

REGISTERED NUMBER: 06718612 (England and Wales)

**A & L CARE HOMES HOLDINGS LTD**  
**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTOR AND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

Mark Holt & Co Limited  
Chartered Accountants  
Statutory Auditors  
7 Sandy Court  
Ashleigh Way  
Langage Business Park  
Plymouth  
Devon  
PL7 5JX

WEDNESDAY



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23/05/2018  
COMPANIES HOUSE

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FOR THE YEAR ENDED 31 AUGUST 2017

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**A & L CARE HOMES HOLDINGS LTD**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 AUGUST 2017**

**DIRECTOR:** L Webb

**REGISTERED OFFICE:** 7 Sandy Court  
Ashleigh Way  
Langage Business Park  
Plymouth  
Devon  
PL7 5JX

**REGISTERED NUMBER:** 06718612 (England and Wales)

**AUDITORS:** Mark Holt & Co Limited  
Chartered Accountants  
Statutory Auditors  
7 Sandy Court  
Ashleigh Way  
Langage Business Park  
Plymouth  
Devon  
PL7 5JX

**BANKERS:** National Westminster Bank Plc  
14 Old Town Street  
Plymouth  
Devon  
PL1 1DG

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 AUGUST 2017**

The director presents her strategic report of the company and the group for the year ended 31 August 2017.

**REVIEW OF BUSINESS**

The group runs and owns two care homes, Amberley House and Mayflower House. Both properties are owned by A & L Care Homes Holdings Limited with the trade for Amberley House going through A & L Care Homes Limited and the trade for Mayflower House going through Mayflower House Limited.

A & L Care Homes Limited had trading profits in the year totalling £451k (2016: £442k) with a gross profit margin of 64% (2016: 63%) and a net profit margin before tax of 37% (2016: 38%). The home had a near 100% occupancy rate (2016: near 100%) during the year and there is a waiting list in place when rooms become available.

Mayflower House Limited had trading profits in the year totalling £402k (2016: £372k) with a gross profit margin of 58% (2016: 60%) and a net profit margin before tax of 37% (36%). This home also had a near 100% occupancy rate (near 100%) during the year and there is a waiting list in place when rooms become available.

A&L Care Homes Holdings Limited had profits of £175k (2016: £146k) after accounting for bank loan interest on the group's loan of £83k (2016: £91k), and excluding inter-group dividends and the exceptional loan write off for £1.68m.

The accounts show that the group has made a profit before exceptional items of £908k (2016: £856k), but this is after accounting for the amortisation of goodwill of £104k (2016: £104k) which is included in the consolidated accounts. There was a one off write off of a loan with A & L Residential Properties Ltd in the year for £1.68m, this company is a related party.

**POST BALANCE SHEET EVENTS**

A restructure of the business took place post year end as a result of Andy Webb exiting the business. To fund this, two new loans were taken out for £1m and £1.3m. The restructure involved creating a new ultimate parent company, A & L Care Group Limited. Lisa Webb is the sole shareholder of this company and therefore is now the ultimate controlling party of the group. Andy Webb ceased to be a director of A & L Care Homes Holdings Limited, A & L Care Homes Limited and Mayflower House Limited on the 30th April 2018.

**GOING CONCERN**

Although the restructure post year end has changed the ultimate controlling party and added new debt to the business. The director believes that in light of these changes, the group is well placed to push forward with further growth and will continue to be a going concern for the foreseeable future. Underlying trading profit continues to grow and occupancy levels are at or close to 100%.

**STRATEGY**

The board will continue to keep costs under control and develop existing income streams.

New opportunities will continue to be sought where these will make a return for the group.

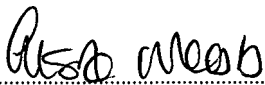
**PRINCIPAL RISKS AND UNCERTAINTIES**

A & L Care Homes Holdings Limited, like all businesses, faces a number of operating risks and uncertainties. The most fundamental issues faced by the Group are:

- meeting bank covenants;
- maximising occupancy levels;
- complying with the stringent regulations of the Care Quality Commission under which Care Homes operate;
- achieving quality standards; and
- attracting and retaining high quality qualified and other staff.

