

Company Registration No. 04340639 (England and Wales)

THE FRANKLYN GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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THE FRANKLYN GROUP LIMITED

COMPANY INFORMATION

Directors Mr R A Fleming
Mrs J C McKenna
Mr A J MacArthur

Company number 04340639

Registered office The Gatehouse
9 Manor Road
Harrogate
North Yorkshire
UK
HG2 0HP

Auditor Henton & Co LLP
Northgate
118 North Street
Leeds
West Yorkshire
LS2 7PN

Business address The Gatehouse
9 Manor Road
Harrogate
North Yorkshire
UK
HG2 0HP

THE FRANKLYN GROUP LIMITED

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THE FRANKLYN GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report for the year ended 30 June 2019.

Fair review of the business

The directors are very pleased with the results, the individual homes have contributed well with The Gatehouse and Kirkwood exceeding projections for the year.

The occupancy has been good with The Gatehouse exceeding industry averages and Stobars Hall recovering very well from the low occupancy figures at the beginning of the accounting year. Registered bed numbers have remained static and all homes are now operating at occupancy levels above industry norms. We continue to drive fee levels through excellence in care and improved CQC ratings. Staffing continues to be the biggest challenge at all of the homes however effective recruitment practices mean that all of the homes are safely covered at all times. Increases in staff costs also continue to put pressure on the business however the business plan to attract private clients is mitigating concerns in this area.

Looking forward

The company will continue to make improvements in the technology used throughout the business to drive efficiency in all areas. Further improvements in working practices and continued investment in the homes will be made as we aim for Outstanding CQC ratings in all homes.

Principal risks and uncertainties

Our ongoing concern for the care industry as a whole is the difficulty in recruiting and retaining reliable, caring and hardworking staff. Britain's exit from the EU is still a matter of great uncertainty for a number of our existing staff as well as being a concern for recruitment opportunities in the future. In addition, concerns regarding supply chain and resulting inflation continue to loom - particularly as the Exit Date continues to change. Once again, the Government's plan to raise the National Minimum Wage significantly next year will have a dramatic effect on the staff costs across the group. We have many opportunities; there remains a national shortage of residential care beds, home closures local to our properties and excellent reputation and community links offer significant opportunities for growth in the coming years.

Other performance indicators

The Board monitors progress on the overall company strategy by reference to three key KPIs. Performance during the year, against that for the comparative period is set out in the table below:

	2019	2018
Turnover	£2.81m	£2.72m
Gross profit margin (%)	46.41%	42.83%
Net profit margin	£655k	£754k

On behalf of the board



Mrs J C McKenna

Director

24 January 2020

THE FRANKLYN GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Principal activities

The principal activity of the company continued to be that of care homes and care home agents.

Directors

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

Mr R A Fleming
Mrs J C McKenna
Mr A J MacArthur

Results and dividends

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

Ordinary dividends were paid amounting to £387,263. The directors do not recommend payment of a further dividend.

Auditor

Henton & Co LLP were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 directors are 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE FRANKLYN GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board



Mrs J C McKenna

Director

24 January 2020

THE FRANKLYN GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE FRANKLYN GROUP LIMITED

Opinion

We have audited the financial statements of The Franklyn Group Limited (the 'company') for the year ended 30 June 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

THE FRANKLYN GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE FRANKLYN GROUP LIMITED

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 and the directors' report.

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE FRANKLYN GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE FRANKLYN GROUP LIMITED

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.

Henton + Co LLP

Chris Howitt (Senior Statutory Auditor)
for and on behalf of Henton & Co LLP

24 January 2020

Chartered Accountants
Statutory Auditor

Northgate
118 North Street
Leeds
West Yorkshire
LS2 7PN

THE FRANKLYN GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	2018 £
Turnover	3	2,810,069	2,720,754
Cost of sales		(1,505,786)	(1,555,475)
Gross profit		1,304,283	1,165,279
Administrative expenses		(648,516)	(588,845)
Other operating income		-	8,513
Operating profit	4	655,767	584,947
Interest receivable and similar income	7	531	930
Interest payable and similar expenses	8	(501)	(16,404)
Profit on disposal of investments	9	-	184,800
Profit before taxation		655,797	754,273
Tax on profit	10	(119,068)	(91,119)
Profit for the financial year		536,729	663,154

