

# Dale Care Limited

Annual Report and Financial Statements

Year ended 31 December 2018

Company Registration No. 02795946



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## Company Information

### DIRECTORS

M Abajo Menguez  
R Gutierrez Rodriguez

### AUDITORS

Mazars LLP  
Chartered Accountants & Statutory Auditor  
Times House  
Throwley Way  
Sutton  
Surrey  
SM1 4JQ

### REGISTERED OFFICE

13 Hope Street  
Crook  
Durham,  
DL15 9HS

## Strategic Report

### For the year ended 31 December 2018

The Directors present their Strategic Report for the year ended 31 December 2018.

#### Business review

As noted in the Directors' Report on page 4, the principal activity of the Company during the years continued to be the provision of domiciliary care.

The key financial and other performance indicators during the year was as follows:

	<b>2018</b>	<b>2017</b>	
	<b>£</b>	<b>£</b>	<b>Change</b>
Turnover	12,965,366	10,564,588	22.72%
Gross profit	2,878,665	2,265,444	27.07%
Gross profit margin	22%	21%	1%

	<b>2018</b>	<b>2017</b>	
	<b>No.</b>	<b>No.</b>	<b>Change</b>
Average number of employees	768	654	17.43%

#### Future developments

The Directors anticipate that the year ahead will continue to provide opportunities to grow and strengthen the business.

The transfer of trade from Helping Hands of Harrogate Limited in 2019 is expected to generate cost savings and strengthen client offerings in the area.

#### Events after Balance Sheet date

On 1 April 2019, the trade, assets and liabilities of Helping Hands of Harrogate Limited, were transferred to the Company. The transaction was part of a wider Clece UK group strategy to develop the UK business and streamline its operations.

#### Principal risks and uncertainties

The principal risks and uncertainties affecting the Company are broadly classed as liquidity risk, credit risk and competitive and market risk. The company's financial risk management seeks to ensure that adequate financial resources are available for the development of the company's business whilst managing its risks.

##### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation from its operations and applying cash collection targets.

##### Credit risk

Credit risk arises from the potential failure of counter-parties to the Company honoring their financial obligations. The Company's policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the company's debtors are shown in note 13 to the financial statements.

## Strategic Report (continued)

For the year ended 31 December 2018

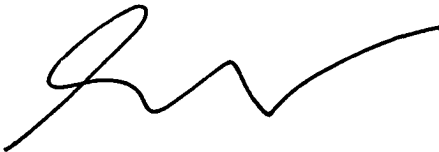
### Principal risks and uncertainties (continued)

#### Competitive and market risk

The Company is exposed to non-financial risk such as the loss of major contracts, a significant change in the market and loss of key people. The loss of major contracts is mitigated by having a healthy pipeline of new opportunities to replace contract losses and operating a number of long-term and rolling contracts. The retendering process is also continually on-going and the growing development of personalisation which allows for service users to choose their own provider independently of the local authority.

Risks are also mitigated by effective cost management thereby allowing the Company to remain competitive and to deliver the required services. Management also monitors bid tendering processes to ensure forecast bid margins remains satisfactory.

On behalf of the Board



M Abajo Menguez

Director

Date: 29/05/2019

## **Directors' Report**

### **For the year ended 31 December 2018**

The Directors present their report and the financial statements of the Company for the year ended 31 December 2018.

#### **Principal activity**

The principal activity of the Company is the provision of domiciliary care services.

#### **Results and dividends**

The profit for the year amounted to £482,747 (2017: £266,902). The Directors recommended the payment of a dividend of £475,000 (2017: £100,000).

There has been heightened political and economic uncertainty in the United Kingdom market. Growth rates and market sentiment have been impacted by the on-going Brexit negotiations. The directors believe that the Company, as part of the Clece group in the UK, has a robust strategy in place to minimise downside risk and capitalise on growth opportunities as they arise.

#### **Financial risks management**

The Directors consider the key risks to be:

- Credit risk – which arises from the failure of a client to honour their obligations in respect of contract settlement. The Company generally deals with local authorities/councils and has little history of credit risk issues.
- Liquidity risk – the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company uses inter-company funding arrangements as appropriate.

