

# SILVERLEIGH LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



# **SILVERLEIGH LIMITED**

## **COMPANY INFORMATION**

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<b>DIRECTOR</b>	Mr R Cannon
<b>COMPANY SECRETARY</b>	Mrs J Cannon
<b>REGISTERED NUMBER</b>	02955109
<b>REGISTERED OFFICE</b>	Century House Nicholson Road Torquay Devon TQ2 7TD
<b>INDEPENDENT AUDITORS</b>	Bishop Fleming LLP Chartered Accountants & Statutory Auditors Century House Nicholson Road Torquay TQ2 7TD
<b>BANKERS</b>	Lloyds bank Plc PO Box 1000 BX1 1LT
<b>SOLICITORS</b>	Boyce Hatton 58 The Terrace Torquay Devon TQ1 1DE

# SILVERLEIGH LIMITED

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# SILVERLEIGH LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

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### INTRODUCTION

The principal activity of the company during the year was that of a residential care home operator.

### BUSINESS REVIEW

The profit for the year, after taxation, amounted to £653,944 (2018: £147,426)

### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are trading performance and the ability of the group to continue as a going concern.

### FINANCIAL KEY PERFORMANCE INDICATORS

Financial key performance indicators which the company uses to monitor performance are salary costs as a percentage of income, operating profit and EBITDA, which are standard performance measures across the industry.

### OTHER KEY PERFORMANCE INDICATORS

The company monitors average monthly occupancy. The company achieved an average occupancy for the year in excess of the target set by management.

This report was approved by the board on 18/12/19 and signed on its behalf.

Mr R Cannon  
Director



**DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 MARCH 2019**

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The director presents his report and the financial statements for the year ended 31 March 2019.

**DIRECTOR'S RESPONSIBILITIES STATEMENT**

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the director is required to:

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

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

**PRINCIPAL ACTIVITY**

The principal activity of the company during the year was that of a residential care home operator.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £653,944 (2018: loss £147,426).

No Dividends were declared or paid in the year (2018: £Nil).

**DIRECTOR**

The director who served during the year was:

Mr R Cannon

**FUTURE DEVELOPMENTS**

The Company currently has no plans for future developments.

**DISCLOSURE OF INFORMATION TO AUDITORS**

The director at the time when this Director's Report is approved has confirmed that:

- so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**SILVERLEIGH LIMITED**

**DIRECTOR'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019**

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**POST BALANCE SHEET EVENTS**

There have been no significant events affecting the Company since the year end.

**AUDITORS**

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

**Mr R Cannon  
Director**

A handwritten signature in black ink, consisting of a stylized 'R' followed by a large loop and a trailing line.

Date: 18/12/19

Century House  
Nicholson Road  
Torquay  
Devon  
TQ2 7TD

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SILVERLEIGH LIMITED**

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**OPINION**

We have audited the financial statements of Silverleigh Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

**MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to note 2.3 in the financial statements, which indicates that additional finance and cashflow management is required to settle the Group's liabilities in the next 12 months. Without the additional funding there may be significant doubt on the Company's ability to continue as a going concern. As stated in note 2.3, these events or conditions, along with the other matters as set forth in note 2.3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**OTHER INFORMATION**

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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 AUDITORS' REPORT TO THE MEMBERS OF SILVERLEIGH LIMITED (CONTINUED)**

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**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

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

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

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Director's 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Director's Responsibilities Statement on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**AUDITORS' 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 Auditors' 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 Auditors' Report.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SILVERLEIGH LIMITED (CONTINUED)

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USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

William Hanbury FCA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

Century House

Nicholson Road

Torquay

TQ2 7TD

Date: 23/12/19

*Bishop Fleming LLP*

**SILVERLEIGH LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

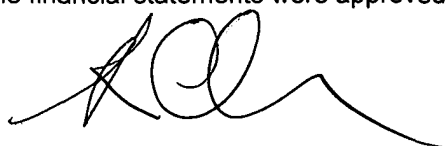
	Note	2019 £	2018 £
Turnover	4	3,588,483	3,458,660
Cost of sales		(1,829,407)	(1,936,752)
<b>GROSS PROFIT</b>		<b>1,759,076</b>	<b>1,521,908</b>
Administrative expenses		(935,790)	(1,233,850)
<b>OPERATING PROFIT</b>	5	<b>823,286</b>	<b>288,058</b>
Interest receivable and similar income	9	502	298
Interest payable and expenses	10	(11,768)	(17,600)
<b>PROFIT BEFORE TAX</b>		<b>812,020</b>	<b>270,756</b>
Tax on profit	11	(158,076)	(418,182)
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<b>653,944</b>	<b>(147,426)</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>			
Unrealised surplus on revaluation of tangible fixed assets		-	2,221,714
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>-</b>	<b>2,221,714</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>653,944</b>	<b>2,074,288</b>

