

Company registration number 08555035 (England and Wales)

**HIGHPOINT CARE LIMITED**  
**ANNUAL REPORT**  
**AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

# HIGHPOINT CARE LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Dr H K Patel Dr K M Patel
<b>Company number</b>	08555035
<b>Registered office</b>	Colliers Croft Clipsley Lane Haydock St Helens
<b>Auditor</b>	Barlow Andrews LLP Carlyle House 78 Chorley New Road Bolton

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# HIGHPOINT CARE LIMITED

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# HIGHPOINT CARE LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2022

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The directors present the strategic report for the year ended 30 September 2022.

#### **Fair review of the business**

The turnover of the business has continued to increase. The company's profit increased from the previous period.

The company, in line with other care homes around the country, continued to receive grants from the council during the year to provide support.

Despite the easing of Covid restrictions nationwide, the company has still had to focus on limiting the spread of Covid-19 and other infections within the care home. Due to this controlled environment and the lesser impact of Covid-19 in the current year, trading results have improved as occupancy has increased and there has been less staff sickness. It is envisaged that over the next financial year trading results will improve still further.

#### **Principal risks and uncertainties**

The directors see the key business risk being the level of funding provided by the councils compared to the increase in costs required to ensure the requisite level of care continues to be provided. The company is looking to move toward private resident funding rather than local authority funding.

The directors believe that as local authorities will increasingly be limited to small annual increases in the weekly rates they are able to pay care providers, that such a strategy will substantially lessen the price risk.

Staffing requirements have seen an increased risk in recent years, partly as a result of fewer staff available in the sector due to the pandemic and then due to the mandatory requirement for all staff working in care homes to be vaccinated. The company had minimal staff numbers affected by this mandate however, these factors have resulted in some pressure on employment costs. The company has been, and is keeping a close watch on these matters and management are looking to mitigate any increased costs by increased private patients.

Due to group funding by way of a CBILS loan which has been used to provide assistance to the company and the monies previously introduced into the business by the directors, it is considered that the credit risk is lower than might otherwise be the case. However, there is still a risk due to potential increases in bank base rates. The directors have sought to manage this risk by formalising the bank loans across the group and have fixed rate loans for a period of time, which will assist in managing the cash flow risk.

#### **Development and performance**

The company's key financial performance indicators are those that communicate the financial performance of the company, these being turnover and gross profit margin.

Turnover in 2022 was £2,248,223 (2021: £2,056,135).

Gross profit margin in 2022 was 44.95% (2021: 43.62%).

We are satisfied with the trading results but are mindful of keeping our focus for the coming years activities.

On behalf of the board

Dr K M Patel  
**Director**

21 June 2023

# HIGHPOINT CARE LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2022

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The directors present their annual report and financial statements for the year ended 30 September 2022.

#### Principal activities

The principal activity of the company continued to be that of a care home.

#### 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 final dividend.

#### Directors

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

Dr H K Patel

Dr K M Patel

#### Financial instruments

The company income derives partly from the private funds of the residents and partly from councils providing funding for care. The company is aware that with budget cuts, the amounts received from councils is unlikely to keep up with inflation and continue to actively look to attract residents with private funding. Billing is completed on a regular cycle, both to the residents and to the councils, and amounts outstanding are pursued.

Regular management figures are prepared to assess the profitability of the business and review cash flow.

The price risk stems from the weekly funding levels set by councils for residents who are not totally self-funding. The company is attempting to manage this risk by actively seeking more self-funding residents due to the high level of care they seek to provide.

The credit risk is the risk of a council or resident being unable or refusing to settle a debt with the company. Regular checks on amounts owed are carried out and pursued as appropriate to minimise this risk.

Liquidity and cash flow risks are managed by regular review of the financial information and future income streams to ensure that the business is profitable and debts are being paid on time. Insurance costs are regularly reviewed to ensure that all assets are properly insured in the event of a catastrophe. Ongoing staff training and overview are undertaken to further enhance the business' reputation thus ensuring future income streams.

#### Future developments

There are no plans to further develop the care home. As the care home is at full capacity, the directors are looking to continue to increase the private paying residents to help profitability.

#### Auditor

The auditor, Barlow Andrews LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### 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.

## **HIGHPOINT CARE LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 SEPTEMBER 2022***

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On behalf of the board

Dr K M Patel  
**Director**

21 June 2023

## **HIGHPOINT CARE LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 SEPTEMBER 2022***

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's 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. 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.

