Company Registration No. 05427035 (England and Wales)

WOLFETON MANOR HEALTHCARE LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 AUGUST 2017

TO 31 DECEMBER 2018

PAGES FOR FILING WITH REGISTRAR

WOLFETON MANOR HEALTHCARE LIMITED

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WOLFETON MANOR HEALTHCARE LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Non-current assets					
Property, plant and equipment	5		2,763,123		2,731,651
Current assets					
Inventories		2,708		1,288	
Trade and other receivables	6	127,532		138,678	
Cash and cash equivalents		169,360		36,275	
		299,600		176,241	
Current liabilities	7	(261,312)		(321,296)	
Net current assets (liabilities)			38,288		(145,055)
Total assets less current liabilities			2,801,411		2,586,596
Non-current liabilities	8		(1,846,435)		(2,195,713)
Provisions for liabilities					
Deferred tax liability	10	45,872		14,298	
			(45,872)		(14,298)
Net assets			909,104		376,585
Equity					
Called up share capital	11		817		500
Share premium account	12		349,712		28
Retained earnings	12		558,575		376,057
Total equity			909,104		376,585

The directors of the company have elected not to include a copy of the income statement within the financial statements.

For the financial period ended 31 December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

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 members have not required the company to obtain an audit of its financial statements for the period in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

WOLFETON MANOR HEALTHCARE LIMITED

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2018

The financial statements were approved by the board of directors and authorised for issue on 4/9/19 and are signed on its behalf by:

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Mr C Bialan
Director

Company Registration No. 05427035

WOLFETON MANOR HEALTHCARE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2018

	Notes	Share capital	Share premium account	Retained earnings	Total
		£	£	£	£
Balance at 1 August 2016		500	28	119,223	119,751
Period ended 31 July 2017:					
Profit and total comprehensive income for the period		-	-	346,234	346,234
Dividends		-	-	(89,400)	(89,400)
Balance at 31 July 2017		500	28	376,057	376,585
Period ended 31 December 2018:					
Profit and total comprehensive income for the period		-	-	232,141	232;141
Issue of share capital	**11**	317	349,684	-	350,001
Dividends		-	-	(49,623)	(49,623)
Balance at 31 December 2018		817	349,712	558,575	909,104

1 Accounting policies

Company information

Wolfeton Manor Healthcare Limited is a private company limited by shares incorporated in England and Wales. The registered office is 31/33 Commercial Road, Poole, Dorset, BH14 0HU. The principal place of business is Wolfeton Manor, East Hill, Charminster, Dorchester, Dorset, DT2 9QL.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Wolfeton Manor Healthcare Limited is a majority-owned subsidiary of Havencroft Healthcare Limited. Financial statements of Havencroft Healthcare Limited are available from Suite 15, South Street Centre, 16-20 South Street, Hythe, Southampton, England, SO45 6EB.

1.2 Business combinations

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Reporting period

The reporting period was extended from 31 July 2018 to 31 December 2018 to align the reporting period end with that of the parent company. Comparative amounts presented in the financial statements and related notes are shown for the year ended 31 July 2017 and are therefore not entirely comparable.

1 Accounting policies **(Continued)**

1.5 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the supply of care services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where payments are received from customers in advance of services provided the amounts are recorded as deferred income and included as part of payables due within one year.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliability. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

1.6 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised over the FRS 102 default period of 10 years on a straight line basis, as the directors consider that it is not possible to make a reliable estimate of the useful life of the assets.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.7 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	25% reducing balance

Freehold land is not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies **(Continued)**

1.8 Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost is calculated using the weighted average method.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Retirement benefits

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

1.16 Leases

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

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

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1 Accounting policies **(Continued)**

1.17 Government grants

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

Government grants relating to turnover are recognised as income over the periods when the related costs are incurred. Grants relating to an asset are recognised in income systematically over the asset's expected useful life. If part of such a grant is deferred it is recognised as deferred income rather than being deducted from the asset's carrying amount.

2 Employees

The average monthly number of persons (including directors) employed by the company during the period was 50 (2017 - 46).

3 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	53,583	62,239
Adjustments in respect of prior periods	(8,338)	186
Total current tax	45,245	62,425
Deferred tax		
Origination and reversal of timing differences	31,574	285
Total tax charge	76,819	62,710

4 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 August 2017 and 31 December 2018	1,150,000
Amortisation and impairment	
At 1 August 2017 and 31 December 2018	1,150,000
Carrying amount	
At 31 December 2018	-
At 31 July 2017	-

Intangible fixed assets with a carrying amount of £nil (2017 - £nil) have been pledged to secure the borrowings of the company.

5 Property, plant and equipment

	Freehold land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 August 2017	2,662,215	295,662	16,347	2,974,224
Additions	74,854	22,184	-	97,038
At 31 December 2018	2,737,069	317,846	16,347	3,071,262
Depreciation and impairment				
At 1 August 2017	26,622	203,051	12,900	242,573
Depreciation charged in the period	39,906	24,437	1,223	65,566
At 31 December 2018	66,528	227,488	14,123	308,139
Carrying amount				
At 31 December 2018	2,670,541	90,358	2,224	2,763,123
At 31 July 2017	2,635,593	92,611	3,447	2,731,651

Property, plant and equipment with a carrying amount of £2,763,123 (2017 - £2,731,651) have been pledged to secure borrowings of the company.