The notes on pages 10 to 24 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	12	10,896,538	10,984,243
		<u>10,896,538</u>	<u>10,984,243</u>
<b>CURRENT ASSETS</b>			
Stocks	13	2,995	2,995
Debtors: amounts falling due within one year	14	3,464,098	3,285,283
Cash at bank and in hand	15	51,325	57,994
		<u>3,518,418</u>	<u>3,346,272</u>
Creditors: amounts falling due within one year	16	(3,707,154)	(4,224,444)
<b>NET CURRENT LIABILITIES</b>		<u>(188,736)</u>	<u>(878,172)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,707,802</u>	<u>10,106,071</u>
Creditors: amounts falling due after more than one year	17	(68,894)	(109,127)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	18	(1,385,501)	(1,397,481)
		<u>(1,385,501)</u>	<u>(1,397,481)</u>
<b>NET ASSETS</b>		<u>9,253,407</u>	<u>8,599,463</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	1,000	1,000
Profit and loss account	20	9,252,407	8,598,463
		<u>9,253,407</u>	<u>8,599,463</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr R Cannon  
Director

Date: 18/12/19

The notes on pages 10 to 24 form part of these financial statements.

**SILVERLEIGH LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 April 2017</b>	<b>1,000</b>	<b>6,524,175</b>	<b>6,525,175</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Loss for the year	-	(147,426)	(147,426)
Revaluation	-	2,221,714	2,221,714
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>2,221,714</b>	<b>2,221,714</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>-</b>	<b>2,074,288</b>	<b>2,074,288</b>
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 1 April 2018</b>	<b>1,000</b>	<b>8,598,463</b>	<b>8,599,463</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	653,944	653,944
<b>AT 31 MARCH 2019</b>	<b>1,000</b>	<b>9,252,407</b>	<b>9,253,407</b>

The notes on pages 10 to 24 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**1. GENERAL INFORMATION**

Silverleigh Limited is a private company, limited by shares and registered in the UK. The registered number is 02955109, the address of the registered office is Century House, Nicholson Road, Torquay, TQ2 7TD. The principal place of business is Silverleigh Nursing Home, Silver Street, Axminster, Devon, EX13 5AF. The company operates a residential care home.

**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 judgment 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23.

*This information is included in the consolidated financial statements of Cannon Care Homes Limited as at 31 March 2017 and these financial statements may be obtained from Companies House.*

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. ACCOUNTING POLICIES (continued)**

**2.3 GOING CONCERN**

The company achieved a profit after tax of £653,944 during the year ended 31 March 2019, and at that date the company had net assets of £9,253,407.

The group achieved a profit after tax of £1,088,404 (2018: £312,932) for the year to 31 March 2019. As at 31 March 2019 the group had net current assets of £668,466 (2018: £1,312,741), total assets exceeded total liabilities by £8,364,724 (2018: £6,934,231).

In January 2018 the group refinanced with Triodos Bank NV. There is a cross guarantee agreement between all members of the Cannon Care Homes group for the amount of the bank loan. At the year end the loan balance was £15,476,378 with a further £505,631 to be drawn down relating to the Thornfield project.

The group has agreed heads of terms for £1,120,000 of additional financing due to be received in January 2020 in order to repay £382,000 of other loans, with the balance being made available for working capital requirements. Without the additional funding there will be significant cashflow uncertainty.

Financial projections have been prepared which show strong trading performance for the Group. In 2020 the projected financial performance continues to improve as the additional new rooms in Thornfield become occupied. However, cashflow needs to continue to be monitored and carefully managed during the next 12 months.

The director confirms the Triodos loan covenants are expected to be met during 2020. He does not expect to have any significant cash outflows during the next 12 months which are not included in the forecasts.

With the additional loan, compliance with the covenants, and based on the financial forecasts, the Group can meet its obligations as they fall due over the next 12 months.

On the basis of the continued support of the bank, the company is considered to be a going concern for the foreseeable future, and therefore the accounts have been prepared on the going concern basis.