# HIGHPOINT CARE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF HIGHPOINT CARE LIMITED

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#### Opinion

We have audited the financial statements of Highpoint Care Limited (the 'company') for the year ended 30 September 2022 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 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 2022 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

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

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

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

#### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### 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.



## **HIGHPOINT CARE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HIGHPOINT CARE LIMITED**

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#### **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 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 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.

#### **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.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the care home sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

## **HIGHPOINT CARE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HIGHPOINT CARE LIMITED**

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To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing documentation with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### **Use of our report**

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

**Alison Cornes**  
**Senior Statutory Auditor**  
**For and on behalf of Barlow Andrews LLP**

21 June 2023

**Chartered Accountants**  
**Statutory Auditor**

Carlyle House  
78 Chorley New Road  
Bolton

## HIGHPOINT CARE LIMITED

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £	2021 £
Turnover	3	2,248,223	2,056,135
Cost of sales		(1,237,646)	(1,159,313)
<b>Gross profit</b>		<b>1,010,577</b>	<b>896,822</b>
Administrative expenses		(762,375)	(886,975)
Other operating income		70,079	153,393
<b>Operating profit</b>	4	<b>318,281</b>	<b>163,240</b>
Interest receivable and similar income		-	3
Interest payable and similar expenses	6	(174,389)	(138,320)
<b>Profit before taxation</b>		<b>143,892</b>	<b>24,923</b>
Tax on profit	7	54,555	(34,156)
<b>Profit/(loss) for the financial year</b>		<b>198,447</b>	<b>(9,233)</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

## HIGHPOINT CARE LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022 £	2021 £
Profit/(loss) for the year	198,447	(9,233)
Other comprehensive income		
Revaluation of tangible fixed assets	-	2,791,257
Tax relating to other comprehensive income	-	(238,581)
Other comprehensive income for the year	-	2,552,676
Total comprehensive income for the year	198,447	2,543,443

# HIGHPOINT CARE LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2022

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Tangible assets	8		6,461,498		6,443,213
<b>Current assets</b>					
Debtors	9	1,321,509		1,398,162	
Cash at bank and in hand		1,030		13,868	
		<u>1,322,539</u>		<u>1,412,030</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,090,518)</u>		<u>(1,184,956)</u>	
<b>Net current assets</b>			232,021		227,074
<b>Total assets less current liabilities</b>			6,693,519		6,670,287
<b>Creditors: amounts falling due after more than one year</b>	11		(3,549,808)		(3,725,023)
<b>Provisions for liabilities</b>					
Deferred tax liability	14	<u>(238,581)</u>		<u>(238,581)</u>	
			<u>(238,581)</u>		<u>(238,581)</u>
<b>Net assets</b>			<u>2,905,130</u>		<u>2,706,683</u>
<b>Capital and reserves</b>					
Called up share capital	16		100		100
Revaluation reserve			2,552,676		2,552,676
Profit and loss reserves			<u>352,354</u>		<u>153,907</u>
<b>Total equity</b>			<u>2,905,130</u>		<u>2,706,683</u>

The financial statements were approved by the board of directors and authorised for issue on 21 June 2023 and are signed on its behalf by:

Dr K M Patel  
Director

Company Registration No. 08555035

# HIGHPOINT CARE LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
<b>Balance at 1 October 2020</b>	100	-	163,140	163,240
<b>Year ended 30 September 2021:</b>				
Loss for the year	-	-	(9,233)	(9,233)
Other comprehensive income:				
Revaluation of tangible fixed assets	-	2,791,257	-	2,791,257
Tax relating to other comprehensive income	-	(238,581)	-	(238,581)
Total comprehensive income for the year	-	2,552,676	(9,233)	2,543,443
<b>Balance at 30 September 2021</b>	100	2,552,676	153,907	2,706,683
<b>Year ended 30 September 2022:</b>				
Profit and total comprehensive income for the year	-	-	198,447	198,447
<b>Balance at 30 September 2022</b>	100	2,552,676	352,354	2,905,130

