receivable	2	-

9. Interest payable and similar expenses

	2019	2018
	£000	£000
Bank interest payable	464	480
Other interest payable	1	2
	465	482

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

10. Taxation

	2019	<i>2018</i>
	£000	<i>£000</i>
Corporation tax		
Current tax on profits for the year	467	<i>188</i>
Deferred tax		
Origination and reversal of timing differences	256	<i>93</i>
Adjustment in respect of previous periods	-	<i>(59)</i>
Total deferred tax	256	<i>34</i>
Taxation on profit on ordinary activities	723	<i>222</i>

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 September 2019

10. Taxation (continued)

Factors affecting tax charge for the year

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

	2019 £000	2018 £000
Profit on ordinary activities before tax	<u>2,396</u>	<u>2,202</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	455	418
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	13	-
Capital allowances for year in excess of depreciation	(1)	(9)
Short term timing difference leading to an increase (decrease) in taxation	256	93
Adjustments to tax charge in respect of prior periods - deferred tax	-	(59)
Non-taxable income	-	(120)
Group relief	-	(101)
Total tax charge for the year	<u>723</u>	<u>222</u>

Factors that may affect future tax charges

The March 2020 budget announced that the main rate of corporation tax will remain at 19%. As such the deferred tax balances have been recognised at this rate.

11. Dividends

	2019 £000	2018 £000
Dividends	<u>250</u>	<u>250</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

12. Tangible fixed assets

	Freehold property £000	Motor vehicles £000	Fixtures and fittings £000	Total £000
Cost or valuation				
At 1 October 2018	21,836	43	1,371	23,250
Additions	-	-	180	180
Transfers between classes	(11)	-	11	-
At 30 September 2019	<u>21,825</u>	<u>43</u>	<u>1,562</u>	<u>23,430</u>
Depreciation				
At 1 October 2018	-	41	759	800
Charge for the year on owned assets	-	-	118	118
At 30 September 2019	<u>-</u>	<u>41</u>	<u>877</u>	<u>918</u>
Net book value				
At 30 September 2019	<u>21,825</u>	<u>2</u>	<u>685</u>	<u>22,512</u>
At 30 September 2018	<u>21,836</u>	<u>2</u>	<u>612</u>	<u>22,450</u>

Cost or valuation at 30 September 2019 is as follows:

	Freehold property £000
At cost	14,237
At valuation:	
Revaluation in May 2014 and September 2017	<u>7,588</u>
	<u>21,825</u>

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

	2019 £000	2018 £000
Cost	<u>14,237</u>	<u>14,248</u>
Net book value	<u>14,237</u>	<u>14,248</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

13. Stocks

	2019	<i>2018</i>
	£000	<i>£000</i>
Care home consumables	<u><u>6</u></u>	<u><u>4</u></u>

14. Debtors

	2019	<i>2018</i>
	£000	<i>£000</i>
Trade debtors	238	<i>332</i>
Amounts owed by group undertakings	6,135	<i>4,298</i>
Prepayments and accrued income	443	<i>472</i>
	<u><u>6,816</u></u>	<u><u><i>5,102</i></u></u>

15. Creditors: Amounts falling due within one year

	2019	<i>2018</i>
	£000	<i>£000</i>
Bank loans	393	<i>386</i>
Corporation tax	207	<i>84</i>
Other taxation and social security	76	<i>73</i>
Other creditors	644	<i>680</i>
Accruals and deferred income	323	<i>255</i>
	<u><u>1,643</u></u>	<u><u><i>1,478</i></u></u>

Details of security provided:

Triodos Bank NV hold a fixed standard security over the fixed asset properties, and a floating charge over the assets of the company in respect of the bank loan. The total bank loan outstanding at the year end amounted to £13.4m (2018: £13.8m).

16. Creditors: Amounts falling due after more than one year

	2019	<i>2018</i>
	£000	<i>£000</i>
Bank loans	<u><u>12,998</u></u>	<u><u><i>13,384</i></u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

17. Loans

Analysis of the maturity of loans is given below:

	2019	<i>2018</i>
	£000	<i>£000</i>
Amounts falling due within one year		
Bank loans	393	<i>386</i>
Amounts falling due 1-2 years		
Bank loans	407	<i>399</i>
Amounts falling due 2-5 years		
Bank loans	1,303	<i>1,281</i>
Amounts falling due after more than 5 years		
Bank loans	11,288	<i>11,703</i>
	<u>13,391</u>	<i><u>13,769</u></i>

18. Deferred taxation

	2019	<i>2018</i>
	£000	<i>£000</i>
At beginning of year	(1,502)	<i>(1,468)</i>
Charged to profit or loss	(256)	<i>(34)</i>
At end of year	<u>(1,758)</u>	<i><u>(1,502)</u></i>

The provision for deferred taxation is made up as follows:

	2019	<i>2018</i>
	£000	<i>£000</i>
Accelerated capital allowances	(213)	<i>(188)</i>
Short term timing differences	13	<i>2</i>
Capital gains	(1,558)	<i>(1,316)</i>
	<u>(1,758)</u>	<i><u>(1,502)</u></i>

19. Share capital

	2019	<i>2018</i>
	£000	<i>£000</i>
Allotted, called up and fully paid		
50,000 (2018 - 50,000) Ordinary shares of £1.00 each	<u>50</u>	<i><u>50</u></i>

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 September 2019

20. Reserves

Revaluation reserve

This reserve comprises of revaluations to freehold properties.

Profit and loss account

Includes all current and prior period retained profits and losses.

21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £77k (2018: £44k). Contributions totalling £38k (2018: £11k) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 30 September 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019	<i>2018</i>
	£000	<i>£000</i>
Land and buildings		
Not later than 1 year	47	<i>53</i>
Later than 1 year and not later than 5 years	158	<i>158</i>
Later than 5 years	4,246	<i>4,285</i>
	4,451	<i>4,496</i>
	2019	<i>2018</i>
	£000	<i>£000</i>
Other fixed assets		
Not later than 1 year	22	<i>12</i>
Later than 1 year and not later than 5 years	32	<i>15</i>
	54	<i>27</i>

23. Related party transactions

The company is a wholly owned subsidiary of Balhousie Holdings Limited, the consolidated accounts of which are publicly available from the Registrar of Companies. Accordingly, the company has taken advantage of the exemption in FRS 102 from disclosing transactions with members of the Balhousie Care Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 September 2019

24. Controlling party

The company is a wholly owned subsidiary of Balhousie Holdings Limited, a company registered in Scotland. The results of Advanced Specialist Care Limited are included within the consolidated financial statements of Balhousie Holdings Limited for the year ended 30 September 2019. The company which consolidates the largest and smallest group of companies in which this company is included is Balhousie Holdings Limited.

The ultimate controlling party is Mr A R Banks, by virtue of his share ownership in Balhousie Holdings Limited.

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.