**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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019

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**2. ACCOUNTING POLICIES (continued)**

**2.5 OPERATING LEASES: THE COMPANY AS LESSEE**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**2.6 LEASED ASSETS: THE COMPANY AS LESSEE**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**2.7 INTEREST INCOME**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**2.8 FINANCE COSTS**

Finance costs are charged to the Statement of Comprehensive Income 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 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 the Statement of Comprehensive Income 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. ACCOUNTING POLICIES (continued)**

**2.10 CURRENT AND DEFERRED TAXATION**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

**2.11 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, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- Not depreciated
Motor vehicles	- 25% reducing balance
Fixtures and fittings	- 25% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Depreciation is not provided on freehold buildings as the director is of the opinion that the residual values of such properties are not less than cost or valuation, and therefore any depreciation would be immaterial.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. ACCOUNTING POLICIES (continued)**

**2.12 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 the Statement of 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.

**2.13 STOCKS**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.14 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.15 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.16 CREDITORS**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**2. ACCOUNTING POLICIES (continued)**

**2.17 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 the Statement of Comprehensive Income 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.

**2.18 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 non-puttable ordinary shares.

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.

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION  
UNCERTAINTY**

The preparation of the financial statements requires management to make judgments, 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 that actual outcomes could differ from those estimates. The following judgments have had the most significant effect on amounts recognised in the financial statements.

**Classification of leases:**

The Company obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease required the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

**Valuation of properties:**

The Company carries its freehold property at fair value, with changes in fair value being recognised in profit or loss. The Company engaged independent valuations specialists to determine fair value at 4 October 2017. The valuer used the profits method of valuation as they consider the market norm is to assess this type of asset for sale purposes by reference to its trading characteristics and profitability.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**
**4. TURNOVER**

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

	2019 £	2018 £
Residents fees	3,588,483	3,458,660
	<u>3,588,483</u>	<u>3,458,660</u>

All turnover arose within the United Kingdom.

**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2019 £	2018 £
Operating lease rentals	30,610	29,288
	<u>30,610</u>	<u>29,288</u>

**6. AUDITORS' REMUNERATION**

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**7. EMPLOYEES**

Staff costs, including director's remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	1,508,308	1,753,994
Social security costs	97,787	130,214
Cost of defined contribution scheme	17,555	8,555
	<u>1,623,650</u>	<u>1,892,763</u>

The total compensation paid to key management personnel during the year was £Nil (2018: £207,910).

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

	2019 No.	2018 No.
Employees	111	116
	<u>111</u>	<u>116</u>

# SILVERLEIGH LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 8. DIRECTOR'S REMUNERATION

	2019 £	2018 £
Director's emoluments	-	207,910
	<u>-</u>	<u>207,910</u>
	<u>-</u>	<u>207,910</u>

The highest paid director received remuneration of £NIL (2018: £207,910).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £NIL (2018: £NIL).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL (2018: £NIL).

The total accrued pension provision of the highest paid director at 31 March 2019 amounted to £NIL (2018: £NIL).

The amount of the accrued lump sum in respect of the highest paid director at 31 March 2019 amounted to £NIL (2018: £NIL).

### 9. INTEREST RECEIVABLE

	2019 £	2018 £
Other interest receivable	502	298
	<u>502</u>	<u>298</u>
	<u>502</u>	<u>298</u>

### 10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank interest payable	600	-
Finance leases and hire purchase contracts	10,760	17,452
Other interest payable	408	148
	<u>11,768</u>	<u>17,600</u>
	<u>11,768</u>	<u>17,600</u>

**SILVERLEIGH LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**11. TAXATION**

	2019 £	2018 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	169,420	58,347
Adjustments in respect of previous periods	636	-
	<u>170,056</u>	<u>58,347</u>
<b>TOTAL CURRENT TAX</b>	<u>170,056</u>	<u>58,347</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	(12,752)	(3,561)
Adjustments in respect of previous periods	(570)	80
Effect of tax rate change on opening balances	1,342	363,316
<b>TOTAL DEFERRED TAX</b>	<u>(11,980)</u>	<u>359,835</u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>158,076</u>	<u>418,182</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**11. TAXATION (CONTINUED)****FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is the same as (2018: the same as) the standard rate of corporation tax in the UK of 19% (2018: 19%) as set out below:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<b>812,020</b>	270,756
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	<b>154,284</b>	51,444
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	<b>188</b>	3,013
Adjustments to tax charge in respect of prior periods	<b>636</b>	-
Short term timing difference leading to an increase (decrease) in taxation	<b>2,196</b>	-
Capital gains	-	406,359
Changes in provisions leading to an increase (decrease) in the tax charge	<b>(570)</b>	-
Affect of change in tax rates on opening and closing balances	<b>1,342</b>	(42,634)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>158,076</b>	418,182