However, the director feels that the management team in place and current performance means they are able to face these risks and mitigate them accordingly.

**ON BEHALF OF THE BOARD:**

  
.....  
L Webb - Director

Date: 16.5.18

**REPORT OF THE DIRECTOR  
FOR THE YEAR ENDED 31 AUGUST 2017**

The director presents her report with the financial statements of the company and the group for the year ended 31 August 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of running two residential care homes.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 August 2017 will be £60,000.

**DIRECTORS**

L Webb has held office during the whole of the period from 1 September 2016 to the date of this report.

Other changes in directors holding office are as follows:

A Webb ceased to be a director after 31 August 2017 but prior to the date of this report.

**FINANCIAL INSTRUMENTS**

The group's principal financial instruments comprise bank balances/overdrafts, trade creditors and bank loans. The main purpose of each of these instruments is to raise funds for ongoing operations.

Due to the nature of the financial instruments used by the group there is not considered to be significant exposure to price risk. The approach to managing other risks applicable to the financial instruments concerned is explained below:

In respect of bank balances/overdrafts the liquidity risk is managed by maintaining a balance between the various elements of working capital. At present interest rate risk is not considered significant in relation to these instruments.

The interest rate on bank loans is variable with monthly cash repayments being fixed. The group manages the liquidity risk by ensuring there are sufficient funds to meet the cash repayments. At present, interest rate risk is not considered significant in relation to these instruments.

Trade creditors' liquidity risk is managed by ensuring there is sufficient funds available from working capital to meet amounts due.

**DISCLOSURE IN THE STRATEGIC REPORT**

Certain disclosures surrounding future developments and risks and uncertainties have been disclosed in the Strategic Report, rather than the Directors Report. The Strategic Report is shown on page 2.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the Group Strategic Report, the Report of the Director 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 she is satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the 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.

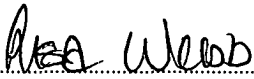
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable her to ensure that the financial statements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

REPORT OF THE DIRECTOR  
FOR THE YEAR ENDED 31 AUGUST 2017

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and she has taken all the steps that she ought to have taken as a director in order to make herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

  
.....  
L Webb - Director

Date: 16.5.18  
.....

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
A & L CARE HOMES HOLDINGS LTD**

**Opinion**

We have audited the financial statements of A & L Care Homes Holdings Ltd (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 August 2017 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company affairs as at 31 August 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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 group'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 in the Group Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Group Strategic Report and the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Report of the Director have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Report of the Director.

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
A & L CARE HOMES HOLDINGS LTD**

**Responsibilities of director**

As explained more fully in the Statement of Director's Responsibilities set out on page three, 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 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 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 director either intends to liquidate the group or the parent company or to cease operations, or has no realistic alternative but to do so.

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

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

*Mark Holt & Co CH*

Simon Law (Senior Statutory Auditor)  
for and on behalf of Mark Holt Mark Holt & Co Limited  
Chartered Accountants  
Statutory Auditors  
7 Sandy Court  
Ashleigh Way  
Langage Business Park  
Plymouth  
Devon  
PL7 5JX

Date: *18/5/18*



**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2017**

	Notes	2017 £	2016 as restated £
<b>TURNOVER</b>		<b>2,322,079</b>	2,205,214
Cost of sales		<u>902,682</u>	<u>843,591</u>
<b>GROSS PROFIT</b>		<b>1,419,397</b>	1,361,623
Administrative expenses		<u>431,781</u>	<u>447,984</u>
		<b>987,616</b>	913,639
Other operating income		<u>120</u>	-
<b>OPERATING PROFIT</b>	5	<b>987,736</b>	913,639
Exceptional item - loan write off	6	<u>1,684,266</u>	-
		<b>(696,530)</b>	913,639
Interest receivable and similar income		<u>19,513</u>	<u>34,332</u>
		<b>(677,017)</b>	947,971
Interest payable and similar expenses	7	<u>83,697</u>	<u>92,115</u>
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(760,714)</b>	855,856
Tax on (loss)/profit	8	<u>185,387</u>	<u>219,759</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>(946,101)</u></b>	<b><u>636,097</u></b>
(Loss)/profit attributable to: Owners of the parent		<b><u>(946,101)</u></b>	<b><u>636,097</u></b>

