

Company registration number: 01685034

UNAUDITED ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2021

DOLPHIN HOMES LIMITED



MENZIES

DOLPHIN HOMES LIMITED

COMPANY INFORMATION

Directors	B P Heather N P Heather T K Lanes (resigned 3 September 2021) D Moody (appointed 3 November 2020) A Campbell (appointed 10 November 2021)
Company secretary	ATG Coombs
Registered number	01685034
Registered office	3000A Parkway Whiteley Hampshire PO15 7FX
Accountants	Menzies LLP Chartered Accountants 3000a Parkway Whiteley Hampshire PO15 7FX

DOLPHIN HOMES LIMITED

CONTENTS

	Page
Strategic Report	1 - 7
Directors' Report	8
Accountants' Report	9
Statement of Comprehensive Income	10
Statement of Financial Position	11 - 12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 27

DOLPHIN HOMES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2021

Principle Activity

Due to the connected nature of the Company. The strategic report is constructed on the activities of the group on a whole.

Dolphin Homes (Holdings) Limited ("DHHL") is the holding company for the Dolphin Homes group of companies. We are a leading provider in Southern England of registered care for adults with learning disabilities and other complex health and support needs. The group operates residential care services for adults with learning difficulties under Dolphin Homes Limited and Dolphin Homes (Southern) Limited and nursing care services for adults with an Acquired Brain Injury ("ABI") under Dolphin Care Limited. The group has also begun operating supported living and domiciliary care services 'Dolphin @ Home' as part of Dolphin Homes Limited.

Business Review

Financial and Operational performance

The group has once more demonstrated solid underlying growth despite extremely challenging market conditions as a result of the worldwide pandemic. National and local lockdowns, restrictions on service user and staffing movements, enhanced PPE & infection control measures and COVID-19 testing regimes together with a shortages of staple supplies have impacted all areas of the business, in addition to the existing market challenges around local and health authority budget constraints and social care recruitment.

Despite all of these issues, it is pleasing to report that both Turnover and Net Profit have improved during the year and with a strongly performing mature business together with the addition of new services, we are well placed to continue this growth into the new financial year.

The key highlights for the Dolphin Homes group this year are:

- Occupancy levels across the group improved to 98.9% for year ending 30 June 2021, up from 98.0% in 2020. Relationships with commissioners and demand for placements within our services remains very strong. Our occupancy performance across the sectors is as follows:

	2021	2020
Residential Care Services	98.8%	97.9%
Nursing Care Services	99.5%	98.6%

- Revenue for the group increased 3.3% to £12.2m up from £11.8m in 2020. This growth was from both Residential Care Services and Nursing services, which grew 3.4% and 3.1% respectively, with a combination of increased occupancy and improved fee rates.

	2021 £	2020 £
Dolphin Homes Limited	8.169m	7.836m
Dolphin Homes (Southern) Limited	1.820m	1.829m
Dolphin Care Limited	2.211m	2.144m

- Average fee rates for the group increased by 5.1% to £1,909 per week. These changes reflect both increased support needs of new and existing clients but also our bed capacity growth in high acuity sectors both within residential and nursing care facilities. Within our core residential services, average fee rates increased by 5.3% and within our nursing care services average fee rates increased by 4.2%.

	2021 £	2020 £
Residential Care Services (£ per week)	1,813	1,722
Nursing Care Services (£ per week)	2,514	2,413

DOLPHIN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

- Gross profit declined by 7.2% for the year to £4.2m with gross margin also falling by 3.9 percentage points to 34.3%. Contracted labour costs increased by £0.945m (16.0%) and overall labour costs by £0.736m (11.0%) largely as a consequence of the pandemic and the company's decision to pay all employees their full salaries whilst isolating or suffering from the effects of COVID-19. Government grants of £0.662m were received during the year to assist with the increased costs of fighting the pandemic.