#### **Going concern**

The Company is in a net asset position of £783,790 (2017: net asset of £776,043). The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company also has access to the considerable financial resources of the Clece Group. Accordingly, they continue to adopt the going concern basis in preparing these financial statements. The Directors have considered a period in excess of twelve months from the date of approval of these financial statements in making this assessment.

The Directors have received written confirmation of financial support, from the ultimate parent undertaking, for a period of at least 12 months from the date of approval of these financial statements.

#### **Directors**

The Directors who held office during the year and up to the date of this report are as follows:

M Abajo Menguez  
R Gutierrez Rodriguez

#### **Directors' Indemnity**

The Company has granted an indemnity to all its Directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity insurance remains in force as at the date of approving the Directors' report.

#### **Disabled employees**

The Company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Company's policy to provide continuing employment wherever practicable in the same or alternative position and to provide appropriate training to achieve this aim.

## **Directors' Report (continued)**

### **For the year ended 31 December 2018**

#### **Employee involvement**

The Directors recognise the individual importance of every employee and seek to ensure that at all times employees are well informed concerning the activities and plans of the Company.

All levels of management are expected and encouraged to keep their employees informed of all activities and developments in an informal and formal manner. Management consults with employees to ensure their views are taken into account through the use of briefing groups and corporate communications systems.

#### **Disclosure of information to the auditor**

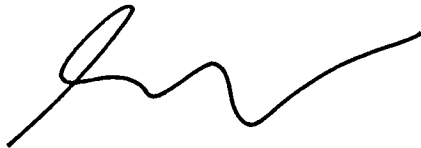
The Directors who were members of the Board at the time of approving the Directors' Report are listed on page 4. Having made enquiries of fellow Directors and the Company's auditors, each of these Directors confirms that:

- So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware; and
- Each Director has taken all steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish the Company's auditor is aware of that information.

#### **Auditor**

A resolution to reappoint Mazars LLP will be put to the members at the Annual General Meeting in accordance with section 485 of the Companies Act 2006.

On behalf of the Board



M Abajo Menguez

Director

Date: 29/05/2019

## **Statement of Directors' Responsibilities**

### **For the year ended 31 December 2018**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period.

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

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

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



## Independent Auditor's Report

### Independent Auditor's Report to the members of Dale Care Limited for the year ended 31 December 2018

We have audited the financial statements of Dale Care Limited (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account, the balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### The impact of uncertainties due to the United Kingdom exiting the European Union on our audit

The Directors' view on the impact of Brexit is disclosed on page 4.

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the company's trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the company as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the company's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Company and this is particularly the case in relation to Brexit.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## Independent Auditor's Report (continued)

### Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

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

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

### Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

### Use of the audit report

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

Elisabeth Maxwell

Elisabeth Maxwell (Senior Statutory Auditor)  
for and on behalf of Mazars LLP  
Chartered Accountants and Statutory Auditor  
London

10<sup>th</sup> June 2019

## Profit and loss account

For the year ended 31 December 2018

	Notes	31 December 2018 £	31 December 2017 £
Turnover	5	12,965,366	10,564,588
Cost of sales		(10,086,701)	(8,299,144)
<b>Gross profit</b>		<b>2,878,665</b>	<b>2,265,444</b>
Administrative expenses		(2,270,142)	(1,838,125)
Other operating income		7,983	-
<b>Operating profit</b>	6	<b>616,506</b>	<b>427,319</b>
Interest payable and similar charges	9	(278)	(1,273)
<b>Profit before taxation</b>		<b>616,228</b>	<b>426,046</b>
Tax on profit on ordinary activities	10	(133,481)	(159,144)
<b>Profit for the financial year</b>		<b>482,747</b>	<b>266,902</b>

All results are derived from continuing operations.

The Company has no other recognised Comprehensive Income and therefore no separate Statement of Comprehensive Income has been presented. Total Comprehensive Income for the financial year was a profit of £482,747 (2017: £266,902).