The notes form part of these financial statements

CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2017

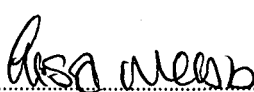
Notes	2017 £	2016 as restated £
(LOSS)/PROFIT FOR THE YEAR	(946,101)	636,097
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(946,101)</u>	<u>636,097</u>
Total comprehensive income attributable to: Owners of the parent	<u>(946,101)</u>	<u>636,097</u>

The notes form part of these financial statements

**CONSOLIDATED BALANCE SHEET**  
31 AUGUST 2017

		2017		2016 as restated	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	12		833,929		938,170
Tangible assets	13		4,453,707		4,453,707
Investments	14		-		-
			<u>5,287,636</u>		<u>5,391,877</u>
<b>CURRENT ASSETS</b>					
Debtors	15	16,496		1,774,913	
Cash at bank and in hand		<u>114,613</u>		<u>27,389</u>	
		131,109		1,802,302	
<b>CREDITORS</b>					
Amounts falling due within one year	16	<u>768,358</u>		<u>1,330,127</u>	
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			<u>(637,249)</u>		<u>472,175</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,650,387		5,864,052
<b>CREDITORS</b>					
Amounts falling due after more than one year	17		(2,940,994)		(3,149,702)
<b>PROVISIONS FOR LIABILITIES</b>	20		<u>(84,569)</u>		<u>(83,425)</u>
<b>NET ASSETS</b>			<u><u>1,624,824</u></u>		<u><u>2,630,925</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		20		20
Retained earnings	22		<u>1,624,804</u>		<u>2,630,905</u>
<b>SHAREHOLDERS' FUNDS</b>			<u><u>1,624,824</u></u>		<u><u>2,630,925</u></u>

The financial statements were approved by the director on 16-5-18 and were signed by:

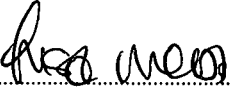
  
L Webb - Director

COMPANY BALANCE SHEET  
31 AUGUST 2017

	Notes	2017		2016 as restated	
		£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	12		-		-
Tangible assets	13		4,453,707		4,453,707
Investments	14		2,500,000		2,500,000
			<u>6,953,707</u>		<u>6,953,707</u>
<b>CURRENT ASSETS</b>					
Debtors	15			1,763,782	
<b>CREDITORS</b>					
Amounts falling due within one year	16	1,865,728		2,482,608	
<b>NET CURRENT LIABILITIES</b>			<u>(1,865,728)</u>		<u>(718,826)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>5,087,979</u>		<u>6,234,881</u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	17		(2,940,994)		(3,149,702)
<b>PROVISIONS FOR LIABILITIES</b>	20		<u>(84,569)</u>		<u>(83,425)</u>
<b>NET ASSETS</b>			<u>2,062,416</u>		<u>3,001,754</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	21		20		20
Retained earnings			2,062,396		3,001,734
<b>SHAREHOLDERS' FUNDS</b>			<u>2,062,416</u>		<u>3,001,754</u>
Company's (loss)/profit for the financial year			<u>(879,338)</u>		<u>607,664</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the director on 16.5.18 and were signed by:

  
.....  
L Webb - Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2017

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 September 2015</b>	20	2,054,808	2,054,828
<b>Changes in equity</b>			
Dividends	-	(60,000)	(60,000)
Total comprehensive income	-	636,097	636,097
<b>Balance at 31 August 2016</b>	<u>20</u>	<u>2,630,905</u>	<u>2,630,925</u>
<b>Changes in equity</b>			
Dividends	-	(60,000)	(60,000)
Total comprehensive income	-	(946,101)	(946,101)
<b>Balance at 31 August 2017</b>	<u>20</u>	<u>1,624,804</u>	<u>1,624,824</u>

