

Company Registration No. 06773548 (England and Wales)

CZAJKA GROUP HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



CZAJKA GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Director	Mr Konrad Czajka
Secretary	Mrs Janina Czajka
Company number	06773548
Registered office	Victoria House 66 - 70 Bingley Road Saltaire Shipley West Yorkshire BD18 4DJ
Auditor	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB

CZAJKA GROUP HOLDINGS LIMITED

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CZAJKA GROUP HOLDINGS LIMITED

STRATEGIC REPORT

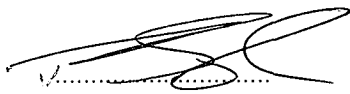
FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents the strategic report for the year ended 31 December 2018.

Review of the business

The company has not traded during the year. As a result, there are no principal risks or uncertainties that the company face.

On behalf of the board



Mr Konrad Czajka
Director
27/8/2019

CZAJKA GROUP HOLDINGS LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director presents his annual report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the company is that of a holding company.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr Konrad Czajka

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The director does not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that BHP LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr Konrad Czajka
Director

Date:

27/8/2019

CZAJKA GROUP HOLDINGS LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 enable them to ensure that the financial statements comply with the Companies Act 2006. He is 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.

The director is responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CZAJKA GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CZAJKA GROUP HOLDINGS LIMITED

Opinion

We have audited the financial statements of Czajka Group Holdings Limited (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows 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 company's affairs as at 31 December 2018 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 *Auditor's 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 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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's 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.

CZAJKA GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CZAJKA GROUP HOLDINGS LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's 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 and the director's report.

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

- adequate accounting records have not been kept, 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

CZAJKA GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CZAJKA GROUP HOLDINGS LIMITED

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.

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 him 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.

Nigel Bullas (Senior Statutory Auditor)
for and on behalf of BHP LLP, Statutory Auditor



BHP LLP, Statutory Auditor
New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

27 August 2019

CZAJKA GROUP HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Profit before taxation		-	-
Tax on profit		-	-
Profit for the financial year		<u>-</u>	<u>-</u>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

CZAJKA GROUP HOLDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Investments	3	11,231,665		11,231,665	
Current assets					
Debtors	6	1		1	
Creditors: amounts falling due within one year	5	(1,184,665)		(1,184,665)	
Net current liabilities		(1,184,664)		(1,184,664)	
Total assets less current liabilities		10,047,001		10,047,001	
Capital and reserves					
Called up share capital	7	5,973		5,973	
Share premium account		5,966,028		5,966,028	
Profit and loss reserves		4,075,000		4,075,000	
Total equity		10,047,001		10,047,001	

The financial statements were approved and signed by the director and authorised for issue on

27/8/2019


Mr Konrad Czajka
Director

Company Registration No. 06773548

CZAJKA GROUP HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 January 2017	5,973	5,966,028	4,075,000	10,047,001
Year ended 31 December 2017:				
Profit and total comprehensive income for the year	-	-	-	-
Balance at 31 December 2017	5,973	5,966,028	4,075,000	10,047,001
Year ended 31 December 2018:				
Profit and total comprehensive income for the year	-	-	-	-
Balance at 31 December 2018	5,973	5,966,028	4,075,000	10,047,001

CZAJKA GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Czajka Group Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Victoria House, 66 - 70 Bingley Road, Saltaire, Shipley, West Yorkshire, BD18 4DJ.

1.1 Accounting convention

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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

A entity has taken advantage of the following disclosure exemptions:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d).
- The requirements of Section 11 paragraphs 11.39 to 11.48A and Section 12 paragraphs 12.26 to 12.29A providing the equivalent disclosures required by this FRS are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirement of Section 33 Related Party Disclosures paragraph 33.7

The company has taken exemption from preparing group accounts as it is included in consolidated accounts for Redhall Limited, its ultimate parent undertaking which are drawn up as full consolidated audited accounts which are filed at Companies House.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

CZAJKA GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.4 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, 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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified 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 company after deducting all of its liabilities.

CZAJKA GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	10	11,231,665	11,231,665

CZAJKA GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

3 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 January 2018 & 31 December 2018	11,231,665
Carrying amount	
At 31 December 2018	11,231,665
At 31 December 2017	11,231,665

4 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1	1
Carrying amount of financial liabilities		
Measured at amortised cost	1,184,665	1,184,665

5 Creditors: amounts falling due within one year

	2018 £	2017 £
Notes		
Amounts due to subsidiary undertakings	1,160,665	1,157,665
Other creditors	24,000	27,000
	1,184,665	1,184,665

Security of borrowings

Bank loans and overdrafts in subsidiary companies are secured by a charge held over the freehold land and buildings, together with a cross guarantee and debenture with Brookfield Care Limited, Czajka Care Limited, Fairmount Limited and Czajka Properties Limited, dated 6 February 2009.

