

Company Registration No. 06500143 (England and Wales)

**3AB CARE LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

THURSDAY



\*A5HHK7ZT\*

A22

13/10/2016

#192

COMPANIES HOUSE

# **3AB CARE LIMITED**

## **STRATEGIC REPORT**

### ***FOR THE YEAR ENDED 31 MARCH 2016***

---

The directors present the strategic report for the year ended 31 March 2016.

#### **Fair review of the business**

In the year to 31st March 2016, the group saw an increase in turnover of 6.3% and an increase in gross profit of 1.6%.

Taking each group company in turn:

Acacia Care Limited: Turnover increased to £1,048,504 with a reduction in the gross profit to £278,502. The company has now returned to full strength and occupancy of 97% was achieved for the year and a pre-tax profit of £10,351 was reported.

Brookhouse Care Home Limited: Turnover increased by 5.9% to £954,840 with a comparable gross profit percentage of 39%. Average occupancy for the year was affected by the extension works which were completed during the year. A small pre-tax loss for the year of £4,627 was reported but this will reverse in the coming year now that the additional beds are available.

Harley House Limited: Turnover increased here by 1.5% to £858,102. An comparable gross profit percentage of 30.67% was achieved and occupancy rates for the year averaged approximately 93%. The company generated a small operating loss of £7,231 reflecting in part a significant sum spent on maintenance and refurbishment.

Westcroft Nursing Home Limited: Turnover for the year increased by 6.4% to £823,732 with a gross profit percentage of 30%. Occupancy rates for the year were 97% and a pre-tax profit of £39,196 was generated for the year.

Ambourne House Limited: This company runs a day nursery and saw a comparable turnover figure of £385,999. The gross profit percentage fell slightly to 37.35% and occupancy for the year was approximately 70% which reflects the nature of trade and the varying sessions available. The company created a pre-tax profit for the year of £32,289.

HS 228 Limited: This is the parent company of Acacia Care Limited and it did not trade during the year. Due to admin costs, the company reported a pre-tax loss for the year of £801.

3ab Care Limited: The ultimate parent company does not trade as such but received some management fees and paid admin salaries and some overheads, resulting in a loss for the year of £39,815, having incurred additional admin costs this year.

Painswick Road Care Home Limited: Income of £1,204,810 was generated in the year, an increase of 2.6% over the previous year, with average occupancy of 95%. A gross profit of £447,091 was achieved, being 37.11% which is also an improvement over the previous year. A pre-tax profit of £143,354 has been reported.

The Willows Care Home (Shepshed) Limited: This care home only commenced trading in March 2016 and as such, has little to report. An operating loss of £20,168 has been reported. This is to be expected as occupancy was low and various staff and admin costs were incurred. Occupancy will continue to increase here in a controlled manner once the support systems are in place.

# **3AB CARE LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2016**

---

### **Principal risks and uncertainties**

The group is aware of the importance of sustaining high occupancy rates to maintain profits and management are very focused on ensuring that occupancy is reviewed on a daily basis and that each company's reputation maintains strong. This includes reviewing all operations of the business on a regular basis including staffing, properties, legal obligations and financing. The nature of the group's activities are such that they are somewhat protected from the recent economic downturn although management remain vigilant to this threat and will take any action which may be needed.

The group is exposed to the usual credit and cash flow risk where selling on credit is concerned and manages this through credit control procedures.

Short term bank deposits are only placed with reputable blue chip banks. A number of bank loans are held within the group which use the bank base rates to determine the interest payable. This variable rate of interest does create some risk should the interest rates rise significantly.

### **Development and performance**

The directors consider the operating profit achieved, the state of affairs of the group and company at the year end and its prospects for the future to be satisfactory and are pleased with the performance of the group.

The directors are pleased to report that trading since the year end has been good and the group is budgeted to make significant profits going forward. The substantial building works completed during the year at Brookhouse Care Home will also generate significant income going forward.

By order of the board



B.R. Patel

**Secretary**

5 September 2016

# **3AB CARE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2016**

---

The directors present their annual report and financial statements for the year ended 31 March 2016.