The notes form part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2017

	Called up share capital £	Retained earnings £	Total equity £
<b>Balance at 1 September 2015</b>	20	2,454,070	2,454,090
<b>Changes in equity</b>			
Dividends	-	(60,000)	(60,000)
Total comprehensive income	-	607,664	607,664
<b>Balance at 31 August 2016</b>	<u>20</u>	<u>3,001,734</u>	<u>3,001,754</u>
<b>Changes in equity</b>			
Dividends	-	(60,000)	(60,000)
Total comprehensive income	-	(879,338)	(879,338)
<b>Balance at 31 August 2017</b>	<u><u>20</u></u>	<u><u>2,062,396</u></u>	<u><u>2,062,416</u></u>

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	2016 as restated £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,120,429	593,699
Interest paid		(83,697)	(92,115)
Tax paid		(136,869)	(326,558)
Net cash from operating activities		<u>899,863</u>	<u>175,026</u>
<b>Cash flows from investing activities</b>			
Interest received		<u>19,513</u>	<u>34,332</u>
Net cash from investing activities		<u>19,513</u>	<u>34,332</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		(207,207)	(199,864)
Amount introduced by directors		-	18,713
Amount withdrawn by directors		(624,945)	(243,165)
Net cash from financing activities		<u>(832,152)</u>	<u>(424,316)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year	2	19,670	234,628
Cash and cash equivalents at end of year	2	<u>106,894</u>	<u>19,670</u>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2017

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017	2016 as restated
	£	£
(Loss)/profit before taxation	(760,714)	855,856
Depreciation charges	-	1,559
Amortisation	104,241	104,241
Write off of loan - exceptional item	1,684,266	-
Finance costs	83,697	92,115
Finance income	(19,513)	(34,332)
	<u>1,091,977</u>	<u>1,019,439</u>
Decrease/(increase) in trade and other debtors	49,538	(399,558)
Decrease in trade and other creditors	(21,086)	(26,182)
	<u>1,120,429</u>	<u>593,699</u>
<b>Cash generated from operations</b>	<b><u>1,120,429</u></b>	<b><u>593,699</u></b>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 August 2017

	31.8.17	1.9.16
	£	£
Cash and cash equivalents	114,613	27,389
Bank overdrafts	(7,719)	(7,719)
	<u>106,894</u>	<u>19,670</u>

Year ended 31 August 2016

	31.8.16	1.9.15
	£	£
Cash and cash equivalents	27,389	262,836
Bank overdrafts	(7,719)	(28,208)
	<u>19,670</u>	<u>234,628</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2017

1. **STATUTORY INFORMATION**

A & L Care Homes Holdings Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

3. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of all the group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off in line with the group accounting policy in this area. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

**Significant judgements and estimates**

Critical accounting 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the current year significant judgements made relate to the valuation of property, investment in subsidiaries and goodwill. Relevant information can be found in the notes to the accounts, specifically note 12, 13 and 14.

**Turnover**

Turnover represents invoiced residential care home fees. Turnover is recognised per night that a room is occupied. Deferred income is recognised when payment is received in advance of the service being provided.

**Intangible assets - goodwill**

Goodwill, being the amount calculated in connection with the consolidation of the group, is being amortised over its anticipated useful economic life of 10 years from 1 September 2015.

Goodwill arising is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities recognised. Goodwill is reviewed for impairment annually with any change in fair value taken to the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2017

3. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Freehold property	- not provided
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost

Assets are recognised in the accounts at cost less accumulated depreciation.