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

THE FRANKLYN GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	2019 £	2018 £
Profit for the year	536,729	663,154
	<u> </u>	<u> </u>
Other comprehensive income		
Revaluation of tangible fixed assets	-	475,000
Tax relating to other comprehensive income	-	(69,749)
	<u> </u>	<u> </u>
Other comprehensive income for the year	-	405,251
	<u> </u>	<u> </u>
Total comprehensive income for the year	536,729	1,068,405
	<u> </u>	<u> </u>

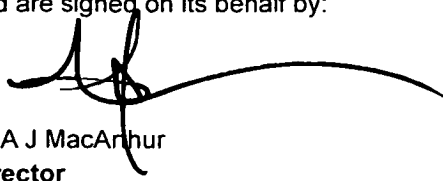
THE FRANKLYN GROUP LIMITED

BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	12		6,349,945		6,462,909
Current assets					
Stocks	14	4,350		4,350	
Debtors	15	130,446		151,907	
Cash at bank and in hand		388,594		92,618	
		523,390		248,875	
Creditors: amounts falling due within one year	16	(1,300,510)		(1,292,191)	
Net current liabilities			(777,120)		(1,043,316)
Total assets less current liabilities			5,572,825		5,419,593
Provisions for liabilities	17		(303,171)		(299,405)
Net assets			5,269,654		5,120,188
Capital and reserves					
Called up share capital	20	201,000		201,000	
Revaluation reserve		2,352,238		2,405,916	
Profit and loss reserves		2,716,416		2,513,272	
Total equity			5,269,654		5,120,188

The financial statements were approved by the board of directors and authorised for issue on 24 January 2020 and are signed on its behalf by:


Mr A J MacArthur
Director

Company Registration No. 04340639

THE FRANKLYN GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 July 2017		201,000	2,000,665	1,950,118	4,151,783
Year ended 30 June 2018:					
Profit for the year		-	-	663,154	663,154
Other comprehensive income:					
Revaluation of tangible fixed assets		-	475,000	-	475,000
Tax relating to other comprehensive income		-	(69,749)	-	(69,749)
Total comprehensive income for the year		-	405,251	663,154	1,068,405
Dividends	11	-	-	(100,000)	(100,000)
Balance at 30 June 2018		201,000	2,405,916	2,513,272	5,120,188
Year ended 30 June 2019:					
Profit and total comprehensive income for the year		-	-	536,729	536,729
Dividends	11	-	-	(387,263)	(387,263)
Transfers		-	(53,678)	53,678	-
Balance at 30 June 2019		201,000	2,352,238	2,716,416	5,269,654

THE FRANKLYN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

The Franklyn Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is The Gatehouse, 9 Manor Road, Harrogate, North Yorkshire, UK, HG2 0HP.

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 under the historical cost convention, modified to include the revaluation of freehold properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This 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:

- 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 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Franklyn Care Limited. These consolidated financial statements are available from its registered office, The Gatehouse, 9 Manor Road, Harrogate, North Yorkshire, HG2 0HP.

1.2 Going concern

These financial statements are prepared on the going concern basis. Based on forward cash flow forecasts and budgets, the directors have a reasonable expectation that the group will continue in operational existence for the foreseeable future.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business.

1.4 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 considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

THE FRANKLYN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.5 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:

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

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.

1.6 Impairment of fixed 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.

1.7 Stocks

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

1.8 Cash at bank and in hand

Cash at bank and in hand 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.

THE FRANKLYN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.9 Financial instruments

Financial instruments are recognised in the company's balance sheet 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.

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 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.

THE FRANKLYN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future 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 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

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.

Derecognition of financial liabilities

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

1.10 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.

1.11 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

THE FRANKLYN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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 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 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.

1.12 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.

1.13 Retirement benefits

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

1.14 Leases

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.

2 Judgements and key sources of estimation uncertainty

In the application of the company'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.

THE FRANKLYN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Provision of residential care	2,810,069	2,720,754

	2019 £	2018 £
Other significant revenue		
Interest income	531	930

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	14,683	10,551
Depreciation of owned tangible fixed assets	172,841	50,695
(Profit)/loss on disposal of tangible fixed assets	-	2,778

5 Employees

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

	2019 Number	2018 Number
Directors	2	3
Care home staff	64	62
Administration	5	6
	71	71

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,221,391	1,340,281
Social security costs	70,653	85,128
Pension costs	13,500	10,362
	1,305,544	1,435,771

THE FRANKLYN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	16,414	111,970
Company pension contributions to defined contribution schemes	72	3,520
	<u>16,486</u>	<u>115,490</u>

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	531	930
	<u>531</u>	<u>930</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	531	930
	<u>531</u>	<u>930</u>