#### **Principal activities**

The principal activity of the company continued to be management services. The principle activities of the group continued to be the running of nursing homes and a day nursery. A new care home was opened during the year.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

A.R. Patel

H.A. Patel

#### **Results and dividends**

The results for the year are set out on page 7.

It is proposed that the retained profit of £75,325 is transferred to the group's reserves.

#### **Future developments**

Management are continually evaluating possible acquisition targets to further enhance the groups activities as well as looking at opportunities to expand within the existing operations. The management team are confident that the group will continue to improve on its current level of performance in the future.

#### **Auditor**

The auditor, Pitt Godden & Taylor LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual 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). 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 affairs of the group and company, and of the profit or loss of the group 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 accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **3AB CARE LIMITED**

### **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2016***

---

#### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

By order of the board



B.R. Patel

**Secretary**

5 September 2016

# **3AB CARE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF 3AB CARE LIMITED**

---

We have audited the financial statements of 3ab Care Limited for the year ended 31 March 2016 set out on pages 7 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Going concern**

We draw your attention to the audit reports of Harley House Care Home Limited, Painswick Road Care Home Limited and The Willows Care Home (Shepshed) Limited which state:

'In forming our opinion, we have considered the adequacy of the disclosures in note 1 of the financial statements concerning the continuing support of the company's parent company. The accounts have been prepared on a going concern basis, the validity of which depends on this support continuing. In view of the significance of this matter, we consider that it should be drawn to your attention but our opinion is not qualified in this respect'.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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.

# **3AB CARE LIMITED**


## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF 3AB CARE LIMITED**

---

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

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

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



**Claire Bishop (Senior Statutory Auditor)**  
**for and on behalf of Pitt Godden & Taylor LLP**

5 September 2016

**Chartered Accountants**  
**Statutory Auditor**

Brunel House  
George Street  
Gloucester  
GL1 1BZ

# 3AB CARE LIMITED

## GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	3	5,343,023	5,025,762
Cost of sales		(3,575,925)	(3,286,784)
<b>Gross profit</b>		<b>1,767,098</b>	<b>1,738,978</b>
Administrative expenses		(1,552,664)	(1,436,082)
Other operating income		964	-
<b>Operating profit</b>	4	<b>215,398</b>	<b>302,896</b>
Interest payable and similar charges	8	(109,402)	(108,075)
<b>Profit before taxation</b>		<b>105,996</b>	<b>194,821</b>
Taxation	9	(30,671)	(47,800)
<b>Profit for the financial year</b>		<b>75,325</b>	<b>147,021</b>

The profit and loss account has been prepared on the basis that all operations are continuing operations.



## 3AB CARE LIMITED

### GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2016

---

	2016 £	2015 £
Profit for the year	75,325	147,021
Other comprehensive income	-	-
Total comprehensive income for the year	<u>75,325</u>	<u>147,021</u>

Total comprehensive income for the year is all attributable to the owners of the parent company.

# 3AB CARE LIMITED

## GROUP BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Goodwill	10	302,582		349,134	
Tangible assets	11	5,708,667		5,274,920	
			6,011,249		5,624,054
<b>Current assets</b>					
Stocks	15	3,500		3,500	
Debtors	16	177,912		183,181	
Cash at bank and in hand		286,258		275,134	
			467,670		461,815
<b>Creditors: amounts falling due within one year</b>	17	(598,960)		(1,258,300)	
<b>Net current liabilities</b>			(131,290)		(796,485)
<b>Total assets less current liabilities</b>			5,879,959		4,827,569
<b>Creditors: amounts falling due after more than one year</b>	18		(5,096,135)		(4,149,741)
<b>Provisions for liabilities</b>	20		(99,139)		(68,468)
<b>Net assets</b>			684,685		609,360
<b>Capital and reserves</b>					
Called up share capital	23	1,000		1,000	
Profit and loss reserves		683,685		608,360	
<b>Total equity</b>			684,685		609,360

The financial statements were approved by the board of directors and authorised for issue on 5 September 2016 and are signed on its behalf by:



A.R. Patel  
Director

# 3AB CARE LIMITED

## COMPANY BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
<b>Fixed assets</b>					
Tangible assets	11	2,511,003		2,575,609	
Investments	12	668		667	
		<u>2,511,671</u>		<u>2,576,276</u>	
<b>Current assets</b>					
Debtors	16	2,034,106		1,754,875	
Cash at bank and in hand		173,857		94,439	
		<u>2,207,963</u>		<u>1,849,314</u>	
<b>Creditors: amounts falling due within one year</b>	17	(449,958)		(835,196)	
<b>Net current assets</b>		<u>1,758,005</u>		<u>1,014,118</u>	
<b>Total assets less current liabilities</b>		<u>4,269,676</u>		<u>3,590,394</u>	
<b>Creditors: amounts falling due after more than one year</b>	18	(3,391,838)		(2,672,741)	
<b>Provisions for liabilities</b>	20	(28,614)		(24,028)	
<b>Net assets</b>		<u>849,224</u>		<u>893,625</u>	
<b>Capital and reserves</b>					
Called up share capital	23	1,000		1,000	
Profit and loss reserves		848,224		892,625	
<b>Total equity</b>		<u>849,224</u>		<u>893,625</u>	

The financial statements were approved by the board of directors and authorised for issue on 5 September 2016 and are signed on its behalf by:



A.R. Patel  
Director

Company Registration No. 06500143

## 3AB CARE LIMITED

### GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

---

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2014		1,000	461,339	462,339
Year ended 31 March 2015:				
Profit and total comprehensive income for the year		-	147,021	147,021
Balance at 31 March 2015		1,000	608,360	609,360
Year ended 31 March 2016:				
Profit and total comprehensive income for the year		-	75,325	75,325
Balance at 31 March 2016		1,000	683,685	684,685

---

## 3AB CARE LIMITED

### COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

---

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2014		1,000	943,910	944,910
Year ended 31 March 2015:				
Loss and total comprehensive income for the year		-	(51,285)	(51,285)
Balance at 31 March 2015		1,000	892,625	893,625
Year ended 31 March 2016:				
Loss and total comprehensive income for the year		-	(44,401)	(44,401)
Balance at 31 March 2016		1,000	848,224	849,224

# 3AB CARE LIMITED

## GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	£	2015 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	27		(60,960)		648,486
Interest paid			(109,402)		(108,075)
Income taxes paid			(5,722)		(40,442)
<b>Net cash (outflow)/inflow from operating activities</b>			(176,084)		499,969
<b>Investing activities</b>					
Purchase of tangible fixed assets		(727,286)		(1,856,435)	
<b>Net cash used in investing activities</b>			(727,286)		(1,856,435)
<b>Financing activities</b>					
Repayment of bank loans		936,965		1,549,494	
<b>Net cash generated from financing activities</b>			936,965		1,549,494
<b>Net increase in cash and cash equivalents</b>			33,595		193,028
Cash and cash equivalents at beginning of year			252,663		59,635
<b>Cash and cash equivalents at end of year</b>			286,258		252,663
<b>Relating to:</b>					
Cash at bank and in hand			286,258		275,134
Bank overdrafts included in creditors payable within one year			-		(22,471)

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

---

### 1 Accounting policies

#### Company information

3ab Care Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is The Heathers, Quarry Road, Bowling Hill, Chipping Sodbury, Bristol BS37 6AX.

The group consists of 3ab Care Limited and all of its subsidiaries.

#### 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.

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 on the historical cost convention. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 31 March 2016 are the first financial statements of 3ab Care Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £44,401 (2015 - £51,285 loss).

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

---

### 1 Accounting policies

(Continued)

#### 1.2 Basis of consolidation

In the parent company financial statements, 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. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of 3ab Care Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The group profit and loss account and statement of cash flows also include the results and cash flows of The Willows Care Home (Shepshed) Limited for the period from its incorporation on 22 September 2015, which comprises only a one month trading period.

#### 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 Turnover

Turnover 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 sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.



# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

(Continued)

#### 1.5 Intangible fixed assets - goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

Goodwill arising on the acquisition of subsidiary undertakings representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life which has been reduced to 10 years. Provisions are made for any impairment.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Land and buildings Freehold	2% straightline basis
Land and buildings Leasehold	10% straight line basis
Plant and machinery	25% straightline basis
Fixtures, fittings & equipment	25% straightline basis
Motor vehicles	25% straight line basis

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 recognised in the profit and loss account.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the group 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.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

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.