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

At the balance sheet date legislation has been substantially enacted which reduced the main rate of corporation tax from 20% to 19% from, 1 April 2017 and to 17% from 1 April 2020. This reduction has been reflected in the calculation of the companies deferred tax assets and liabilities.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**12. TANGIBLE FIXED ASSETS**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
<b>COST OR VALUATION</b>				
At 1 April 2018	10,577,732	180,161	783,879	11,541,772
Additions	-	-	61,180	61,180
At 31 March 2019	10,577,732	180,161	845,059	11,602,952
<b>DEPRECIATION</b>				
At 1 April 2018	-	65,918	491,611	557,529
Charge for the year on owned assets	-	782	71,171	71,953
Charge for the year on financed assets	-	52,101	24,831	76,932
At 31 March 2019	-	118,801	587,613	706,414
<b>NET BOOK VALUE</b>				
At 31 March 2019	10,577,732	61,360	257,446	10,896,538
At 31 March 2018	10,577,732	114,243	292,268	10,984,243

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

	2019 £	2018 £
Motor vehicles	83,336	111,115
Furniture, fittings and equipment	60,821	55,791
	144,157	166,906

Cost or valuation at 31 March 2019 is as follows:

	Land and buildings £
<b>AT COST</b>	1,975,327
<b>AT VALUATION:</b>	
Revaluations on 12 August 2014, 27 February 2015 and 4 October 2017 on an open market existing use basis	8,602,405
	10,577,732

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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**12. TANGIBLE FIXED ASSETS (CONTINUED)**

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2019 £	2018 £
Cost	<b>1,975,327</b>	1,975,327
<b>NET BOOK VALUE</b>	<b><u>1,975,327</u></b>	<b><u>1,975,327</u></b>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**
**13. STOCKS**

	2019 £	2018 £
Finished goods and goods for resale	2,995	2,995
	<u>2,995</u>	<u>2,995</u>

**14. DEBTORS**

	2019 £	2018 £
Trade debtors	32,667	47,699
Amounts owed by group undertakings	3,410,972	3,218,717
Other debtors	4,170	4,170
Prepayments and accrued income	16,289	14,696
	<u>3,464,098</u>	<u>3,285,282</u>

**15. CASH AND CASH EQUIVALENTS**

	2019 £	2018 £
Cash at bank and in hand	51,325	57,994
	<u>51,325</u>	<u>57,994</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Trade creditors	73,836	41,092
Amounts owed to group undertakings	3,206,986	3,820,267
Corporation tax	169,420	60,674
Other taxation and social security	21,864	48,706
Obligations under finance lease and hire purchase contracts	55,548	55,754
Other creditors	7,126	5,521
Accruals and deferred income	172,374	192,430
	<u>3,707,154</u>	<u>4,224,444</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

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

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	68,894	109,127
	<u>68,894</u>	<u>109,127</u>

Please provide details of the terms of payment or repayment and the rates of any interest payable on the amounts repayable more than five years after the balance sheet date.

**18. DEFERRED TAXATION**

	2019 £	2018 £
At beginning of year	(1,397,481)	(1,037,646)
Charged to profit or loss	11,980	(359,835)
<b>AT END OF YEAR</b>	<u>(1,385,501)</u>	<u>(1,397,481)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(39,008)	(50,988)
Capital gains	(1,346,493)	(1,346,493)
	<u>(1,385,501)</u>	<u>(1,397,481)</u>

**19. SHARE CAPITAL**

	2019 £	2018 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
1,000 (2018: 1,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

**20. RESERVES**

**Profit and loss account**

The profit and loss reserve is represented by £1,996,495 relating to distributable profits and £7,255,912 relating to previous revaluations of freehold property.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**
**21. HIRE PURCHASE AND FINANCE LEASES**

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	64,900	66,335
Between 1-2 years	39,843	57,444
Between 2-5 years	29,445	60,385
	<u>134,188</u>	<u>184,164</u>

**22. 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 £17,555 (2018: £8,555). Contributions totalling £2,956 (2018: £1,189) were payable to the fund at the balance sheet date and are included in creditors.

**23. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	-	1,215
	<u>-</u>	<u>1,215</u>

**24. RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary of Cannon Care Homes Limited, the company has taken advantage of the exemption in Financial Reporting Standard 102 Section 33 "Related party disclosures" in not disclosing intra group transactions where 100% of the voting rights are controlled within the group.

**25. CONTROLLING PARTY**

The parent company is Cannon Care Homes 4 Limited, company number 06389135, registered in England and Wales. Copies of the financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate parent company is Cannon Care Homes Limited, company number 05317825, registered in England and Wales. Copies of the financial statements can be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.