	2021 £	2020 £
Dolphin Homes Limited	2.801m	<i>2.951m</i>
Dolphin Homes (Southern) Limited	0.539m	<i>0.673m</i>
Dolphin Care Limited	0.839m	<i>0.881m</i>

- Operating profit (after exceptional items) increased to £1.470m (2020: £0.791m).
- Net profit before tax at £0.684m after investment costs (2020: £0.093m loss)

The group agreed new financing facilities with Clydesdale and Yorkshire Banking Group (CYBG) of £9.9m, allowing existing bank loans with Santander to be paid off. The new facilities allow for further growth in residential and supported living provision.

Subsequent to the year end the group secured additional funding from CYBG totalling £3.2m to purchase the freehold of Kingfisher Court. This purchase will enable the company to link Kingfisher Court with the newly completed Osprey Court and increase the overall capacity from 33 to 39 bedrooms.

The company has been successful in gaining accreditation onto local council framework agreements which will help drive the Supported Living and Community Support provision that the company is able to bid for and deliver.

Human Resources

The effects of the pandemic continues to pose significant recruitment and retention challenges for the entire sector. Legislative changes on mandatory vaccinations together with staff movement restrictions and enhanced infection control measures have resulted in well-documented shortages of care workers as considerable numbers elected to leave the sector.

As a group we have worked hard on care staff recruitment and retention during the year, which has yielded positive results, increasing staffing headcount from 308 employees at the start of the year to 324 by year end with our full time staff increasing from 266 to 286 over the period. We continue to promote equal opportunities for all current and potential employees, with the launch of our Advanced Management Development Programme to be better able to promote from within wherever possible.

Recruitment on an end to end basis is administered by our HR department with employee turnover closely monitored and exit interviews performed to identify underlying trends. Staff turnover stood at a rolling average of 12.5% at the year end, down considerably on the prior year and we continue to explore ways in which we can improve this further.

The effect of new services and the pandemic situation resulted in overall labour costs increasing by £0.736m (11.0%) as the company took the stance to continue to pay all staff their full salaries whilst isolating or suffering from the effects of COVID-19.

Agency usage declined over the year with agency spend dropping to £611k from £821k in 2019/20, a 25.6% reduction. Agency spend represented 5.0% of care revenue, in line with our internal benchmark for the year and below the prior year level of 7.0%. This is reflective of both the focus on recruitment and retention within the group and the outstanding dedication and flexibility of our staff in supporting our vulnerable clients during the pandemic.

Given the logistical challenges of home lockdowns and staff movement restrictions, the group made a strategic decision to transition many face-to-face training requirements traditionally undertaken within our head office onto either our e-learning

DOLPHIN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

platform or to be conducted via video conferencing software. Whilst this was not practicable for all courses, the enhanced use of technology resulted in a greater number of courses being made available to staff, which in turn resulted in mandatory training statistics increasing for the year, with compliance at 89.13% up from the 85.3% reported at the prior year end.

We actively encouraged all care staff to take up their COVID19 vaccinations as soon as they became available and long before legislature made this a mandatory requirement for the sector. At the year end we had 94.9% of staff having had at least one of their vaccinations and 88.5% fully vaccinated, which rose to 100% by the 11th November deadline. In total only 2 members of staff left the group as a direct consequence of the mandatory vaccination requirement prior to the 11th November.

Quality and Compliance

Due to COVID19 restrictions, only 2 of our services were inspected by CQC during the year. The group now has 13 services rated as "Good" or higher and 1 being rated as "Requiring Improvement". 93% of our services are thus rated as "Good" or better (2020: 86%) and our target remains 100%. All CQC Emergency Support Framework visits conducted during the year found all of the services to be fully compliant.

Across the five CQC key lines of enquiry, 96% of the individual inspected areas are rated as "Good" or higher.

Work on "Project Outstanding", launched last year, continues and our aim is still to have 20% of our services rated as "Outstanding" by June 2022.

Our internal quality function has incorporated the new CQC guidance of "Right support, Right care, Right culture" and our internal inspections continue to drive standards in line with our Project Outstanding objectives.

Our Service Expert Audits conducted by the people we support continue to provide essential insight into what is important to them and help guide our quality plan.