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

---

### 1 Accounting policies

(Continued)

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks 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.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents 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.

#### 1.10 Financial instruments

The group 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 group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

##### **Basic financial assets**

Basic financial assets, which include debtors 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 publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

---

### 1 Accounting policies

(Continued)

#### ***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 group 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 group after deducting all of its liabilities.

Basic financial liabilities, including creditors, 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 receipts 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 creditors 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 creditors 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 through 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.

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

---

### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

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

#### **1.11 Equity instruments**

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

#### **1.12 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 profit and loss account 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***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 profit and loss account, 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 if, and only if, there is 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.

#### **1.13 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 fixed 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.

#### **1.14 Retirement benefits**

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

#### **1.15 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 1 Accounting policies

(Continued)

#### 1.16 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.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016 £	2015 £
<b>Turnover</b>		
Care Homes	4,957,026	4,643,323
Day Nursery	385,997	382,459
	<u>5,343,023</u>	<u>5,025,782</u>
 <b>Other significant revenue</b>		
Grants received	964	-
	<u>964</u>	<u>-</u>

All income was derived from activities within the United Kingdom.

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 4 Operating loss

	2016 £	2015 £
Operating loss for the year is stated after charging/(crediting):		
Government grants	(964)	-
Depreciation of owned tangible fixed assets	293,539	260,179
Amortisation of intangible assets	46,552	25,837
Operating lease charges	4,583	11,250
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2016 £	2015 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	1,950	1,663
Audit of the company's subsidiaries	15,060	13,220
	<u>          </u>	<u>          </u>
	17,010	14,883
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Taxation compliance services	3,310	2,160
	<u>          </u>	<u>          </u>

### 6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Directors	2	2
Care Home	206	199
Nursery	14	14
Administration	2	2
	<u>          </u>	<u>          </u>
	224	217
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	3,372,309	3,132,805
Social security costs	219,380	207,893
Pension costs	8,567	4,963
	<u>          </u>	<u>          </u>
	3,600,256	3,345,661
	<u>          </u>	<u>          </u>

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 7 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	8,981	8,854

### 8 Interest payable and similar charges

	2016 £	2015 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	109,402	108,075

### 9 Taxation

	2016 £	2015 £
UK corporation tax on profits for the current period	-	5,722
<b>Deferred tax</b>		
Origination and reversal of timing differences	30,671	42,078
<b>Total tax charge</b>	<b>30,671</b>	<b>47,800</b>

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

	2016 £	2015 £
Profit before taxation	105,996	194,821
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	21,199	38,964
Tax effect of expenses that are not deductible in determining taxable profit	4,084	2,670
Tax effect of utilisation of tax losses not previously recognised	(32,896)	(24,069)
Unutilised tax losses carried forward	727	-
Depreciation on assets not qualifying for tax allowances	23,203	21,494
Amortisation on assets not qualifying for tax allowances	9,310	4,655
Other non-reversing timing differences	5,044	4,086
<b>Tax expense for the year</b>	<b>30,671</b>	<b>47,800</b>

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 10 Intangible fixed assets

Group	Goodwill on consolidation £	Goodwill £	Professional fees £	Total £
<b>Cost</b>				
At 1 April 2015 and 31 March 2016	465,514	794,269	12,816	1,272,599
<b>Amortisation and impairment</b>				
At 1 April 2015	116,380	794,269	12,816	923,465
Amortisation charged for the year	46,552	-	-	46,552
At 31 March 2016	162,932	794,269	12,816	970,017
<b>Carrying amount</b>				
At 31 March 2016	302,582	-	-	302,582
At 31 March 2015	349,134	-	-	349,134

### Goodwill on consolidation

	Acacia Care Limited £	Other group companies £	Total £
<b>Net assets acquired</b>			
Assets	641,338	-	641,338
Liabilities	(431,623)		(431,623)
Share for share exchange	-	205	205
	209,715	205	209,920
Consideration paid	674,435	999	675,434
At 1 April 2015 & at 31 March 2016	464,720	794	465,514