6 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Other debtors	1	1

CZAJKA GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

7 Share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
5,973 Ordinary shares of £1 each	5,973	5,973

Every member shall have one vote for every share of which they are the holder. All dividends shall be apportioned and paid proportionately to the amounts paid up on the ordinary shares.

8 Related party transactions

The company has taken advantage of the requirement of Section 33 Related Party Disclosures paragraph 33.7 from disclosing transactions with wholly owned members of the group.

9 Controlling party

The company is controlled by Redhall Limited, a company incorporated in the Isle of Man. Ultimate control is vested in Mr K Czajka.

Consolidated financial statements

The financial statements contain information about Czajka Group Holdings Limited as an individual company and do not contain consolidated financial information on the group to which Czajka Group Holdings Limited belongs.

The financial statements of Redhall Limited, which consolidate those of its subsidiary companies are available from:

Redhall Limited
Victoria House
66-70 Bingley Road
Saltaire
Shipley
West Yorkshire
BD18 4DJ

10 Subsidiaries

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of undertaking	Class of shareholding	% Held	
		Direct	Indirect
Brookfield Care Limited	Ordinary £1 shares		100.00
Czajka Care Limited	Ordinary £1 shares	100.00	
Czajka Properties Limited	Ordinary £1 shares	100.00	
Fairmount Limited	Ordinary £1 shares	100.00	

Company Registration No. 002254V (Isle of Man)

REDHALL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

REDHALL LIMITED

COMPANY INFORMATION

Directors	Mr Konrad Czajka Mrs Janina Czajka
Company number	002254V
Registered office	First Floor Jubilee Building Victoria Street Douglas Isle of Man IM1 2SH
Auditor	BHP LLP New Chartford House Centurion Way Cleckheaton Bradford West Yorkshire BD19 3QB

REDHALL LIMITED

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REDHALL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present the strategic report for the year ended 31 December 2018.

Fair review of the business

The challenges facing operators in the long-term care sector remain. There is considerable pressure on fees particularly from social services, given the current austerity measures.

The group's largest costs, its workforce, has seen increases not only from wage inflation, but also from increases in the national living wage. Recruitment and retention remains a major issue for the group.

Given the general economic climate and the issues surrounding this sector in particular, the directors are satisfied with the overall result for the year.

Principal risks and uncertainties

The directors are constantly reviewing market conditions and competitor activity in order to maintain continued services with existing customers and new customers.

Key performance indicators

The group's key financial and other performance indicators during the year were as follows:

	Unit	2018	2017
Turnover	£	8,546,515	8,484,721
Gross profit margin	%	26	26
Profit before tax	£	273,863	454,779

At the end of the year, the net assets of the company totalled £5,973 (2017 - £5,973) and of the group £14,491,275 (2017 - £14,328,831).

On behalf of the board

Mr Konrad Czajka

Director

27 August 2019

REDHALL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their annual report and financial statements for the year ended 31 December 2018.

Information relating to fair review of the business, principal risks and uncertainties and future developments is included in the strategic report.

Principal activities

The principal activity of the company is that of a holding company.

The principal activity of the group is the provision of long term care to the elderly and young disabled, comprising the provision of nursing home facility, retirement communities, related property development and private leisure club operators.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Konrad Czajka
Mrs Janina Czajka

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a further dividend.

Financial instruments

Price risk, credit risk, liquidity risk and cash flow risk

The business' principal financial instruments comprise bank balances, bank overdrafts, trade debtors, trade creditors and loans to the business. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. All of the business' cash balances are held in such a way that achieves a competitive rate of interest. The business makes use of money market facilities where funds are available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Loans comprise loans from the directors and from financial institutions. The interest rate and monthly repayments on the loans from financial institutions are fixed. The business manages the liquidity risk by ensuring that there are sufficient funds to meet the payments.

Disabled persons

The group's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

Disabled employees receive appropriate training to promote their career development within the group. Employees who become disabled are retained in their existing posts where possible or retrained for suitable alternative posts.

REDHALL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Employee involvement

Regular meetings are held between senior management and employee representatives to discuss matters of concern. Employees are kept well-informed about the progress and position of the group.