# HIGHPOINT CARE LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

		2022	2021
	Notes	£	£
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	616,275	287,359
Interest paid		(158,633)	(117,844)
Income taxes paid		(36,242)	(1)
<b>Net cash inflow from operating activities</b>		<u>421,400</u>	<u>169,514</u>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(48,199)	(80,453)
Proceeds from disposal of tangible fixed assets		-	19,497
Interest received		-	3
<b>Net cash used in investing activities</b>		<u>(48,199)</u>	<u>(60,953)</u>
<b>Financing activities</b>			
Repayment of borrowings		(160,000)	(19,515)
Repayment of bank loans		(237,265)	(342,852)
Payment of finance leases obligations		(22,584)	(47,914)
<b>Net cash used in financing activities</b>		<u>(419,849)</u>	<u>(410,281)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(46,648)</u>	<u>(301,720)</u>
Cash and cash equivalents at beginning of year		<u>(72,128)</u>	<u>229,592</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>(118,776)</u></u>	<u><u>(72,128)</u></u>
<b>Relating to:</b>			
Cash at bank and in hand		1,030	13,868
Bank overdrafts included in creditors payable within one year		<u>(119,806)</u>	<u>(85,996)</u>

# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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### **1 Accounting policies**

#### **Company information**

Highpoint Care Limited is a private company limited by shares incorporated in England and Wales. The registered office is Colliers Croft, Clipsley Lane, Haydock, St Helens.

#### **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 at fair value. The principal accounting policies adopted are set out below.

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

- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Highpoint Care Holdings LLP. These consolidated financial statements are available from its registered office, Colliers Croft, Clipsley Lane, Haydock, St Helens.

#### **1.2 Going concern**

As with a number of care homes, the Covid-19 outbreak put significant pressure on the company. Additional safety measures had to be put in place to protect staff and residents and funding from the government came through at a later time, this created pressure on the company's cash flow.

The directors and management team have prepared cash flow forecasts to September 2024 which shows that the company has the necessary liquidity to continue trading for the foreseeable future.

The directors have received indicative terms for the reorganisation of the current financing position of the group, which will support the company in its quest to return to a more positive cash position.

Income and expenditure is being monitored on a monthly basis and both the directors and management team are aware of the need to maintain a vigilant stance in regard to the cash flow of the company.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on the going concern basis.



# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business.

Revenue from contracts for the provision of professional services is recognised by reference to the delivery of care to the home residents. Income which is invoiced in advance or arrears is apportioned so that only that relating to the period of the financial statements is included in turnover.

#### 1.4 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:

Plant and equipment	10% straight line
Fixtures and fittings	15%-33% 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 credited or charged to profit or loss.

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

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity.

#### 1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### 1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.7 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. Financial assets classified as receivable within one year are not amortised.

# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

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### 1 Accounting policies

(Continued)

#### ***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.

#### ***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.

#### ***Basic financial liabilities***

Basic financial liabilities, including creditors and bank loans 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.

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.

#### ***Derecognition of financial liabilities***

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

# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

### 1 Accounting policies

(Continued)

#### 1.8 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 company'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 when the company has 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.

#### 1.9 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

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

#### 1.10 Retirement benefits

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

#### 1.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### 1.12 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

### 2 Judgements and key sources of estimation uncertainty

In the application of the company'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

	2022	2021
	£	£
<b>Turnover analysed by class of business</b>		
Fee income - local authority and private residents	2,248,223	2,056,135
	<u>          </u>	<u>          </u>
	2022	2021
	£	£
<b>Other revenue</b>		
Grants received	70,079	153,393
	<u>          </u>	<u>          </u>

### 4 Operating profit

	2022	2021
	£	£
Operating profit for the year is stated after charging/(crediting):		
Government grants	(70,079)	(153,393)
Fees payable to the company's auditor for the audit of the company's financial statements	9,563	8,478
Depreciation of owned tangible fixed assets	22,446	177,039
Depreciation of tangible fixed assets held under finance leases	18,061	10,500
Profit on disposal of tangible fixed assets	-	(5,692)
	<u>          </u>	<u>          </u>

### 5 Employees

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

	2022	2021
	Number	Number
Nursing staff	50	53
Administration and support	17	15
Key management	4	4
	<u>          </u>	<u>          </u>
Total	71	72
	<u>          </u>	<u>          </u>

# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

<b>5</b>	<b>Employees</b>	<b>(Continued)</b>	
	Their aggregate remuneration comprised:		
		<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	1,390,486	1,316,578
	Social security costs	106,456	80,450
	Pension costs	27,172	25,140
		<u>1,524,114</u>	<u>1,422,168</u>
<b>6</b>	<b>Interest payable and similar expenses</b>		
		<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	<b>Interest on financial liabilities measured at amortised cost:</b>		
	Interest on bank overdrafts and loans	157,252	133,580
	<b>Other finance costs:</b>		
	Interest on finance leases and hire purchase contracts	830	2,298
	Other interest	16,307	2,442
		<u>174,389</u>	<u>138,320</u>
<b>7</b>	<b>Taxation</b>		
		<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
	<b>Current tax</b>		
	UK corporation tax on profits for the current period	-	7,277
	Adjustments in respect of prior periods	(7,277)	-
	Total current tax	<u>(7,277)</u>	<u>7,277</u>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	(47,278)	26,879
	Total tax (credit)/charge	<u>(54,555)</u>	<u>34,156</u>

# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

### 7 Taxation

(Continued)

The actual (credit)/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:

	2022 £	2021 £
Profit before taxation	143,892	24,923
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	27,339	4,735
Tax effect of expenses that are not deductible in determining taxable profit	2,898	461
Group relief	(25,114)	-
Permanent capital allowances in excess of depreciation	(5,123)	-
Under/(over) provided in prior years	(7,277)	-
Deferred tax credit relating to changes in tax rates or laws	-	(1,023)
Deferred tax expense from unrecognised tax losses or credit	-	30,000
Deferred tax credit from unrecognised temporary difference from a prior period	-	(17)
Other timing differences	(47,278)	-
Taxation (credit)/charge for the year	(54,555)	34,156

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

	2022 £	2021 £
Deferred tax arising on:		
Revaluation of property	-	238,581

# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

### 8 Tangible fixed assets

	Freehold land and buildings	Leasehold land and buildings	Plant and equipment	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 October 2021	6,260,998	-	42,929	61,148	126,576	6,491,651
Additions	-	42,392	3,023	2,784	10,593	58,792
At 30 September 2022	6,260,998	42,392	45,952	63,932	137,169	6,550,443
<b>Depreciation and impairment</b>						
At 1 October 2021	-	-	9,139	16,481	22,818	48,438
Depreciation charged in the year	-	-	4,780	6,377	29,350	40,507
At 30 September 2022	-	-	13,919	22,858	52,168	88,945
<b>Carrying amount</b>						
At 30 September 2022	6,260,998	42,392	32,033	41,074	85,001	6,461,498
At 30 September 2021	6,260,998	-	33,790	44,667	103,758	6,443,213

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2022 £	2021 £
Motor vehicles	52,705	72,243

Land and buildings with a carrying amount of £6,200,000 were revalued at 27 November 2020 by Knight Frank, an independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards.

# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

### 8 Tangible fixed assets

(Continued)

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

Freehold land and buildings	2022 £	2021 £
Cost	4,899,831	4,857,439

### 9 Debtors

Amounts falling due within one year:	2022 £	2021 £
Trade debtors	345,836	330,648
Amounts owed by group undertakings	824,815	987,271
Other debtors	975	886
Prepayments and accrued income	36,883	13,635
	1,208,509	1,332,440

Amounts falling due after more than one year:	2022 £	2021 £
Deferred tax asset (note 14)	113,000	65,722
	1,321,509	1,398,162

### 10 Creditors: amounts falling due within one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	12	294,180	414,554
Obligations under finance leases	13	18,483	22,584
Other borrowings	12	120,000	180,000
Trade creditors		384,323	340,044
Corporation tax		-	43,519
Other taxation and social security		84,886	41,910
Other creditors		85,511	41,907
Accruals and deferred income		103,135	100,438
		1,090,518	1,184,956



# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

### 11 Creditors: amounts falling due after more than one year

	Notes	2022 £	2021 £
Bank loans and overdrafts	12	2,800,111	2,883,192
Obligations under finance leases	13	23,962	42,445
Other borrowings	12	725,735	799,386
		<u>3,549,808</u>	<u>3,725,023</u>

### 12 Loans and overdrafts

	2022 £	2021 £
Bank loans	2,974,485	3,211,750
Bank overdrafts	119,806	85,996
Other loans	845,735	979,386
	<u>3,940,026</u>	<u>4,277,132</u>
Payable within one year	414,180	594,554
Payable after one year	<u>3,525,846</u>	<u>3,682,578</u>

The security is a fixed charge over the property owned by the company and a fixed and floating charge over the remaining assets of the company. The carrying value of property is £6,260,998 (2021: £6,260,998).

Bank overdraft is denominated in Sterling and the carrying amount as at the year end is £119,806 (2021: £85,996).

The bank is supported by guarantees and debentures held on assets across the group. The bank overdraft is also supported by a personal guarantee from one of the Directors up to a maximum, across the group, of £150,000.

