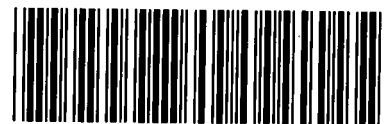


Company Registration No. 10998058 (England and Wales)

**FRANKLYN CARE LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

TUESDAY



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# FRANKLYN CARE LIMITED

## COMPANY INFORMATION

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

**Company number** 10998058

**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

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# FRANKLYN CARE LIMITED

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# FRANKLYN CARE LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 JUNE 2019**

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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 having completed the first full year following the acquisition in May 2018. 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 group 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 again 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.

On behalf of the board



Mrs J C McKenna

Director

24 January 2020

# FRANKLYN CARE LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 30 JUNE 2019**

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

### Principal activities

Franklyn Care Limited was incorporated on 5 October 2017. The company is a holding company. The directors foresee no material change in the nature of the companies activities which commenced on 24 May 2018.

### Directors

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

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

### Results and dividends

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

Ordinary dividends were paid amounting to £70,000. The directors do not recommend payment of a further dividend.

### Auditor

Henton & Co LLP were appointed auditor to the group 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 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.

# FRANKLYN CARE LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2019**

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### 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 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 is aware of that information.

On behalf of the board



Mrs J C McKenna

Director

24 January 2020

# FRANKLYN CARE LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF FRANKLYN CARE LIMITED

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#### Opinion

We have audited the financial statements of Franklyn Care Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the group profit and loss account, the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows, the company 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 group's and the parent company's affairs as at 30 June 2019 and of the group's 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 group's or the parent 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.

# **FRANKLYN CARE LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF FRANKLYN CARE LIMITED**

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#### **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.

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

In the light of the knowledge and understanding of the group and the parent 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 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.

#### **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 group's and the parent 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 group or the parent 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.



# FRANKLYN CARE LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF FRANKLYN CARE LIMITED

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### Use of our report

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

# FRANKLYN CARE LIMITED

## GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2019

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	Notes	2019 £	2018 £
Turnover	3	3,797,737	374,287
Cost of sales		(2,070,918)	(25,183)
<b>Gross profit</b>		<b>1,726,819</b>	<b>349,104</b>
Administrative expenses		(747,789)	(319,540)
Other operating income		-	863
<b>Operating profit</b>	<b>4</b>	<b>979,030</b>	<b>30,427</b>
Interest receivable and similar income	8	1,031	146
Interest payable and similar expenses	9	(149,404)	(27,444)
<b>Profit before taxation</b>		<b>830,657</b>	<b>3,129</b>
Tax on profit	10	(167,435)	(12,345)
<b>Profit/(loss) for the financial year</b>		<b>663,222</b>	<b>(9,216)</b>

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Profit/(loss) for the financial year is all attributable to the owners of the parent company.

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

# FRANKLYN CARE LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 30 JUNE 2019*

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	2019 £	2018 £
Profit/(loss) for the year	663,222	(9,216)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>663,222</u>	<u>(9,216)</u>

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

# FRANKLYN CARE LIMITED

## GROUP BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Goodwill	12		42		542
Negative goodwill	12		(1,500,531)		(1,607,712)
Net goodwill			(1,500,489)		(1,607,170)
Tangible assets	13		8,027,890		8,180,400
			6,527,401		6,573,230
<b>Current assets</b>					
Stocks	16	5,450		5,450	
Debtors	17	240,097		334,902	
Cash at bank and in hand		565,084		183,219	
		810,631		523,571	
<b>Creditors: amounts falling due within one year</b>	18	(746,375)		(803,022)	
<b>Net current assets/(liabilities)</b>			64,256		(279,451)
<b>Total assets less current liabilities</b>			6,591,657		6,293,779
<b>Creditors: amounts falling due after more than one year</b>	19		(5,635,190)		(5,934,300)
<b>Provisions for liabilities</b>	21		(372,262)		(368,496)
<b>Net assets/(liabilities)</b>			584,205		(9,017)
<b>Capital and reserves</b>					
Called up share capital	23		200		200
Profit and loss reserves			584,005		(9,217)
<b>Total equity</b>			584,205		(9,017)

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:



Mrs J C McKenna  
Director



Mr A J MacArthur  
Director

# FRANKLYN CARE LIMITED

## COMPANY BALANCE SHEET

AS AT 30 JUNE 2019

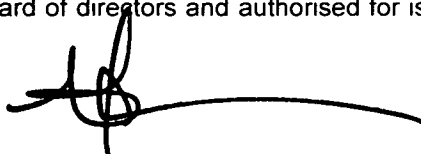
	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Investments	14		5,163,025		5,163,025
<b>Current assets</b>					
Debtors	17	920,758		1,117,616	
Cash at bank and in hand		17,351		20,534	
		<u>938,109</u>		<u>1,138,150</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>(375,197)</u>		<u>(437,972)</u>	
<b>Net current assets</b>			<u>562,912</u>		<u>700,178</u>
<b>Total assets less current liabilities</b>			<u>5,725,937</u>		<u>5,863,203</u>
<b>Creditors: amounts falling due after more than one year</b>	19		<u>(5,635,190)</u>		<u>(5,934,300)</u>
<b>Net assets/(liabilities)</b>			<u><u>90,747</u></u>		<u><u>(71,097)</u></u>
<b>Capital and reserves</b>					
Called up share capital	23		200		200
Profit and loss reserves			<u>90,547</u>		<u>(71,297)</u>
<b>Total equity</b>			<u><u>90,747</u></u>		<u><u>(71,097)</u></u>

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £231,844 (2018 - £71,297 loss).

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:



Mrs J C McKenna  
Director



Mr A J MacArthur  
Director

Company Registration No. 10998058

# FRANKLYN CARE LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 5 October 2017</b>		-	-	-
<b>Period ended 30 June 2018:</b>				
Loss and total comprehensive income for the year		-	(9,216)	(9,216)
Issue of share capital	23	200	-	200
<b>Balance at 30 June 2018</b>		200	(9,217)	(9,017)
<b>Period ended 30 June 2019:</b>				
Profit and total comprehensive income for the year		-	663,222	663,222
Dividends	11	-	(70,000)	(70,000)
<b>Balance at 30 June 2019</b>		200	584,005	584,205

# FRANKLYN CARE LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 5 October 2017		-	-	-
Period ended 30 June 2018:				
Loss and total comprehensive income for the period		-	(71,297)	(71,297)
Issue of share capital	23	200	-	200
Balance at 30 June 2018		200	(71,297)	(71,097)
Year ended 30 June 2019:				
Profit and total comprehensive income for the year		-	231,844	231,844
Dividends	11	-	(70,000)	(70,000)
Balance at 30 June 2019		200	90,547	90,747

# FRANKLYN CARE LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash generated from/(absorbed by) operations	27		1,153,805		(57,085)
Interest paid			(126,962)		(27,444)
Income taxes (paid)/refunded			(597,520)		476,141
<b>Net cash inflow from operating activities</b>			<b>429,323</b>		<b>391,612</b>
<b>Investing activities</b>					
Purchase of intangible assets		(1,465,433)		1,607,119	
Purchase of tangible fixed assets		8,114,515		(8,187,452)	
Purchase of subsidiaries		(3,887,306)		-	
Interest received		1,031		146	
<b>Net cash generated from/(used in) investing activities</b>			<b>2,762,807</b>		<b>(6,580,187)</b>
<b>Financing activities</b>					
Proceeds from issue of shares		-		200	
Proceeds from borrowings		1,119,800		-	
Repayment of borrowings		(1,479,325)		1,141,594	
Proceeds of new bank loans		5,230,000		-	
Repayment of bank loans		(7,610,740)		5,230,000	
Dividends paid to equity shareholders		(70,000)		-	
<b>Net cash (used in)/generated from financing activities</b>			<b>(2,810,265)</b>		<b>6,371,794</b>
<b>Net increase in cash and cash equivalents</b>			<b>381,865</b>		<b>183,219</b>
Cash and cash equivalents at beginning of year			183,219		-
<b>Cash and cash equivalents at end of year</b>			<b>565,084</b>		<b>183,219</b>



# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2019**

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### **1 Accounting policies**

#### **Company information**

Franklyn Care Limited ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is The Gatehouse, 9 Manor Road, Harrogate, North Yorkshire, UK, HG2 0HP.

The Group consists of Franklyn Care Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

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 to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

2

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £231,844 (2018 - £71,297 loss).

#### **1.2 Basis of consolidation**

The consolidated financial statements incorporate those of Franklyn Care Limited and all of its subsidiaries (i.e. 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 30 June 2019.

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.

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.

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

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

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

#### **1.3 Going concern**

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.

#### **1.4 Turnover**

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

# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

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#### 1 Accounting policies

(Continued)

##### 1.5 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business 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 15 years.

##### 1.6 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation 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, which is 10 years.

##### 1.7 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 recognised in the profit and loss account.

##### 1.8 Stocks

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

##### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

##### 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 balance sheet 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.

# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

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#### 1 Accounting policies

(Continued)

##### **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.

##### **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 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.

#### **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.

# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

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### 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 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.

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

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 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.

# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

#### 3 Turnover and other revenue

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

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Care home services	3,797,737	374,287

	2019 £	2018 £
<b>Other significant revenue</b>		
Interest income	1,031	146

	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	3,797,737	374,287

#### 4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	221,422	7,052
Amortisation of intangible assets	(106,682)	51

#### 5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	5,400	2,000
Audit of the financial statements of the company's subsidiaries	11,683	10,500
	17,083	12,500
<b>For other services</b>		
Taxation compliance services	3,000	3,000

# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

#### 6 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Directors	3	3	-	-
Care home staff	97	96	-	-
Management	8	9	-	-
	<u>108</u>	<u>108</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	1,680,881	150,483	-	-
Social security costs	98,537	39,126	-	-
Pension costs	19,291	11,005	-	-
	<u>1,798,709</u>	<u>200,614</u>	<u>-</u>	<u>-</u>

#### 7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	16,414	11,583
Company pension contributions to defined contribution schemes	72	357
	<u>16,486</u>	<u>11,940</u>

#### 8 Interest receivable and similar income

	2019 £	2018 £
<b>Interest income</b>		
Interest on bank deposits	<u>1,031</u>	<u>146</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>1,031</u>	<u>146</u>

# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

### 9 Interest payable and similar expenses

	2019 £	2018 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	144,030	27,444
Other interest on financial liabilities	4,815	-
	<u>148,845</u>	<u>27,444</u>
<b>Other finance costs:</b>		
Other interest	559	-
	<u>149,404</u>	<u>27,444</u>
Total finance costs	<u>149,404</u>	<u>27,444</u>

### 10 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	163,669	12,164
	<u>163,669</u>	<u>12,164</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	3,766	181
	<u>3,766</u>	<u>181</u>
Total tax charge for the year	<u>167,435</u>	<u>12,345</u>

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

	2019 £	2018 £
Profit before taxation	<u>830,657</u>	<u>3,129</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	157,825	595
Tax effect of expenses that are not deductible in determining taxable profit	-	2,326
Unutilised tax losses carried forward	-	11
Permanent capital allowances in excess of depreciation	5,844	(7,357)
Deferred tax adjustments in respect of prior years	3,766	-
Adjustment for pre acquisition trading	-	16,770
	<u>167,435</u>	<u>12,345</u>
Taxation charge for the year	<u>167,435</u>	<u>12,345</u>

# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

#### 11 Dividends

	2019 £	2018 £
Final paid	70,000	-

#### 12 Intangible fixed assets

Group	Goodwill £	Negative goodwill £	Total £
<b>Cost</b>			
At 1 July 2018 and 30 June 2019	5,000	(1,607,712)	(1,602,712)
<b>Amortisation and impairment</b>			
At 1 July 2018	4,459	-	4,459
Amortisation charged for the year	499	(107,181)	(106,682)
At 30 June 2019	4,958	(107,181)	(102,223)
<b>Carrying amount</b>			
At 30 June 2019	42	(1,500,531)	(1,500,489)
At 30 June 2018	542	(1,607,712)	(1,607,170)

The company had no intangible fixed assets at 30 June 2019 or 30 June 2018.

#### 13 Tangible fixed assets

Group	Freehold land and buildings £	Fixtures and fittings £	Computers £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 July 2018	7,925,000	547,003	4,123	48,505	8,524,631
Additions	-	68,317	593	-	68,910
At 30 June 2019	7,925,000	615,320	4,716	48,505	8,593,541
<b>Depreciation and impairment</b>					
At 1 July 2018	-	319,511	3,191	21,527	344,229
Depreciation charged in the year	158,500	56,716	183	6,023	221,422
At 30 June 2019	158,500	376,227	3,374	27,550	565,651
<b>Carrying amount</b>					
At 30 June 2019	7,766,500	239,093	1,342	20,955	8,027,890
At 30 June 2018	7,925,000	227,492	930	26,978	8,180,400



# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

#### 13 Tangible fixed assets

(Continued)

The company had no tangible fixed assets at 30 June 2019 or 30 June 2018.

#### 14 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	24	-	-	5,163,025	5,163,025

#### Movements in fixed asset investments Company

Shares in  
group  
undertakings  
£

#### Cost or valuation

At 1 July 2018 and 30 June 2019

5,163,025

#### Carrying amount

At 30 June 2019

5,163,025

At 30 June 2018

5,163,025

#### 15 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	186,575	267,717	920,758	1,117,616
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	6,195,900	6,585,541	6,010,387	6,372,272

#### 16 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Finished goods and goods for resale	5,450	5,450	-	-

# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

### 17 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	186,075	166,551	2,368	-
Amounts owed by group undertakings	-	-	918,390	1,023,149
Other debtors	500	101,166	-	94,467
Prepayments and accrued income	53,522	67,185	-	-
	<u>240,097</u>	<u>334,902</u>	<u>920,758</u>	<u>1,117,616</u>