Auditor

In accordance with the Isle of Man Companies Act 2006 there is no statutory requirement for the financial statements to be audited. The company may by resolution of the Shareholders call for the financial statements to be examined by an auditor. For the time being, the members of the company have requested an audit of the financial statements.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

Mr Konrad Czajka

Director

27 August 2019

REDHALL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Isle of Man Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

REDHALL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REDHALL LIMITED

Opinion

We have audited the financial statements of Redhall Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company statement of cash flows 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 the parent company's affairs as at 31 December 2018 and of the group's 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 *Auditor's 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 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 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 auditor's 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.

REDHALL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF REDHALL LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 group and the parent company and its 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

REDHALL LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF REDHALL LIMITED

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.

**Nigel Bullas (Senior Statutory Auditor)
for and on behalf of BHP LLP**

27 August 2019

**Chartered Accountants
Statutory Auditor**

New Chartford House
Centurion Way
Cleckheaton
Bradford
West Yorkshire
BD19 3QB

REDHALL LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	8,546,515	8,484,721
Cost of sales		(6,361,765)	(6,275,319)
Gross profit		2,184,750	2,209,402
Administrative expenses		(1,882,402)	(1,772,860)
Other operating income		3,654	8,651
Operating profit	4	306,002	445,193
Interest receivable and similar income	7	56,818	34,799
Interest payable and similar expenses	8	(88,957)	(25,213)
Profit before taxation		273,863	454,779
Tax on profit	9	(125,095)	(100,141)
Profit for the financial year		148,768	354,638

Profit for the financial year is all attributable to the owners of the parent company.

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

REDHALL LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Profit for the year	148,768	354,638
Other comprehensive income		
Tax relating to other comprehensive income	13,676	27,600
Total comprehensive income for the year	<u>162,444</u>	<u>382,238</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

REDHALL LIMITED

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Goodwill	10		-		37,594
Tangible assets	11		11,900,058		11,952,375
Investment properties	12		1,305,933		1,305,933
Investments	13		90,000		90,000
			<u>13,295,991</u>		<u>13,385,902</u>
Current assets					
Stocks	16	1,226,220		1,299,863	
Debtors	17	3,479,065		2,364,738	
Cash at bank and in hand		180,013		360,684	
		<u>4,885,298</u>		<u>4,025,285</u>	
Creditors: amounts falling due within one year	18	<u>(2,845,850)</u>		<u>(2,092,988)</u>	
Net current assets			<u>2,039,448</u>		<u>1,932,297</u>
Total assets less current liabilities			<u>15,335,439</u>		<u>15,318,199</u>
Creditors: amounts falling due after more than one year	19		(718,680)		(850,518)
Provisions for liabilities	21		<u>(125,484)</u>		<u>(138,850)</u>
Net assets			<u><u>14,491,275</u></u>		<u><u>14,328,831</u></u>
Capital and reserves					
Called up share capital	23		5,973		5,973
Revaluation reserve			1,743,131		1,729,455
Profit and loss reserves			<u>12,742,171</u>		<u>12,593,403</u>
Total equity			<u><u>14,491,275</u></u>		<u><u>14,328,831</u></u>

The financial statements were approved by the board of directors and authorised for issue on 27 August 2019 and are signed on its behalf by:

Mr Konrad Czajka
Director

REDHALL LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Investments	13		5,973		5,973
			=====		=====
Capital and reserves					
Called up share capital	23		5,973		5,973
			=====		=====

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2017 - £0 profit).

The financial statements were approved by the board of directors and authorised for issue on 27 August 2019 and are signed on its behalf by:

Mr Konrad Czajka
Director

Company Registration No. 002254V

REDHALL LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 January 2017	5,973	1,701,855	12,238,765	13,946,593
Year ended 31 December 2017:				
Profit for the year	-	-	354,638	354,638
Other comprehensive income:				
Tax relating to other comprehensive income	-	27,600	-	27,600
Total comprehensive income for the year	-	27,600	354,638	382,238
Balance at 31 December 2017	5,973	1,729,455	12,593,403	14,328,831
Year ended 31 December 2018:				
Profit for the year	-	-	148,768	148,768
Other comprehensive income:				
Tax relating to other comprehensive income	-	13,676	-	13,676
Total comprehensive income for the year	-	13,676	148,768	162,444
Balance at 31 December 2018	5,973	1,743,131	12,742,171	14,491,275