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	16,404
Other finance costs:		
Other interest	501	-
	<u>501</u>	<u>16,404</u>

9 Amounts written off fixed assets investments

	2019 £	2018 £
Gain on disposal of financial assets held at cost	-	184,800
	<u>-</u>	<u>184,800</u>

10 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	115,302	92,554
	<u>115,302</u>	<u>92,554</u>

THE FRANKLYN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

10 Taxation

(Continued)

Deferred tax

Origination and reversal of timing differences	3,766	(1,435)
	<u> </u>	<u> </u>
Total tax charge	119,068	91,119
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	655,797	754,273
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	124,601	143,312
Tax effect of expenses that are not deductible in determining taxable profit	-	716
Gains not taxable	-	(35,112)
Group relief	(29,529)	(10,440)
Permanent capital allowances in excess of depreciation	20,230	(7,357)
Deferred tax adjustments in respect of prior years	3,766	-
	<u> </u>	<u> </u>
Taxation charge for the year	119,068	91,119
	<u> </u>	<u> </u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2019 £	2018 £
Deferred tax arising on:		
Revaluation of property	-	69,749
	<u> </u>	<u> </u>

11 Dividends

	2019 £	2018 £
Final paid	387,263	100,000
	<u> </u>	<u> </u>

THE FRANKLYN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

12 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
Cost or valuation					
At 1 July 2018	6,275,000	369,289	4,123	31,400	6,679,812
Additions	-	59,282	593	-	59,875
At 30 June 2019	6,275,000	428,571	4,716	31,400	6,739,687
Depreciation and impairment					
At 1 July 2018	-	196,815	3,191	16,895	216,901
Depreciation charged in the year	125,500	43,920	183	3,238	172,841
At 30 June 2019	125,500	240,735	3,374	20,133	389,742
Carrying amount					
At 30 June 2019	6,149,500	187,836	1,342	11,267	6,349,945
At 30 June 2018	6,275,000	172,474	930	14,505	6,462,909

Land and buildings with a carrying amount of £6,275,000 were revalued at 31 December 2017 by Knight Frank, independent valuers not connected with the company on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2019 £	2018 £
Cost	3,591,123	3,591,123
Accumulated depreciation	(71,822)	-
Carrying value	3,519,301	3,591,123

13 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	90,615	102,408
Carrying amount of financial liabilities		
Measured at amortised cost	1,169,596	1,176,652

THE FRANKLYN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

14 Stocks

	2019 £	2018 £
Finished goods and goods for resale	4,350	4,350

15 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	90,115	95,709
Other debtors	500	6,699
Prepayments and accrued income	39,831	49,499
	130,446	151,907

16 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	64,388	66,672
Amounts owed to group undertakings	1,064,801	1,026,089
Corporation tax	115,302	92,554
Other taxation and social security	15,612	22,985
Other creditors	20,710	62,216
Accruals and deferred income	19,697	21,675
	1,300,510	1,292,191

17 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	18	303,171	299,405

THE FRANKLYN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

18 Deferred taxation

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

	Liabilities 2019 £	Liabilities 2018 £
Balances:		
Accelerated capital allowances	31,008	23,445
Revaluations	272,163	275,960
	<u>303,171</u>	<u>299,405</u>
		2019 £
Movements in the year:		
Liability at 1 July 2018		299,405
Charge to profit or loss		3,766
		<u>303,171</u>
Liability at 30 June 2019		<u>303,171</u>

19 Retirement benefit schemes

	2019 £	2018 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	13,500	10,362
	<u>13,500</u>	<u>10,362</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

20 Share capital

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
201,000 Ordinary shares of £1 each	201,000	201,000
	<u>201,000</u>	<u>201,000</u>

The company has one class of ordinary shares. Each share is entitled to one vote in any circumstances and is entitled to dividend payments and any other distribution including from a winding up of the company.

21 Financial commitments, guarantees and contingent liabilities

The company is subject to a cross guarantee dated 24 May 2018 for the liabilities of Franklyn Care Limited which amounted to £4,955,450 as at the balance sheet date.

THE FRANKLYN GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	<u>16,548</u>	<u>114,270</u>

23 Control

The company's immediate parent is Franklyn Care Limited.

The parent of the smallest and largest group in which these financial statements are consolidated is Franklyn Care Limited, incorporated in the UK.

The registered office of Franklyn Care Limited is The Gatehouse, 9 Manor Road, Harrogate, North Yorkshire, HG2 0HP.

These financial statements are available upon request from www.companieshouse.gov.uk