We have launched a "Good Practice Forum" during the year and together with our "Voice for All" forum, which incorporates the views of our service users, we are able to share ideas across all levels of the organisation.

Our recently introduced care management and care planning software packages now enable our front line managers and staff to deliver excellent support to the people that use our services and allow our senior management team to see key performance indicators in real time.

We have introduced a Health and Safety Committee with representation from all levels of the organisation and includes representation from the people we support together with input from an external Health and Safety consultant.

We have also launched new maintenance and health and safety software that automates records and audits that were previously maintained manually. This allows for data capture, monitoring and alerts to be in real-time, which improves our responsiveness and in turn ensures we maintain safe and compliant environments for the people we support.

DOLPHIN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

Principal risks and uncertainties

The principal risks facing the company and the measures put in place to mitigate against them are as follows:

Risk	Control Measures
<u>Addressing the Challenges created by the COVID19 Pandemic</u> Ensuring that the people we support and staff are protected from harm due to catching Covid19.	<p>Pandemic plan initiated with clear procedures for managers and staff to follow on what to do if there is a suspected or confirmed case in a service</p> <p>Thrice weekly testing for staff and monthly testing for the people we support.</p> <p>Access to and strict use of PPE including enhanced training on correct usage.</p> <p>Enhanced Infection Control Measures including regular cleaning and daily checks on staff member's temperature before they are allowed on duty together with a questionnaire that staff have to complete before they are allowed on duty to confirm they have not had symptoms or have been in contact with anyone who has symptoms. We follow the same procedure for all visitors coming into the services and check the temperatures of the people we support three times a day.</p> <p>Paying sick leave to staff when they are symptomatic or needing to self-isolate.</p> <p>Vaccination for all members of staff and the people we support.</p>

DOLPHIN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

<p><u><i>Maintaining the Quality of Care to the People We Support</i></u> Our reputation for quality care and support that we deliver to the People We Support is essential to the company success.</p> <p>Failure to comply with regulations about quality and safety or the care and welfare of the People we Support is a central consideration of CQC and providers must comply with regulations that safeguard.</p>	<p>CQC based internal inspection regime to drive a focus on quality and better outcomes for the people we support.</p> <p>Dedicated Quality Manager conducting audits.</p> <p>Good Practice Forum meeting quarterly to share ideas and examine areas for improvement.</p> <p>Voice4All forum for the People We Support to get feedback on what matters for them.</p> <p>Service Expert Audits.</p> <p>Regular re-assessment of client needs and annual negotiation of core costs.</p> <p>Enhanced pay rates based on training achievement and competencies.</p> <p>Robust safeguarding and whistleblowing policies and procedures and regular staff and management training in same.</p>
<p><u><i>Recruitment and Retention of Staff</i></u> A well trained staff team with appropriate staffing levels are essential to both the quality of care we expect to give to the people we support and the ongoing success of the business.</p> <p>Uncertainty surrounding immigration post Brexit is expected to exacerbate the staff shortages within the sector.</p>	<p>The complexity of need of the people we support continues to drive our investment in better and more specialised staff training and Head Office support. Our E-learning platform continues to be developed with Face to Face training now being conducted by Video Conferencing software where possible.</p> <p>Regular staff surveys are now conducted online via Survey Monkey to ensure we know and address the concerns of our employees.</p> <p>Creating an environment where good decisions can be made throughout the company.</p> <p>Training for managers in how to increase morale and performance.</p> <p>Advanced Management Development Programme to ensure promotion from within wherever possible.</p> <p>Close control of agency usage is in place including weekly reporting to senior management.</p>

DOLPHIN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

	<p>Localised pay rates in employment hot spots.</p> <p>Additional investment in the HR and Recruitment function at our Head Office to ensure a greater number of applications can be generated and processed quickly.</p>
<p><u>Local Authority Funding</u></p> <p>Central and Local Government budgets are under ever greater strain and our commissioning partners are under pressure to find savings. This situation has been exacerbated by the Covid19 Pandemic</p>	<p>Work closely with commissioners to ensure that we get a fair price for the levels of care the people we support require.</p> <p>Undertake a continuous programme of re-assessment of needs of all of the people we support</p> <p>Explore additional opportunities for economies within our operations.</p>
<p><u>Lack of Community Based Support</u></p> <p>Commissioners continue to push Supported Living placements at the expense of Residential placements.</p>	<p>The company will develop new bespoke Supported Living provision and is working with housing and development partners to achieve this.</p>