The company's borrowings have terms that end July 2023, April 2025 and July 2025. The company is paying interest rates of 3.5% above base rate and up to 8.0% on the respective borrowings.

Following the year end, the company has renegotiated the bank facilities and as such the amounts due within one year represent the capital amounts repayable under the new proposed arrangements.

### 13 Finance lease obligations

	2022 £	2021 £
Future minimum lease payments due under finance leases:		
Within one year	18,483	22,584
In two to five years	23,962	42,445
	<u>42,445</u>	<u>65,029</u>

Finance lease payments represent rentals payable by the company for certain items of motor vehicles. There are no restrictions placed on the use of the assets. The average lease term is 4 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

### 14 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
<b>Balances:</b>				
Accelerated capital allowances	-	-	17,998	-
Revaluations	238,581	238,581	-	-
Other timing differences	-	-	95,002	65,722
	<u>238,581</u>	<u>238,581</u>	<u>113,000</u>	<u>65,722</u>
				<b>2022</b>
<b>Movements in the year:</b>				<b>£</b>
Liability at 1 October 2021				172,859
Credit to profit or loss				(47,278)
				<u>125,581</u>
Liability at 30 September 2022				<u>125,581</u>

### 15 Retirement benefit schemes

	2022 £	2021 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>27,172</u>	<u>25,140</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 16 Share capital

	2022 Number	2021 Number	2022 £	2021 £
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary A shares of £1 each	90	90	90	90
Ordinary B shares of £1 each	10	10	10	10
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

All shares rank pari passu with all other classes of shares with respect to having the right to attend and vote at general meetings and rights to dividends.

# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

### 17 Related party transactions

#### Transactions with related parties

The following amounts, included in other creditors, were outstanding at the reporting end date:

	2022	2021
	£	£
<b>Amounts due to related parties</b>		
Entities with control, joint control or significant influence over the company	74,417	27,482

During the year, entities with control, joint control or significant influence over the company purchased leasehold property on behalf of the company for £42,392 and paid for legal fees totalling to £4,800.

The following amounts, included in other debtors, were outstanding at the reporting end date:

	2022	2021
	£	£
<b>Amounts due from group companies</b>		
Entities with control, joint control or significant influence over the company	835,087	987,271

#### Other information

During the year the company made payments to a connected party of one the directors for £20,093 (2021 - £0).

### 18 Directors' transactions

The loans from the Directors are unsecured. These were subject to a general repayment of £15,000 per month decreasing to £10,000 in June 2022. Interest is accrued at 3% per annum on the amount outstanding. The interest accrued during the year was £15,756 (2021: £20,476). No accrued interest has yet been paid and the total accrual of £380,009 (2021 : £364,253) is included within creditors due after more than one year. The total balance owing to the directors at 30 September 2022 was £465,726 (2021: £615,133).

### 19 Ultimate controlling party

The immediate parent company is Highpoint Care Group Limited.

The company is included in the consolidated accounts of Highpoint Care Holdings LLP. The registered office of this entity is Colliers Croft, Clipsley Lane, Haydock, St. Helens, Merseyside, United Kingdom.

The ultimate controlling parties are Dr K M Patel and Dr H K Patel, members of Highpoint Care Holdings LLP.

# HIGHPOINT CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2022

### 20 Cash generated from operations

	2022 £	2021 £
Profit/(loss) for the year after tax	198,447	(9,233)
<b>Adjustments for:</b>		
Taxation (credited)/charged	(54,555)	34,156
Finance costs	174,389	138,320
Investment income	-	(3)
Gain on disposal of tangible fixed assets	-	(5,692)
Depreciation and impairment of tangible fixed assets	40,507	187,539
<b>Movements in working capital:</b>		
Decrease/(increase) in debtors	123,931	(5,156)
Increase/(decrease) in creditors	133,556	(52,572)
<b>Cash generated from operations</b>	<b>616,275</b>	<b>287,359</b>

### 21 Analysis of changes in net debt

	1 October 2021 £	Cash flows £	30 September 2022 £
Cash at bank and in hand	13,868	(12,838)	1,030
Bank overdrafts	(85,996)	(33,810)	(119,806)
	(72,128)	(46,648)	(118,776)
Borrowings excluding overdrafts	(4,191,136)	370,916	(3,820,220)
Obligations under finance leases	(65,029)	22,584	(42,445)
	(4,328,293)	346,852	(3,981,441)

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