6 Trade and other receivables

	2018	2017
Amounts falling due within one year:	£	£
Trade receivables	50,797	40,503
Other receivables	67,138	70,642
Prepayments and accrued income	9,597	27,533
	127,532	138,678

The carrying amount of trade and other receivables includes £127,532 (2017 - £138,678) pledged as security for liabilities.

7 Current liabilities

		2018	2017
		£	£
Bank loans and overdrafts	9	76,668	130,620
Trade payables		33,775	13,926
Corporation tax		64,609	59,703
Other taxation and social security		4,526	1,737
Other payables		24,273	29,106
Accruals and deferred income		57,461	86,204
		261,312	321,296

8 Non-current liabilities

	Notes	2018 £	2017 £
Bank loans and overdrafts	9	1,846,435	2,195,713

Amounts included above which fall due after five years are as follows:

	2018 £	2017 £
Payable by instalments	1,699,772	1,617,805

9 Borrowings

	2018	2017
	£	£
Bank loans	1,923,103	2,326,333
Payable within one year	76,668	130,620
Payable after one year	1,846,435	2,195,713

The bank loan is secured by a fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, buildings, fixtures and fixed plant and machinery. Interest on the bank loan is charged at 2.79% over LIBOR per annum and the loan matures in January 2024.

10 Deferred taxation

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

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated capital allowances	45,872	14,298

	2018 £
Movements in the period:	
Liability at 1 August 2017	14,298
Charge to profit or loss	31,574
Liability at 31 December 2018	45,872

Of the deferred tax liability set out above, an amount of £nil is expected to reverse within 12 months and relates to accelerated capital allowances.

11 Called up share capital

	2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
21,831 (2017: 43,662) Ordinary A of 1p each	219	437
4,440 (2017: 6,342) Ordinary B of 1p each	44	63
55,379 (2017: 0) Ordinary C of 1p each	554	-
	817	500

Ordinary 'A' shares entitle the holders of the shares as a class to 15% of income, capital and voting rights.
Ordinary 'B' shares entitle the holders of the shares as a class to 25% of income, capital and voting rights.
Ordinary 'C' shares entitle the holders of the shares as a class to 60% of income, capital and voting rights.

During the period the company issued 29,108 Ordinary A shares of 1p each at £9.02 per share and 2,538 Ordinary B shares of 1p each at £34.48 per share. This resulted in an increase in the equity and assets of the company of £350,000.

During the period the company redesignated its share capital of 50,939 Ordinary A shares and 4,440 Ordinary B of 1p each to 55,379 Ordinary C shares of 1p each by Ordinary resolution.

11 Called up share capital (Continued)

Reconciliation of movements during the period:

	Ordinary A shares Number	Ordinary B shares Number	Ordinary C shares Number
At 1 August 2017	43,662	6,342	-
Issue of fully paid shares	29,108	2,538	-
Redesignation of shares	(50,939)	(4,440)	55,379
At 31 December 2018	21,831	4,440	55,379

12 Reserves

Share premium
The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

Retained earnings
Retained earnings represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

13 Financial commitments, guarantees and contingent liabilities

At 31 December 2018 the company had contingent liabilities amounting to £165,797 (2017 - £265,928) in respect of possible additional charge to corporation tax resulting from the initial apportionment on purchase of the values attributable to freehold properties and goodwill. The determination of any liability to charge remains under assessment as at the financial year end.

14 Related party transactions

Remuneration of key management personnel

	2018 £	2017 £
Aggregate compensation	14,172	9,720

Transactions with related parties
During the period the company entered into the following transactions with related parties:

14 Related party transactions (Continued)

	Services received		Expenses recharged	
	2018	2017	2018	2017
	£	£	£	£
Other related parties	139,394	85,109	-	5,040
	139,394	85,109	-	5,040

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2018 £	2017 £
Key management personnel	-	43
Other related parties	8,443	-
	8,443	43

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2018 £	2017 £
Entities with control, joint control or significant influence over the company	33,871	-
Key management personnel	28,653	-
Other related parties	-	28,808
	62,524	28,808

15 Directors' transactions

Dividends totalling £49,623 (2017 - £89,400) were paid in the period in respect of shares held by the company's directors.

At 31 December 2018 an amount of £28,653 was owed to the company by the directors (2017 - £43 by the company to the directors). Interest has not been charged on the loans.

16 Parent company

The ultimate parent company is Havencroft Healthcare Limited, whose registered office is at Suite 15, South Street Centre, 16-20 South Street, Hythe, Southampton, England, SO45 6EB.

The ultimate controlling parties are the directors of the company, by virtue of their direct and indirect holding of 100% of the issued share capital of the company.