Operational & financial key performance indicators

- Occupancy remains the key driver for the Dolphin Homes group and we have set the occupancy KPI at 92.8% for the coming year (98.4% on mature services).
- We have set the KPI for total staffing costs (exc. Directors) at 77.3% of turnover for 2021/22, (which includes the introduction and lead time costs of new services).
- Staff turnover rate to be below 25% by year end.
- 100% compliance in all CQC Reports to be rated 'Good' or better.

Future developments

At the outset of the 2021/22 year the group added the additional capacity to the Dolphin Care brand with the delayed opening of a further 16 new beds at our ABI unit, Kingfisher Court. In addition the group secured additional funding from CYBG and BGF to purchase the freehold of the existing Kingfisher Court site, which will enhance earnings and also allow for the joining of the two facilities and the development of an additional 6 new beds, taking the total to 39.

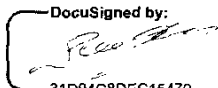
The group is also in development of four dedicated supported living facilities, which will add an additional 17 beds to our portfolio during 2021/22 with a further 18 beds which will come on stream in 2022/23. We have begun to provide community support services under the Dolphin @ Home branding and expect further contract wins during the year to significantly grow this area of the business.

The company continues to have a strong pipeline of referrals for our services with our reputation as a market leader in the care of adults with complex health needs being supplemented with our growing record of successfully supporting with positive behaviour support needs. We remain committed to providing a high quality of care for all of the people who use our services, utilising our unique 'skill set' and infrastructure to expand and improve the services we provide.

DOLPHIN HOMES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2021

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

DocuSigned by:

.....
N P Heather
Director

Date: 15-Dec-2021

DOLPHIN HOMES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

Results and dividends

The profit for the year, after taxation, amounted to £79,017 (2020 - loss £184,365).

No dividend has been declared on these accounts.

Directors

The directors who served during the year were:

B P Heather
N P Heather
T K Lanes (resigned 3 September 2021)
D Moody (appointed 3 November 2020)

Engagement with employees

During the year, the policy of providing employees with information about the company has been continued through the internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

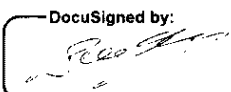
Greenhouse gas emissions, energy consumption and energy efficiency action

The Company is taking the exemptions available to subsidiaries in relation to the Energy reporting guidelines as the usage data for the Group can be found in the parent Company's accounts.

Matters covered in the strategic report

Matters relating to risk management and future developments are covered within the Strategic Report.

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

DocuSigned by:

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N P Heather
Director

Date: 15-Dec-2021

DOLPHIN HOMES LIMITED

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**CHARTERED ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS
ON THE PREPARATION OF THE UNAUDITED STATUTORY FINANCIAL
STATEMENTS OF DOLPHIN HOMES LIMITED
FOR THE YEAR ENDED 30 JUNE 2021**


In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Dolphin Homes Limited for the year ended 30 June 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes from the Company's accounting records and from information and explanations you have given to us.

As a member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at:
www.icaew.com/en/members/regulations-standards-and-guidance/.