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

	Notes	Group 2019	2018	Company 2019	2018
		£	£	£	£
Bank loans and overdrafts	20	297,405	295,700	297,405	295,700
Other borrowings	20	74,333	141,594	52,569	119,830
Trade creditors		93,529	81,765	2,368	-
Corporation tax payable		163,669	119,990	-	-
Other taxation and social security		21,996	31,791	-	-
Other creditors		24,376	64,062	-	-
Accruals and deferred income		71,067	68,120	22,855	22,442
		<u>746,375</u>	<u>803,022</u>	<u>375,197</u>	<u>437,972</u>

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

	Notes	Group 2019	2018	Company 2019	2018
		£	£	£	£
Bank loans and overdrafts	20	4,635,190	4,934,300	4,635,190	4,934,300
Other borrowings	20	1,000,000	1,000,000	1,000,000	1,000,000
		<u>5,635,190</u>	<u>5,934,300</u>	<u>5,635,190</u>	<u>5,934,300</u>

# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

#### 20 Loans and overdrafts

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans	4,932,595	5,230,000	4,932,595	5,230,000
Other loans	1,074,333	1,141,594	1,052,569	1,119,830
	<u>6,006,928</u>	<u>6,371,594</u>	<u>5,985,164</u>	<u>6,349,830</u>
Payable within one year	371,738	437,294	349,974	415,530
Payable after one year	<u>5,635,190</u>	<u>5,934,300</u>	<u>5,635,190</u>	<u>5,934,300</u>

The long-term loans are secured by fixed charges over the assets of the group.

Long term bank borrowings bear an interest rate of 2.25% plus LIBOR. The term of the loan is 5 years.

#### 21 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:

Group	Liabilities 2019 £	Liabilities 2018 £
Accelerated capital allowances	34,740	26,766
Revaluations	337,522	341,730
	<u>372,262</u>	<u>368,496</u>

#### 22 Retirement benefit schemes

Defined contribution schemes	2019 £	2018 £
Charge to profit and loss in respect of defined contribution schemes	<u>19,291</u>	<u>11,005</u>

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.

# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

#### 23 Share capital

	Group and company	
	2019	2018
	£	£
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
170 Ordinary A shares of £1 each	170	170
30 Ordinary B shares of £1 each	30	30
	<u>200</u>	<u>200</u>

Each class of share has the right to participate in dividends and has full voting rights.

#### 24 Subsidiaries

Details of the company's subsidiaries at 30 June 2019 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held	
			Direct	Indirect
Sirtin Limited UK	Care home	Ordinary	100.00	
The Franklyn Group Limited UK	Care home	Ordinary	100.00	

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Sirtin Limited	174,731	1,887,361
The Franklyn Group Limited	536,729	5,269,654

#### 25 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>11,940</u>

# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

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#### 26 Directors' transactions

Included in short term loans and overdrafts at the balance sheet date are loans of £52,569 payable to Mr A MacArthur and Ms J McKenna, directors of Franklyn Care Limited. The loans do not bear interest and have no fixed terms of repayment.

Included in short term loans and overdrafts at the balance sheet date are loans of £21,764 payable to Mr R Fleming by Sirtin Limited, a 100% subsidiary of Franklyn Care Limited. The loans do not bear interest and have no fixed terms of repayment.

Included in long term loans and overdrafts at the balance sheet date are loans of £1,000,000 payable to Mr R Fleming, director of Franklyn Care Limited. The loan was provided on 24th May 2018. Repayments of the loan are to commence on the second anniversary of the date of drawdown. Repayments are due annually thereon at £100,000. The principal amount of the loan and any accrued but unpaid interest must be repaid on the 10th anniversary of the date of drawdown. The loan bears an interest rate of 4% above the Bank of England base rate. Such interest shall accrue from the first anniversary of the date of drawdown until the full principal amount of the loan has been prepaid.

27 Cash generated from operations	2019 £	2018 £
Profit/(loss) for the year after tax	663,222	(9,216)
Adjustments for:		
Taxation charged	167,435	12,345
Finance costs	149,404	27,444
Investment income	(1,031)	(146)
Amortisation and impairment of intangible assets	(106,682)	51
Depreciation and impairment of tangible fixed assets	221,422	7,052
Movements in working capital:		
(Increase) in stocks	-	(5,450)
Decrease/(increase) in debtors	94,805	(334,902)
(Decrease)/increase in creditors	(34,770)	245,737
<b>Cash generated from/(absorbed by) operations</b>	<b>1,153,805</b>	<b>(57,085)</b>

# FRANKLYN CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

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#### 27 Cash generated from operations - company

	2019 £	2018 £
Profit/(loss) for the year after tax	231,844	(71,297)
Adjustments for:		
Finance costs	148,845	23,990
Investment income	(387,262)	-
Movements in working capital:		
Decrease/(increase) in debtors	196,858	(1,117,616)
Increase in creditors	2,781	22,442
<b>Cash generated from/(absorbed by) operations</b>	<b>193,066</b>	<b>(1,142,481)</b>