## Balance Sheet

As at 31 December 2018

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	11	50,024	49,088
Tangible assets	12	<u>338,783</u>	<u>243,652</u>
		388,807	292,740
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	1,099,506	1,735,509
Cash at bank and in hand		<u>391,729</u>	<u>184,535</u>
		1,491,235	1,920,044
Creditors: amounts falling due within one year	14	(1,063,739)	(1,402,366)
<b>Net current assets</b>		<u>427,496</u>	<u>517,678</u>
<b>Total assets less current liabilities</b>		<u>816,303</u>	<u>810,418</u>
Creditors: amounts falling due after more than one year	15	-	(1,862)
Provision for liabilities	17	(32,513)	(32,513)
<b>Net assets</b>		<u>783,790</u>	<u>776,043</u>
<b>Capital and reserves</b>			
Called up share capital	18	5,000	5,000
Retained earnings		<u>778,790</u>	<u>771,043</u>
<b>Total equity</b>		<u>783,790</u>	<u>776,043</u>

The notes on pages 12 to 24 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 29/05/2019 and were signed on its behalf by:



M Abajo Menguez  
Director

## Statement of Changes in Equity

For the year ended 31 December 2018

	Notes	Called up share capital £	Retained Earnings £	Total £
<b>Balance at 1 January 2017</b>	<b>18</b>	5,000	604,141	609,141
Profit for the year		-	266,902	266,902
<b>Total comprehensive income for the year</b>		-	266,902	266,902
Dividends		-	(100,000)	(100,000)
<b>Total transactions with owners</b>		-	(100,000)	(100,000)
<b>Balance at 31 December 2017</b>		<u>5,000</u>	<u>771,043</u>	<u>776,043</u>
<b>Balance at 1 January 2018</b>	<b>18</b>	5,000	771,043	776,043
Profit for the year		-	482,747	482,747
<b>Total comprehensive income for the year</b>		-	482,747	482,747
Dividends		-	(475,000)	(475,000)
<b>Total transactions with owners</b>		-	(475,000)	(475,000)
<b>Balance at 31 December 2018</b>		<u>5,000</u>	<u>778,790</u>	<u>783,790</u>

## Notes to the financial statements

For the year ended 31 December 2018

### 1. General Information

Dale Care Limited ('the Company') is a private company limited by shares and is incorporated in England. The address of its registered office and trading address is 13 Hope Street, Crook, Durham, DL15 9HS.

The financial statements have been presented in £ sterling which is the functional currency of the Company.

The principal accounting policies adopted by the Company are set out in note 4.

The Company has taken advantage of the exemption under paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent undertaking, Actividades de Construcción y Servicios, S.A., includes the company's cash flows in its consolidated financial statements.

### 2. Statement of Compliance

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

### 3. Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means the actual outcomes could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered likely to occur based on all available information at the time.

The following judgements and estimates have had the most significant impact on amounts recognised in the financial statements:

#### 3.1. Recoverability of debtors

The Company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the Directors have considered factors such as the ageing of the debtors, past experience of recoverability, and the credit profile of individual or groups of customers.

### 4. Summary of significant accounting policies

#### 4.1. Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Current and prior year represents a 12 month period from 1 January to 31 December.

## Notes to the financial statements (continued)

### 4. Summary of significant accounting policies (continued)

#### 4.2. Summary of disclosure exemptions

In accordance with FRS 102, the Company is defined as a qualifying entity and has taken advantage of the exemptions from the following disclosure requirements:

- i. From preparing a reconciliation of the number of shares outstanding at the beginning and end of the period (4.12 (a) (iv));
- ii. From preparing a statement of cash flows (Section 7 of FRS 102 and para 3.17 (d));
- iii. From the financial instrument disclosures, required under FRS 102 included in Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues';
- iv. From disclosing share based payment arrangements, required under FRS 102 paragraphs 26.18(b), 26.19 to 26.21 and 26.23, concerning its own equity instruments. The Company financial statements are presented with the consolidated financial statements and the relevant disclosures are included therein;
- v. Section 33 'Related Party Disclosures'. The Company has taken advantage of the exemption permitted by this section not to provide disclosures of transactions entered into with other wholly-owned members of the group; and
- vi. Key management personnel compensation in total (33.7).