This report is made solely to the Board of Directors of Dolphin Homes Limited, as a body, in accordance with the terms of our engagement letter. Our work has been undertaken solely to prepare for your approval the financial statements of Dolphin Homes Limited and state those matters that we have agreed to state to the Board of Directors of Dolphin Homes Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Dolphin Homes Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Dolphin Homes Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the Company's assets, liabilities, financial position and profit. You consider that Dolphin Homes Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Dolphin Homes Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

DocuSigned by:

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Menzies LLP

Chartered Accountants

3000a Parkway
Whiteley
Hampshire
PO15 7FX

Date: 16-Dec-2021

DOLPHIN HOMES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 £	2020 £
Turnover	4	8,169,407	7,835,940
Cost of sales		(5,368,889)	(4,884,759)
Gross profit		2,800,518	2,951,181
Administrative expenses		(2,982,413)	(2,919,303)
Other operating income	5	456,322	6,094
Operating profit	6	274,427	37,972
Interest receivable and similar income	9	671	1,322
Interest payable and similar expenses	10	(132,496)	(211,696)
Profit/(loss) before tax		142,602	(172,402)
Tax on profit/(loss)	11	(63,585)	(11,963)
Profit/(loss) for the financial year		79,017	(184,365)
Other comprehensive income for the year			
Movement in deferred tax relating to revalued properties		(428,743)	(104,837)
Other comprehensive income for the year		(428,743)	(104,837)
Total comprehensive income for the year		(349,726)	(289,202)

The notes on pages 14 to 27 form part of these financial statements.

DOLPHIN HOMES LIMITED

REGISTERED NUMBER:01685034

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	670,758	838,448
Tangible assets	13	16,468,292	15,647,864
		<u>17,139,050</u>	<u>16,486,312</u>
Current assets			
Debtors: amounts falling due within one year	14	2,625,837	3,262,512
Cash at bank and in hand		694,496	766,192
		<u>3,320,333</u>	<u>4,028,704</u>
Creditors: amounts falling due within one year	15	(12,753,083)	(12,934,818)
Net current liabilities		<u>(9,432,750)</u>	<u>(8,906,114)</u>
Total assets less current liabilities		<u>7,706,300</u>	<u>7,580,198</u>
Creditors: amounts falling due after more than one year	16	-	(16,500)
Provisions for liabilities			
Deferred tax	18	(1,539,060)	(1,046,732)
		<u>(1,539,060)</u>	<u>(1,046,732)</u>
Net assets		<u><u>6,167,240</u></u>	<u><u>6,516,966</u></u>

DOLPHIN HOMES LIMITED

REGISTERED NUMBER:01685034

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2021

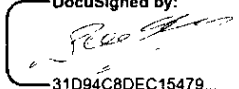
	Note	2021 £	2020 £
Capital and reserves			
Called up share capital	19	100	100
Revaluation reserve	20	5,863,789	6,357,367
Profit and loss account	20	303,351	159,499
		<u>6,167,240</u>	<u>6,516,966</u>

The directors considers that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act 2006.

The members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15-Dec-2021

DocuSigned by:

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N P Heather
 Director

The notes on pages 14 to 27 form part of these financial statements.

DOLPHIN HOMES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 July 2019	100	6,527,039	279,029	6,806,168
Comprehensive income for the year				
Loss for the year	-	-	(184,365)	(184,365)
Deferred tax relating to revaluations	-	(104,837)	-	(104,837)
Excess depreciaton on revalued properties	-	(64,835)	64,835	-
Total comprehensive income for the year	-	(169,672)	(119,530)	(289,202)
At 1 July 2020	100	6,357,367	159,499	6,516,966
Comprehensive income for the year				
Profit for the year	-	-	79,017	79,017
Deferred tax relating to revaluations	-	(428,743)	-	(428,743)
Excess depreciaton on revalued properties	-	(64,835)	64,835	-
Total comprehensive income for the year	-	(493,578)	143,852	(349,726)
At 30 June 2021	100	5,863,789	303,351	6,167,240

The notes on pages 14 to 27 form part of these financial statements.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. General information

These financial statements have been prepared in compliance with FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

Dolphin Homes Limited is a private company limited by shares, registered in England and Wales. The address of its registered office is disclosed on the company information page. The principal place of business is Unit A3 Endeavour Business Park, Penner Road, Havant PO9 1QN.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

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

This information is included in the consolidated financial statements of Dolphin Homes (Holdings) Limited as at 30 June 2020 and these financial statements may be obtained from Companies House.

2.3 Going concern

The balance sheet is showing net current liabilities totalling £9,432,750. The reason for this is intercompany creditor balances totalling £10,805,894. The company retains the support of the parent entity and fellow subsidiaries within the group and these loans will not be recalled until such time that funds allow.