### Company

	Professional fees £
<b>Cost</b>	
At 1 April 2015 and 31 March 2016	12,816
<b>Amortisation and impairment</b>	
At 1 April 2015 and 31 March 2016	12,816
<b>Carrying amount</b>	
At 31 March 2016	-
At 31 March 2015	-



## 3AB CARE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

#### 11 Tangible fixed assets

Group	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, Motor vehicles fittings & equipment £	£	Total £
<b>Cost</b>						
At 1 April 2015	5,573,375	31,170	916,542	28,564	23,137	6,572,788
Additions	555,886	-	171,400	-	-	727,286
At 31 March 2016	6,129,261	31,170	1,087,942	28,564	23,137	7,300,074
<b>Depreciation and impairment</b>						
At 1 April 2015	564,794	12,468	681,936	18,657	20,013	1,297,868
Depreciation charged in the year	121,799	3,117	160,440	7,141	1,042	293,539
At 31 March 2016	686,593	15,585	842,376	25,798	21,055	1,591,407
<b>Carrying amount</b>						
At 31 March 2016	5,442,668	15,585	245,566	2,766	2,082	5,708,667
At 31 March 2015	5,008,581	18,702	234,606	9,907	3,124	5,274,920

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

Company	Land and buildings Freehold
	£
<b>Cost</b>	
At 1 April 2015 and 31 March 2016	2,755,962
<b>Depreciation and impairment</b>	
At 1 April 2015	180,353
Depreciation charged in the year	64,606
At 31 March 2016	244,959
<b>Carrying amount</b>	
At 31 March 2016	2,511,003
At 31 March 2015	2,575,609

The freehold land and buildings are let by the parent company to its' subsidiaries and as such they fall under the definition of investment properties under FRS 102. The company has not included the properties at fair value in these accounts as this would constitute 'undue cost and effort' under the provisions of FRS 102 as the properties revert back to cost on consolidation.

### 12 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	13	-	-	668	667

### 13 Subsidiaries

Details of the company's subsidiaries at 31 March 2016 are as follows:

Name of undertaking and country of incorporation or residency		Nature of business	Class of shareholding	% Held Direct Indirect	
HS228 Limited	England	Holding Company	Ordinary	100.00	
Ambourne House Limited	England	Day Nursery	Ordinary	100.00	
Brookhouse Care Home Limited	England	Care Home	Ordinary	100.00	
Harley House Care Home Limited	England	Care Home	Ordinary	100.00	
Painswick Road Care Home Limited	England	Care Home	Ordinary	100.00	
Westcroft Nursing Home Limited	England	Care Home	Ordinary	100.00	
Acacia Care Limited	England	Care Home	Ordinary		100.00
The Willows Care Home (Shepshed) Ltd	England	Care Home	Ordinary	100.00	

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 14 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	154,270	169,639	2,031,412	1,754,875
Equity instruments measured at cost less impairment	-	-	668	667
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	5,608,997	5,337,367	3,838,975	3,504,258

### 15 Stocks

	Group 2016 £	2015 £	Company 2016 £	2015 £
Finished goods and goods for resale	3,500	3,500	-	-

### 16 Debtors

	Group 2016 £	2015 £	Company 2016 £	2015 £
<b>Amounts falling due within one year:</b>				
Trade debtors	151,798	163,038	-	-
Amounts due from subsidiary undertakings	-	-	2,031,412	1,754,875
Other debtors	2,472	6,601	-	-
Prepayments and accrued income	23,642	13,542	2,694	-
	177,912	183,181	2,034,106	1,754,875

### 17 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	19	238,500	268,471	158,500	150,000
Trade creditors		91,227	126,776	7,553	-
Amounts due to group undertakings		-	-	279,134	208,812
Corporation tax payable		-	5,722	-	-
Other taxation and social security		83,204	64,952	2,821	3,679
Government grants	21	965	-	-	-
Other creditors		9,143	607,703	-	470,509
Accruals and deferred income		175,921	184,676	1,950	2,196
		598,960	1,258,300	449,958	835,196