REDHALL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £
Balance at 1 January 2017	5,973
Year ended 31 December 2017:	
Profit and total comprehensive income for the year	-
Balance at 31 December 2017	5,973
Year ended 31 December 2018:	
Profit and total comprehensive income for the year	-
Balance at 31 December 2018	5,973

REDHALL LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash absorbed by operations	28	(209,603)		(53,047)	
Interest paid		(88,957)		(25,213)	
Income taxes paid		(70,135)		(139,884)	
Net cash outflow from operating activities		<u>(368,695)</u>		<u>(218,144)</u>	
Investing activities					
Purchase of tangible fixed assets		(31,452)		(105,477)	
Purchase of investment property		-		(107,837)	
Proceeds on disposal of investment property		-		190,000	
Interest received		56,818		34,799	
Net cash generated from investing activities			25,366		11,485
Financing activities					
Proceeds of new bank loans		-		1,003,976	
Repayment of bank loans		(131,838)		(904,052)	
Net cash (used in)/generated from financing activities			(131,838)		99,924
Net decrease in cash and cash equivalents			(475,167)		(106,735)
Cash and cash equivalents at beginning of year			177,580		284,315
Cash and cash equivalents at end of year			<u>(297,587)</u>		<u>177,580</u>
Relating to:					
Cash at bank and in hand			180,013		360,684
Bank overdrafts included in creditors payable within one year			(477,600)		(183,104)

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

Redhall Limited ("the company") is a private limited company domiciled and incorporated in Isle of Man. The registered office is First Floor, Jubilee Building, Victoria Street, Douglas, Isle of Man, IM1 2SH.

The group consists of Redhall Limited and all of its subsidiaries.

1.1 Accounting convention

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.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

A entity has taken advantage of the following disclosure exemptions:

- The requirement of Section 33 Related Party Disclosures paragraph 33.7

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £0 (2017 - £0 profit).

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Redhall Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

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.

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates. In the group financial statements, associates are accounted for using the equity method.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Under the Isle of Man Companies Act 2006, the company is exempt from the requirement to present its own profit and loss account. Its profit for the financial year was £0 (2017 - £0).

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents amounts chargeable in respect of the sale of services to customers and residents, rental income and the sale of shares in properties.

1.5 Intangible fixed assets - goodwill

Goodwill is the difference between the fair value of consideration paid for an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	nil or straight line over 50 years
Leasehold properties	10% straight line
Plant and equipment	25% reducing balance
Fixtures, fittings and equipment	25% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.8 Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value.

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.9 Impairment of fixed assets

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

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

1.10 Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.12 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 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, 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.

Classification of financial liabilities

Financial liabilities and equity instruments are classified 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.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual installments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

The group's turnover is derived from its principal activity, undertaken in the UK.

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(264)	(351)
Depreciation of owned tangible fixed assets	83,769	92,214
Profit on disposal of investment property	-	(91,000)
Amortisation of intangible assets	37,594	37,511
Cost of stocks recognised as an expense	446,800	495,442
Operating lease charges	193,738	193,150
	<u> </u>	<u> </u>

5 Auditor's remuneration

	2018 £	2017 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	3,510	4,242
Audit of the company's subsidiaries	25,311	22,941
	<u>28,821</u>	<u>27,183</u>
For other services		
Taxation compliance services	2,784	2,688
	<u>2,784</u>	<u>2,688</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Administration and support	9	9	-	-
Directors	2	2	-	-
Care home employees	327	323	-	-
	<u>338</u>	<u>334</u>	<u>-</u>	<u>-</u>

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

6 Employees

(Continued)

Their aggregate remuneration comprised:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Wages and salaries	4,907,358	4,894,480	-	-
Social security costs	257,542	292,435	-	-
Pension costs	40,883	21,886	-	-
	<u>5,205,783</u>	<u>5,208,801</u>	<u>-</u>	<u>-</u>

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Other interest income	56,818	34,799
	<u>56,818</u>	<u>34,799</u>

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	26,461	23,969
Other finance costs:		
Other interest	62,496	1,244
Total finance costs	<u>88,957</u>	<u>25,213</u>

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	107,350	102,300
Adjustments in respect of prior periods	17,435	(1,159)
Total current tax	<u>124,785</u>	<u>101,141</u>
Deferred tax		
Origination and reversal of timing differences	310	(1,000)
Total tax charge	<u>125,095</u>	<u>100,141</u>