As such, the directors continue to assess that the company is a going concern and have drawn up the accounts on this basis.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.8 Finance costs

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

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

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

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

2.11 Current and deferred taxation

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

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

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

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

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

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life of 10 years.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.13 Tangible fixed assets

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

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

Depreciation is provided on the following bases:

Freehold property	- straight line over 50 years
Long-term leasehold property	- Over the life of the lease
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 15% straight line

2.14 Revaluation of tangible fixed assets

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

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

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

2.15 Provisions for liabilities

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

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

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

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.16 Financial instruments

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

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. No significant judgements have been applied within these financial statements.

Assumptions have been made around the useful life of goodwill and other fixed assets. These estimations have been made in accordance with the usual replacement period for these assets, and the expected life of the goodwill acquired.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Care services	8,169,407	7,835,940
	<u>8,169,407</u>	<u>7,835,940</u>

All turnover arose within the United Kingdom.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

5. Other operating income

	2021 £	2020 £
Government grants receivable	456,322	6,094
	<u>456,322</u>	<u>6,094</u>

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Other operating lease rentals	203,837	202,178
	<u>203,837</u>	<u>202,178</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	5,741,458	4,996,708
Social security costs	43,131	28,650
Cost of defined contribution scheme	27,619	53,448
	<u>5,812,208</u>	<u>5,078,806</u>

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

	2021 No.	2020 No.
Production staff	306	279
Administrative staff	10	15
Management staff	7	6
	<u>323</u>	<u>300</u>

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	355,530	287,635
Company contributions to defined contribution pension schemes	11,774	-
	367,304	287,635

During the year retirement benefits were accruing to 3 directors (2020 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £134,252 (2020 - £83,426).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,804 (2020 - £NIL).

9. Interest receivable

	2021 £	2020 £
Other interest receivable	671	1,322
	671	1,322

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	120,848	197,955
Finance leases and hire purchase contracts	8,611	8,568
Other interest payable	3,037	5,173
	132,496	211,696

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

11. Taxation

	2021 £	2020 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	47,550	11,963
Changes to tax rates	16,035	-
Total deferred tax	63,585	11,963
Taxation on profit on ordinary activities	63,585	11,963

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	142,602	(172,401)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	27,094	(32,756)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,827	104
Capital allowances for year in excess of depreciation	-	53,675
Increase or decrease in pension fund prepayment leading to an increase (decrease) in tax	-	(3,060)
Short term timing difference leading to an increase (decrease) in taxation	90,744	11,963
Re-measurement of deferred tax – change in the UK tax rate	16,035	-
Book profit on chargeable assets	-	94
Group relief	(76,115)	(18,057)
Total tax charge for the year	63,585	11,963

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

12. Intangible assets

	Goodwill £
Cost	
At 1 July 2020	2,113,752
At 30 June 2021	2,113,752
Amortisation	
At 1 July 2020	1,275,304
Charge for the year on owned assets	167,690
At 30 June 2021	1,442,994
Net book value	
At 30 June 2021	670,758
At 30 June 2020	838,448

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

13. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation					
At 1 July 2020	15,539,705	86,339	544,493	1,546,907	17,717,444
Additions	933,980	-	19,860	153,855	1,107,695
Disposals	-	-	(32,250)	-	(32,250)
At 30 June 2021	16,473,685	86,339	532,103	1,700,762	18,792,889
Depreciation					
At 1 July 2020	399,614	74,825	368,807	1,226,334	2,069,580
Charge for the year on owned assets	131,192	7,152	47,897	97,058	283,299
Disposals	-	-	(28,282)	-	(28,282)
At 30 June 2021	530,806	81,977	388,422	1,323,392	2,324,597
Net book value					
At 30 June 2021	15,942,879	4,362	143,681	377,370	16,468,292
At 30 June 2020	15,140,091	11,514	175,686	320,573	15,647,864