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 18 Creditors: amounts falling due after more than one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	19	5,094,206	4,149,741	3,391,838	2,672,741
Government grants	21	1,929	-	-	-
		<u>5,096,135</u>	<u>4,149,741</u>	<u>3,391,838</u>	<u>2,672,741</u>

### 19 Loans and overdrafts

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans	5,332,706	4,395,741	3,550,338	2,822,741
Bank overdrafts	-	22,471	-	-
	<u>5,332,706</u>	<u>4,418,212</u>	<u>3,550,338</u>	<u>2,822,741</u>
Payable within one year	238,500	268,471	158,500	150,000
Payable after one year	<u>5,094,206</u>	<u>4,149,741</u>	<u>3,391,838</u>	<u>2,672,741</u>

#### Group

A bank loan was taken out in the previous year for £1,842,000. The final tranche of this loan of £269,000 was drawn down in the year. This loan, to facilitate the extension of the premises, is repayable over 19 years and attracts interest at 1.89% over base.

The long term loan is secured by a debenture over the company's assets as well as a charge over the property and an unlimited inter-company guarantee.

#### Company and Group

A capital loan of £2,938,000 repayable over 20 years and attracting interest at 1.89% over base was taken out in the previous year. An additional and final tranche of this loan for £580,000 was drawn down during the year.

An additional loan of £300,000 was taken out at the year end to facilitate the refurbishment of the new care home. This loan attracts interest at 2.28% over base and is repayable over 20 years.

These loans are secured by legal charges over the properties held by the Group, an unlimited debenture over all the assets of the company and an inter-company guarantee.

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016 £	Liabilities 2015 £
<b>Group</b>		
Accelerated capital allowances	115,148	73,665
Tax losses	(16,009)	(5,197)
	<u>99,139</u>	<u>68,468</u>
	Liabilities 2016 £	Liabilities 2015 £
<b>Company</b>		
Accelerated capital allowances	33,810	29,224
Tax losses	(5,196)	(5,196)
	<u>28,614</u>	<u>24,028</u>
	Group 2016 £	Company 2016 £
<b>Movements in the year:</b>		
Liability at 1 April 2015	68,468	24,028
Charge to profit or loss	30,671	4,586
	<u>99,139</u>	<u>28,614</u>

The deferred tax liability set out above is expected to reverse and relates to accelerated capital allowances that are expected to mature in the future.

### 21 Government grants

	Group 2016 £	2015 £	Company 2016 £	2015 £
Deferred income is included in the financial statements as follows:				
Current liabilities	965	-	-	-
Non-current liabilities	1,929	-	-	-
	<u>2,894</u>	<u>-</u>	<u>-</u>	<u>-</u>

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 22 Retirement benefit schemes

	2016	2015
	£	£
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	8,567	4,963

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 23 Share capital

	Group and company	
	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
1,000 Ordinary of £1 each	1,000	1,000

### 24 Operating lease commitments

Lessee  
Property Lease

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Within one year	45,000	45,000	-	-
Between two and five years	270,417	-	-	-
	315,417	45,000	-	-

# 3AB CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

### 25 Related party transactions

#### Transactions with related parties

Included in other creditors in the previous year was an amount of £470,509 due to the directors and shareholders of the group companies. These credit facilities made available to the group were all repaid during the year.

As at 31 March 2016, there is an amount of £2,000 due back to the Group from H. Patel, director, being a loan made during the year which has since been repaid.

Rent of £4,583 was paid to the Group pension scheme with common trustees in respect of one of the trading subsidiaries.

No guarantees have been given or received.

### 26 Controlling party

Mr A.R. Patel and his family and brothers are the controlling party by virtue of their 100% interest in the issued share capital of the company.

### 27 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	75,325	147,021
Adjustments for:		
Taxation charged	30,671	47,800
Finance costs	109,402	108,075
Amortisation and impairment of intangible assets	46,552	25,837
Depreciation and impairment of tangible fixed assets	293,539	260,179
Movements in working capital:		
Decrease in debtors	5,269	60,268
(Decrease) in creditors	(624,612)	(694)
Increase in deferred income	2,894	-
<b>Cash (absorbed by)/generated from operations</b>	<b>(60,960)</b>	<b>648,486</b>