In accordance with the industry norm, no depreciation is provided on the company's land and buildings interest because the directors believe that the residual values are considered to be high due in part because each property is subject to a repair and maintenance programme and they are unlikely to suffer from technological or economic obsolescence. Accordingly, the directors consider that the depreciation charge for the year and on a cumulative basis is immaterial. This departure from the requirements of Companies Act 2006 for all properties to be depreciated, is, in the opinion of the directors, necessary for the financial statements to give a true and fair view.

**Impairment of Assets**

At each reporting date financial assets as well as other fixed assets, such as goodwill and property are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. There is considered to be an impairment, where there is objective evidence that, as a result of events occurring after the date of initial recognition, the estimated future cash flows have been affected.

For assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset.

The carrying amount of the asset is reduced by the impairment loss directly for all assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When reviewing goodwill, investments and property for impairment, the management review the performance of the group, as well as the asset base and future expected cash flows. From this they determine whether there is any indication of impairment. If an indication is identified, an impairment will be computed as the difference between the asset's carrying amount and the value of the expected future cash flows and profitability. Any impairment on goodwill and investments is charged to the profit and loss account in the year it is identified. Any impairment on property is reduced in the revaluation reserve first, and then subsequent reductions in the valuation is charged to the profit and loss account in the year it is identified. The assets are then reviewed annually. When an impairment that has originally been charged to the profit and loss account is later reversed in a subsequent year, it is credited through the profit and loss account, up to the asset's initial carrying value.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2017

3. ACCOUNTING POLICIES - continued

**Operating leases**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

**Finance leases**

Leases of assets that transfer substantially all the risks and rewards of ownership to the Company are classified as finance leases.

Assets held under finance leases are recognized initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss.

Assets held under finance leases are included in tangible fixed assets and depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

**Provision for liabilities**

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The Company recognises a provision for annual leave accrued by employees for services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months, measured at the salary cost payable for the period of absence.

**Investments**

Fixed asset investments relate to investments in subsidiary undertakings and are stated at cost less any provision for any diminution in value. Any permanent diminution in value is recognised in the profit and loss account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2017

3. ACCOUNTING POLICIES - continued

**Trade and other debtors**

Trade and other debtors that are receivable within one year and do not constitute a financing transaction are recorded at the undiscounted amount expected to be received, net of impairment. Those that are receivable after more than one year or that constitute a financing transaction are recorded initially at fair value less transaction costs and subsequently at amortised cost, net of impairment.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings or current liabilities.

**Trade and other creditors**

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**Interest bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the statement of comprehensive income over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

**Employee benefits**

Short-term employee benefits are recognised as an expense in the period in which they are incurred.

The obligations for contributions to defined contribution pension schemes are recognised as an expense in the period they are incurred. The assets of the scheme are held separately from those of the Company in an independently administered fund.

**Prior year adjustment**

In December 2017 revisions were made to FRS 102, through the triennial review. This provided an exemption to the previous requirement for properties rented to group companies to be accounted for as investment properties. This exemption has been early adopted, and the property is now shown in the accounts as Freehold Property, rather than Investment Property.

4. EMPLOYEES AND DIRECTORS

	2017	2016 as restated
	£	£
Wages and salaries	795,049	737,087
Social security costs	33,315	31,001
	<u>828,364</u>	<u>768,088</u>

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

	2017	2016 as restated
Care staff	<u>73</u>	<u>66</u>

	2017	2016 as restated
	£	£
Directors' remuneration	<u>16,120</u>	<u>16,120</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2017

5. OPERATING PROFIT

The operating profit is stated after charging:

	2017	2016 as restated
	£	£
Hire of plant and machinery	12,707	13,615
Depreciation - owned assets	-	1,559
Goodwill amortisation	104,241	104,241
Auditors' remuneration	3,542	3,542
Other non- audit services	9,575	12,422
	<u>130,065</u>	<u>145,389</u>

6. EXCEPTIONAL ITEMS

	2017	2016 as restated
	£	£
Exceptional item - loan write off	<u>(1,684,266)</u>	<u>-</u>

A loan held between the connected parties, A & L Care Homes Holdings Limited and A & L Residential Properties Ltd, was written off in the period.