The information is included in the consolidated financial statements of Actividades de Construcción y Servicios, S.A. as at 31 December 2018, which prepares publicly available financial statements, including a consolidated cash flow statement.

#### 4.3. Going concern

The Company has access to the considerable financial resources of the Clece Group. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The Directors have received written confirmation of financial support, from the immediate parent undertaking, for at least 12 months from the date of approval of the financial statements.

#### 4.4. Revenue recognition

Revenue represents amounts receivable for the services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

##### Rendering of services

Turnover 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:

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

#### 4.5. Employee benefits

The Company provides a range of benefits to employees including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

## Notes to the financial statements (continued)

### 4. Summary of significant accounting policies (continued)

#### 4.5. Employee benefits (continued)

##### Defined contribution plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognized as an expense when they are due. Amounts not paid are shown in accruals in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### Annual bonus plan

The Company operates a bonus plan for certain employees. An expense is recognised in the Profit and loss account when the Company has a legal or constructive obligation to make payments.

#### 4.6. Taxation

Tax on the Profit and loss account for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

##### Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Balance Sheet date, and any adjustment to tax payable in respect of previous years.

##### Deferred tax

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is calculated at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the Balance Sheet date. Deferred tax balances are not discounted.

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.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset if and only if there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 4.7. Intangible fixed assets

##### Goodwill

Goodwill represents the difference between amount 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 Profit and loss account over its useful economic life.



## Notes to the financial statements (continued)

### 4. Summary of significant accounting policies (continued)

#### 4.7. Intangible fixed assets (continued)

##### Computer software

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Software is amortised at a rate of 15% on a straight line basis. The assets are reviewed for impairment if there are factors indicating that the carrying amount may be impaired.

Amortisation is included in 'administrative expenses' in the profit and loss account.

#### 4.8. Tangible fixed assets

Tangible fixed assets are stated at cost, less accumulated depreciation and any provision for impairment. Cost comprises the aggregate amount paid and includes costs directly attributable to making the asset capable of operating as intended.

##### Depreciation

Depreciation has been provided on a straight-line basis commencing in the year of acquisition at rates based on the estimated economic lives of the assets, as follows:

Furniture, fixtures and fittings	15% on cost
Office equipment	15% on cost
Motor Vehicles	15% on cost
Leasehold improvements	The shorter of the lease term or 10 years.

The carrying values of the tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount. Useful lives are reviewed annually and where adjustments are required, these are made prospectively.

##### Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in Profit and loss account and included in 'Administrative Expenses'.

#### 4.9. Borrowing costs

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

#### 4.10. Leased assets

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### Finance leased assets

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

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are 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.

## Notes to the financial statements (continued)

### 4. Summary of significant accounting policies (continued)

#### 4.10. Leased assets (continued)

##### Finance leased assets (continued)

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

##### Operating leased assets

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 lease term.

#### 4.11. Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks less bank overdrafts.

#### 4.12. Financial Instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. The Company only enters into basic financial instruments.

##### Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

##### Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

## Notes to the financial statements (continued)

### 4. Summary of significant accounting policies (continued)

#### 4.13.Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the Statement of Changes in Equity.

#### 4.14.Related Party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its' parent or with members of the same group that are wholly owned.

### 5. Turnover

The whole of turnover is attributable to the principal activity of the Company.

All turnover arose within the United Kingdom.

### 6. Operating profit

Operating profit is stated after charging:

	Note	2018 £	2017 £
Depreciation of tangible fixed assets	12	72,075	58,266
Amortisation of goodwill	11	1,410	1,879
Amortisation of intangible assets	11	12,801	59,098
Defined pension contributions		117,205	63,825
Auditor's remuneration			
- Audit of the company's financial statements		8,945	8,600
- Other services relating to taxation		1,900	1,800
- All other services		550	1,500
Operating lease rentals		61,003	49,956

## Notes to the financial statements (continued)

### 7. Employees

Employee costs charged to the profit and loss account were as follows:

	2018	2017
	£	£
Wages and salaries	10,618,802	8,439,829
Social security costs	641,432	498,287
Other pension costs	117,205	63,825
	<b>11,377,439</b>	<b>9,001,941</b>

In the current year and prior year, other pension costs consists entirely of costs in respect of contributions to defined contribution plans.