The Freehold Property was last revalued in line with a valuation prepared by Gerald Eve property consultants in March 2017, to a market value of £14.38m.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Motor vehicles	115,488	137,199
	<u>115,488</u>	<u>137,199</u>

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

14. Debtors

	2021 £	2020 £
Trade debtors	482,372	478,820
Amounts owed by group undertakings	1,979,297	2,695,011
Other debtors	48,484	33,147
Prepayments and accrued income	115,684	55,534
	<u>2,625,837</u>	<u>3,262,512</u>

15. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank loans	-	6,845,036
Other loans	-	6,970
Trade creditors	165,858	108,167
Amounts owed to group undertakings	10,805,894	4,409,634
Corporation tax	13,182	13,182
Other taxation and social security	179,051	143,642
Obligations under finance lease and hire purchase contracts	54,038	89,749
Other creditors	623,982	547,092
Accruals and deferred income	911,078	771,346
	<u>12,753,083</u>	<u>12,934,818</u>

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

	2021 £	2020 £
Other creditors	-	16,500
	<u>-</u>	<u>16,500</u>

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

17. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	-	6,845,036
Other loans	-	6,970
	<u>-</u>	<u>6,852,006</u>
	<u>-</u>	<u>6,852,006</u>

During the year, the parent company Dolphin Homes (Holdings) Limited agreed new financing facilities with Clydesdale bank.

These facilities enabled the Group to pay off the bank loans held in Dolphin Homes Limited. All financing facilities are now held in the parent company.

18. Deferred taxation

	2021 £
At beginning of year	(1,046,732)
Charged to profit or loss	(63,585)
Charged to other comprehensive income	(428,743)
At end of year	<u><u>(1,539,060)</u></u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(120,763)	(56,538)
Pension surplus	6,399	5,759
Unrealised capital gains	(1,424,696)	(995,953)
	<u><u>(1,539,060)</u></u>	<u><u>(1,046,732)</u></u>

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

19. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
100 (2020 - 100) Ordinary shares of £1.00 each	100	100

Each ordinary share has equal voting and dividend rights.

20. Reserves

Revaluation reserve

The revaluation reserve represents the accumulated difference between the revaluation amount and the carrying value of properties, net of estimated deferred taxes, at the date of revaluation.

Profit and loss account

The profit and loss account represents the accumulated profits or losses made by the Company.

21. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £53,448 (2019 - £63,343). Contributions totalling £30,310 (2019 - £46,416) were payable to the fund at the balance sheet date and are included in creditors.

22. Commitments under operating leases

At 30 June 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	68,610	91,377
Later than 1 year and not later than 5 years	49,669	94,450
	118,279	185,827

The total lease payments, relating to rent and equipment hire recognised as an expense in the financial year amounts to £99,533 (2020 - £287,994).

23. Transactions with directors

During the year, the outstanding directors loans were transferred to the parent company, Dolphin Homes (Holdings) Limited.

DOLPHIN HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

24. Related party transactions

Under the provisions of Section 33 of Financial Reporting Standard 102, the Company is exempt from disclosing transactions with fellow Group Companies.

The Company, by way of a fixed and floating charge over all assets, has provided security via a cross guarantee on the borrowings of the parent company.

The Company has provided a guarantee on a rent agreement entered into by a fellow subsidiary of the Group.

JNP Developments and Investments Limited

JNP Developments and Investments Limited is owned by B P & N P Heather. During the period Dolphin Homes Limited paid expenses on behalf of JNP of £8,553 (2020 - £10,363). JNP provided services of £497,842 (2020 - £204,973) and made repayments of £520,200 (2020 - £188,513) to Dolphin Homes Limited.

At the year end, Dolphin Homes Limited was owed from JNP £12,101 (2020 - owed £18,811).

25. Controlling party

The Company is a 100% subsidiary of Dolphin Homes (Holdings) Limited.

The smallest and largest company which prepares consolidated accounts in which these figures are included is Dolphin Homes (Holdings) Limited. A copy of these can be obtained from Companies House.

The ultimate controlling party throughout the whole period is Mr N P Heather, the director.