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016 as restated
	£	£
Bank loan interest	83,345	90,689
Interest on late paid tax	352	1,426
	<u>83,697</u>	<u>92,115</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	2017	2016 as restated
	£	£
Current tax:		
UK corporation tax	184,300	171,700
Over/under provision of prior year	(57)	(35,366)
Total current tax	<u>184,243</u>	<u>136,334</u>
Deferred tax	1,144	83,425
Tax on (loss)/profit	<u>185,387</u>	<u>219,759</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2017

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2017	2016 as restated
	£	£
(Loss)/profit before tax	<u>(760,714)</u>	<u>855,856</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19.581% (2016 - 20%)	(148,955)	171,171
Effects of:		
Expenses not deductible for tax purposes	329,825	-
Capital allowances in excess of depreciation	(17,058)	(55,119)
Adjustments to tax charge in respect of previous periods	(57)	(683)
Amortisation of Goodwill	20,411	20,848
Over provision in respect of current period	77	117
Deferred tax	<u>1,144</u>	<u>83,425</u>
Total tax charge	<u>185,387</u>	<u>219,759</u>

9. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

10. DIVIDENDS

	2017	2016 as restated
	£	£
A shares shares of £1 each Interim	30,000	30,000
B Shares shares of £1 each Interim	<u>30,000</u>	<u>30,000</u>
	<u>60,000</u>	<u>60,000</u>

11. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made to reclassify the investment properties held within the business to freehold property in line with the FRS 102 triennial review in December 2017. This only affected the balance sheet, there have been no other prior year adjustments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2017

## 12. INTANGIBLE FIXED ASSETS

Group	Goodwill £
<b>COST</b>	
At 1 September 2016 and 31 August 2017	1,763,713
<b>AMORTISATION</b>	
At 1 September 2016	825,543
Amortisation for year	104,241
At 31 August 2017	929,784
<b>NET BOOK VALUE</b>	
At 31 August 2017	833,929
At 31 August 2016	938,170

## 13. TANGIBLE FIXED ASSETS

Group	Freehold property £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST</b>				
At 1 September 2016 and 31 August 2017	4,453,707	51,376	28,221	4,533,304
<b>DEPRECIATION</b>				
At 1 September 2016 and 31 August 2017	-	51,376	28,221	79,597
<b>NET BOOK VALUE</b>				
At 31 August 2017	4,453,707	-	-	4,453,707
At 31 August 2016	4,453,707	-	-	4,453,707
<b>Company</b>				Freehold property £
<b>COST</b>				
At 1 September 2016 and 31 August 2017				4,453,707
<b>NET BOOK VALUE</b>				
At 31 August 2017				4,453,707
At 31 August 2016				4,453,707

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2017

14. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings £
<b>COST</b>	
At 1 September 2016 and 31 August 2017	<u>2,500,000</u>
<b>NET BOOK VALUE</b>	
At 31 August 2017	<u>2,500,000</u>
At 31 August 2016	<u>2,500,000</u>

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

Subsidiaries

**A & L Care Homes Limited**

Registered office:

Nature of business: Residential care home.

	%		
Class of shares:	holding	2017	2016
Ordinary	100.00	£	£
Aggregate capital and reserves		<u>898,797</u>	884,694
Profit for the year		<u>364,103</u>	<u>354,581</u>

**Mayflower House Limited**

Registered office:

Nature of business: Residential care home.