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

9 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
Profit before taxation	273,863	454,779
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.00%)	52,034	86,408
Tax effect of expenses that are not deductible in determining taxable profit	41,485	8,020
Tax effect of income not taxable in determining taxable profit	(50)	-
Change in unrecognised deferred tax assets	-	(1,287)
Effect of change in corporation tax rate	2,075	1,389
Under/(over) provided in prior years	17,435	(1,159)
Deferred tax adjustments in respect of prior years	310	-
Other difference	11,806	6,770
Taxation charge	125,095	100,141

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2018 £	2017 £
Deferred tax arising on:		
Revaluation of property	(13,676)	(27,600)

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

10 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2018 and 31 December 2018	628,500
Amortisation and impairment	
At 1 January 2018	590,906
Amortisation charged for the year	37,594
At 31 December 2018	628,500
Carrying amount	
At 31 December 2018	-
At 31 December 2017	37,594

The company had no intangible fixed assets at 31 December 2018 or 31 December 2017.

11 Tangible fixed assets

Group	Land and buildings £	Plant and equipment £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2018	12,052,913	1,483,772	392,170	3,097	13,931,952
Additions	17,988	2,689	10,775	-	31,452
At 31 December 2018	12,070,901	1,486,461	402,945	3,097	13,963,404
Depreciation and impairment					
At 1 January 2018	307,214	1,380,213	290,381	1,769	1,979,577
Depreciation charged in the year	30,590	26,042	26,805	332	83,769
At 31 December 2018	337,804	1,406,255	317,186	2,101	2,063,346
Carrying amount					
At 31 December 2018	11,733,097	80,206	85,759	996	11,900,058
At 31 December 2017	11,745,699	103,559	101,789	1,328	11,952,375

The company had no tangible fixed assets at 31 December 2018 or 31 December 2017.

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

11 Tangible fixed assets

(Continued)

The carrying value of land and buildings comprises:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Freehold	11,683,787	11,671,762	-	-
Leasehold	49,310	73,937	-	-
	<u>11,733,097</u>	<u>11,745,699</u>	<u>-</u>	<u>-</u>

One of the freehold properties included in the accounts was valued at £4,300,000 as at 18 September 2015 by qualified professionals working for the company Christie & Co, acting in the capacity of external valuers. The property was valued on a market value based upon its existing use and present condition as a fully equipped operational entity. The valuation was carried out in accordance with the RICS Valuation standards.

The directors consider this valuation to remain current.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Cost	2,450,795	2,450,795	-	-
Accumulated depreciation	-	-	-	-
Carrying value	<u>2,450,795</u>	<u>2,450,795</u>	<u>-</u>	<u>-</u>

12 Investment property

	Group 2018 £	Company 2018 £
Fair value		
At 1 January 2018 and 31 December 2018	<u>1,305,933</u>	<u>-</u>

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

13 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	14	-	-	5,973	5,973
Unlisted investments		90,000	90,000	-	-
		<u>90,000</u>	<u>90,000</u>	<u>5,973</u>	<u>5,973</u>

Movements in fixed asset investments Group

	Investments other than loans £
Cost or valuation	
At 1 January 2018 and 31 December 2018	<u>626,200</u>
Impairment	
At 1 January 2018 and 31 December 2018	<u>536,200</u>
Carrying amount	
At 31 December 2018	<u>90,000</u>
At 31 December 2017	<u>90,000</u>

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 January 2018 and 31 December 2018	<u>5,973</u>
Carrying amount	
At 31 December 2018	<u>5,973</u>
At 31 December 2017	<u>5,973</u>

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

14 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking	% Held		Class of shareholding
	Direct	Indirect	
Brookfield Care Limited		100.00	Ordinary shares
Czajka Care Limited		100.00	Ordinary shares
Czajka Group Holdings Limited	100.00		Ordinary shares
Czajka Properties Limited		100.00	Ordinary shares
Fairmount Limited		100.00	Ordinary shares

15 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	3,429,171	2,301,413	-	-
Equity instruments measured at cost less impairment	90,000	90,000	5,973	5,973
Carrying amount of financial liabilities				
Measured at amortised cost	2,884,945	2,328,483	-	-

16 Stocks

	Group 2018 £	2017 £	Company 2018 £	2017 £
Stocks	1,226,220	1,299,863	-	-

17 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	397,363	436,397	-	-
Other debtors	2,983,808	1,865,016	-	-
Prepayments and accrued income	97,894	63,325	-	-
	3,479,065	2,364,738	-	-