The average monthly number of persons (full time equivalent) employed by the Company (permanent and fixed term contract) in the year was:

	2018	2017
	Number	Number
Employees	<b>768</b>	<b>654</b>

### 8. Directors emoluments

The Directors are paid by other companies within the Clece group and not recharged in the current and prior year. The Directors do not consider it is practicable to allocate remuneration received between qualifying services provided to the Company and other services provided to the Clece group companies.

The Directors of the business are also considered to be the key management personnel for the purposes of the FRS 102 required disclosure.

### 9. Interest payable and similar charges

	2018	2017
	£	£
Bank interest payable	-	81
Financial leases and hire purchases	278	1,092
Other Financial charges	-	100
<b>Total interest payable and similar charges</b>	<b>278</b>	<b>1,273</b>

## Notes to the financial statements (continued)

### 10. Taxation

#### a) Total tax expense recognised in the Profit and loss account

The tax charge is made up as follows:

	2018 £	2017 £
<b>Current tax</b>		
Group relief	133,481	145,489
Adjustments in respect of prior periods	-	(15,117)
<b>Total current tax</b>	133,481	130,372
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	28,772
<b>Total deferred tax</b>	-	28,772
<b>Tax on profit</b>	133,481	159,144

#### b) Reconciliation of total tax charge

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 19% (2017: 19.2465%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	616,228	426,046
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2017: 19.2465%)	117,083	81,999
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	20
Impact of prior year adjustment	13	(15,117)
Unrecognised deferred tax	8,276	20,617
Re-measurement of deferred tax - change in UK tax rate	974	(1,078)
Group relief	-	(71,922)
Other timing differences	7,135	781
<b>Total tax charge for the year</b>	133,481	159,144

## Notes to the financial statements (continued)

### 10. Taxation (continued)

#### c) Factors that may affect future tax charges

The UK corporation tax rate reduced to 19% from April 2017. The UK Government announced a further reduction in the main rate of UK corporation tax to 17% from 1 April 2020. Where these reduced tax rates were enacted at the Balance Sheet date, they have been reflected in these financial statements as appropriate. In addition, the UK government has announced changes to the rules regarding loss relief and the deductibility of interest, which were effective from 1 April 2017. These rules were not enacted at the Balance Sheet date hence they have not been reflected in these financial statements.

These changes are not expected to have any significant impact on the balances or disclosures within the financial statements.

### 11. Intangible assets

	Goodwill £	Software £	Total £
<b>Cost</b>			
At 1 January 2018	60,620	106,776	167,396
Additions	-	15,147	15,147
Disposals	-	(36,093)	(36,093)
At 31 December 2018	60,620	85,830	146,450
<b>Accumulated depreciation</b>			
At 1 January 2018	59,210	59,098	118,308
Charge for the year	1,410	12,801	14,211
Disposals	-	(36,093)	(36,093)
At 31 December 2018	60,620	35,806	96,426
<b>Net book value</b>			
At 31 December 2018	-	50,024	50,024
<b>Net book value</b>			
At 31 December 2017	1,410	47,678	49,088

## Notes to the financial statements (continued)

### 12. Tangible fixed assets

	Motor vehicles £	Furniture, fixtures & fittings £	Office equipment £	Leasehold improvements £	Total £
<b>Cost</b>					
At 1 January 2018	41,764	46,145	415,078	32,989	535,976
Additions	-	3,089	157,466	6,600	167,155
Disposals	-	(12,979)	(79,477)	(16,393)	(108,849)
At 31 December 2018	41,764	36,255	493,067	23,196	594,282
<b>Accumulated depreciation</b>					
At 1 January 2018	16,510	22,447	226,885	26,482	292,324
Charge for the year	6,265	5,294	57,105	3,360	72,024
Disposals	-	(12,979)	(79,477)	(16,393)	(108,849)
At 31 December 2018	22,775	14,762	204,513	13,449	255,499
<b>Net book value</b>					
At 31 December 2018	<u>18,989</u>	<u>21,493</u>	<u>288,554</u>	<u>9,747</u>	<u>338,783</u>
<b>Net book value</b>					
At 31 December 2017	<u>25,254</u>	<u>23,698</u>	<u>188,193</u>	<u>6,507</u>	<u>243,652</u>

The net carrying amount of assets held under finance leases included in motor vehicles amounted to £36,205 (2017: £46,961). No tangible fixed assets have been pledged as security.