	%		
Class of shares:	holding	2017	2016
Ordinary	100.00	£	£
Aggregate capital and reserves		<u>329,681</u>	306,306
Profit for the year		<u>323,375</u>	<u>298,092</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016 as restated	2017	2016 as restated
	£	£	£	£
Trade debtors	15,407	8,660	-	-
Other debtors	-	1,739,170	-	1,739,169
Tax	-	24,613	-	24,613
Prepayments and accrued income	1,089	2,470	-	-
	<u>16,496</u>	<u>1,774,913</u>	<u>-</u>	<u>1,763,782</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2017

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016 as restated	2017	2016 as restated
	£	£	£	£
Bank loans and overdrafts (see note 18)	214,772	213,271	214,792	213,271
Trade creditors	9,543	5,176	-	-
Amounts owed to group undertakings	-	-	1,286,284	1,338,043
Tax	184,652	161,891	18,500	-
Social security and other taxes	7,073	8,539	-	-
Other creditors	11,052	-	11,050	-
Directors' current accounts	333,773	898,718	333,773	898,718
Accruals and deferred income	7,493	42,532	1,329	32,576
	<u>768,358</u>	<u>1,330,127</u>	<u>1,865,728</u>	<u>2,482,608</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2017	2016 as restated	2017	2016 as restated
	£	£	£	£
Bank loans (see note 18)	<u>2,940,994</u>	<u>3,149,702</u>	<u>2,940,994</u>	<u>3,149,702</u>

18. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2017	2016 as restated	2017	2016 as restated
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	7,719	7,719	7,739	7,719
Bank loans	<u>207,053</u>	<u>205,552</u>	<u>207,053</u>	<u>205,552</u>
	<u>214,772</u>	<u>213,271</u>	<u>214,792</u>	<u>213,271</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>207,052</u>	<u>205,552</u>	<u>207,052</u>	<u>205,552</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>621,157</u>	<u>616,657</u>	<u>621,157</u>	<u>616,657</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans more 5 yr by instal	<u>2,112,785</u>	<u>2,327,493</u>	<u>2,112,785</u>	<u>2,327,493</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2017

19. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2017	2016 as restated	2017	2016 as restated
	£	£	£	£
Bank overdrafts	7,719	7,719	7,739	7,719
Bank loans	3,148,047	3,355,254	3,148,047	3,355,254
	<u>3,155,766</u>	<u>3,362,973</u>	<u>3,155,786</u>	<u>3,362,973</u>

Included within bank loans and overdrafts are bank loans totalling £3.15m (2016: £3.36m) which are secured by a debenture over all of the group's assets and undertaking. Mrs L Webb holds a personal guarantee to the value of £4.2m in relation to the loan.

The loan is repayable by instalments over its remaining life with interest charged at 2.09% over LIBOR.

20. PROVISIONS FOR LIABILITIES

	Group		Company	
	2017	2016 as restated	2017	2016 as restated
	£	£	£	£
Deferred tax	<u>84,569</u>	<u>83,425</u>	<u>84,569</u>	<u>83,425</u>

Group

	Deferred tax £
Balance at 1 September 2016	83,425
Accelerated capital allowances	1,144
Balance at 31 August 2017	<u>84,569</u>

Company

	Deferred tax £
Balance at 1 September 2016	83,425
Accelerated capital allowances	1,144
Balance at 31 August 2017	<u>84,569</u>

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017	2016 as restated
			£	£
10	A shares	£1	10	10
10	B Shares	£1	10	10
			<u>20</u>	<u>20</u>

The A and B shares have attached to them voting rights, dividend rights and capital distribution (including on winding up) rights, they do not confer any right of redemption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2017

22. RESERVES

Group

	Retained earnings £
At 1 September 2016	2,630,905
Deficit for the year	(946,101)
Dividends	(60,000)
	<hr/>
At 31 August 2017	<u>1,624,804</u>

23. ULTIMATE PARENT COMPANY

A & L Care Group Limited is regarded by the director as being the company's ultimate parent company.

The ultimate parent company of the group changed post year end, previously it was A & L Care Homes Holdings Limited, as of April 2018, this changed to to A & L Care Group Limited.

24. RELATED PARTY DISCLOSURES

A loan with a connected party, A & L Residential Properties Limited was written off in the year, this totalled £1,684,266.

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is L Webb.

26. KEY MANAGEMENT PERSONNEL

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2017 £'000	2016 £'000
Salaries and other short-term benefits	16	16
Post-employment benefits	-	-
	<hr/>	<hr/>
	<u>16</u>	<u>16</u>