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

18 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	20	631,058	336,562	-	-
Payments received on account		338,412	285,252	-	-
Trade creditors		317,582	433,643	-	-
Amounts due to related undertakings		-	179	-	-
Corporation tax payable		157,307	102,657	-	-
Other taxation and social security		517,989	507,813	-	-
Other creditors		794,799	261,122	-	-
Accruals and deferred income		88,703	165,760	-	-
		<u>2,845,850</u>	<u>2,092,988</u>	<u>-</u>	<u>-</u>

19 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	20	718,680	850,518	-	-
		<u>718,680</u>	<u>850,518</u>	<u>-</u>	<u>-</u>

Creditors due after one year are to be paid as they fall due.

Amounts included above which fall due after five years are as follows:

Payable by instalments	88,235	236,688	-	-
	<u>88,235</u>	<u>236,688</u>	<u>-</u>	<u>-</u>

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

20 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	872,138	1,003,976	-	-
Bank overdrafts	477,600	183,104	-	-
	<u>1,349,738</u>	<u>1,187,080</u>	<u>-</u>	<u>-</u>
Payable within one year	631,058	336,562	-	-
Payable after one year	<u>718,680</u>	<u>850,518</u>	<u>-</u>	<u>-</u>
Amounts included above which fall due after five years:				
Payable by instalments	<u>88,235</u>	<u>236,688</u>	<u>-</u>	<u>-</u>

Bank loan and overdrafts are secured by a charge held over the freehold land and buildings, together with across guarantee and debenture with Brookfield Care Limited, Czajka Care Limited, Fairmount Limited and Czajka Group Holdings Limited, dated 6 February 2009.

Interest on Bank loans is charged at LIBOR plus 1.75%, expiring in March 2024.
Interest on Bank overdrafts is charged at standard bank terms.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities 2018 £	Liabilities 2017 £
Accelerated capital allowances	19,410	19,100
Revaluations	106,074	119,750
	<u>125,484</u>	<u>138,850</u>

The company has no deferred tax assets or liabilities.

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

21 Deferred taxation (Continued)

	Group 2018 £	Company 2018 £
Movements in the year:		
Liability at 1 January 2018	138,850	-
Charge to profit or loss	310	-
Credit to other comprehensive income	(13,676)	-
Liability at 31 December 2018	125,484	-

The amount of the net reversal of deferred tax expected to occur next year is £11,000, relating to the reversal of existing timing differences on tangible fixed assets.

22 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	40,883	21,886

Contributions totalling £22,283 (2017 - £8,877) were payable to the scheme at the end of the year and are included in creditors.

23 Share capital

	Group and company 2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
5,973 Ordinary shares of £1 each	5,973	5,973

24 Operating lease commitments

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2018 £	2017 £	Company 2018 £	2017 £
Within one year	36,804	155,488	-	-
Between two and five years	-	36,804	-	-
	36,804	192,292	-	-

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

25 Related party transactions

The company has taken advantage of the requirement of Section 33 Related Party Disclosures paragraph 33.7 from disclosing transactions with wholly owned members of the group.

Subsidiary undertakings

The following subsidiary companies have been included within the consolidated statements. All companies are incorporated in England and Wales:

Czajka Group Holdings Limited
Czajka Properties Limited
Czajka Care Limited
Fairmount Limited
Brookfield Care Limited

26 Directors' transactions

Advances or credits have been granted by the group to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Interest charged £	Amounts repaid £	Closing balance £
Mr Konrad Czajka - Loan	3.00	1,511,933	581,061	54,423	(57,500)	2,089,917
		<u>1,511,933</u>	<u>581,061</u>	<u>54,423</u>	<u>(57,500)</u>	<u>2,089,917</u>

27 Controlling party

The company is controlled by Mr Konrad Czajka , a director and majority shareholder of the company.

REDHALL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

28 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	148,768	354,638
Adjustments for:		
Taxation charged	125,095	100,141
Finance costs	88,957	25,213
Investment income	(56,818)	(34,799)
Gain on disposal of investment property	-	(91,000)
Amortisation and impairment of intangible assets	37,594	37,511
Depreciation and impairment of tangible fixed assets	83,769	92,214
Movements in working capital:		
Decrease in stocks	73,643	58,945
(Increase) in debtors	(1,114,327)	(665,483)
Increase in creditors	403,980	69,924
(Decrease) in deferred income	(264)	(351)
Cash absorbed by operations	(209,603)	(53,047)