### 13. Debtors

	2018 £	2017 £
Trade debtors	691,623	1,017,477
Other debtors	481	93,626
Prepayments and accrued income	407,402	624,406
	<u>1,099,506</u>	<u>1,735,509</u>

All amounts are due within one year.

## Notes to the financial statements (continued)

### 14. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	51,520	41,133
Amounts owed to group undertakings	248,334	246,711
Social security and other taxation	130,016	47,142
Other creditors	21,901	10,469
Obligations under Financial leases	1,862	7,229
Accruals and deferred income	610,106	1,049,682
	<u>1,063,739</u>	<u>1,402,366</u>

Outstanding contributions in respect of the defined contribution pension scheme payable at the Balance Sheet date and included within other creditors were £5,896 (2017: £4,337).

Certain amounts owed to group undertakings are unsecured, have no fixed date of repayment, are repayable on demand and bear interest based on LIBOR plus a margin.

### 15. Creditors: Amounts falling due after more than one year

	2018 £	2017 £
Net Obligations under Financial leases	-	1,862
	<u>-</u>	<u>1,862</u>

### 16. Hire purchase and Finance leases

The future minimum finance lease payments are as follows:

	2018 £	2017 £
Not later than one year	1,862	7,229
Later than one year and not later than five years	-	1,862
<b>Total gross payments</b>	<u>1,862</u>	<u>9,091</u>

The finance leases primarily relate to cars.



## Notes to the financial statements (continued)

### 17. Provisions for other liabilities

	2018 £	2017 £
At the beginning of the year	(32,513)	(3,741)
Charged to profit and loss	-	(28,772)
<b>At year end</b>	<b>(32,513)</b>	<b>(32,513)</b>

The provision for deferred tax is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(33,991)	(33,991)
Short term timing differences	1,478	1,478
<b>Total provisions</b>	<b>(32,513)</b>	<b>(32,513)</b>

### 18. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid share capital</b>		
5,000 ordinary shares of £1 each	5,000	5,000

## Notes to the financial statements (continued)

### 19. Commitments under operating leases

The Company has entered into commercial leases on certain properties and items of equipment. These leases have an average duration of 3 to 5 years. There are no restrictions placed upon the Company by entering these leases.

Future minimum lease payments under non-cancellable operating leases are as follows:

	2018 £	2017 £
Within 1 year	74,650	55,314
Between 1 and 5 years	110,347	32,412
After 5 years	-	-
	<u>184,997</u>	<u>87,726</u>

### 20. Related party transactions

As a subsidiary undertaking of Clece S.A., the Company has taken advantage of the exemption in Section 33.1A of FRS 102 not to disclose transactions with other 100% members of the group headed by Clece S.A.

### 21. Post Balance Sheet Events

On 1 April 2019, the trade, assets and liabilities of Helping Hands of Harrogate Limited, were transferred to the Company. The transaction was part of a wider Clece UK group strategy to develop the UK business and streamline its operations.

### 22. Immediate parent undertaking and controlling party

The Company's immediate parent undertaking is Clece Care Services Limited, a company incorporated in the United Kingdom. The ultimate parent company is Actividades de Construcción y Services S.A., a company registered in Spain.

Clece S.A. is the smallest group in which the Company's results are consolidated. The consolidated financial statements of this group are available to the public and may be obtained from C/Quintanavides 19, Bloque 4, 28050 Madrid, Spain.

Actividades de Construcción y Services S.A. is parent undertaking of the largest group in which the Company's results are consolidated. The consolidated financial statements of this group are available to the public and may be obtained from Avenida Pio XII 102, 28036, Madrid, Spain.