Company Registration No. 04677336 (England and Wales)

WESSEX CARE LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

WESSEX CARE LIMITED

COMPANY INFORMATION

Directors	Mr M Airey Mrs P Airey Mr C Airey Mrs J Scott
Company number	04677336
Registered office	198 Shirley Road Southampton UK SO15 3FL
Auditor	Knight Goodhead Limited 7 Bournemouth Road Chandler's Ford Eastleigh Hampshire SO53 3DA
Business address	11 Tollgate Road Salisbury SP1 2JA

WESSEX CARE LIMITED

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WESSEX CARE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Fair review of the business

2018 has been another successful year for Wessex Care Limited. The Kimberly West Care Centre opened in May 2017 representing completion of the first part of the major upgrade in the portfolio of homes. Income has increased although the effect of short supply in permanent staff has increased the direct costs of maintaining the high level of care provided across the services. Demand continues to increase for the company's newer services, allowing the company to continue to provide the highest standard of care.

Principal risks and uncertainties

The continuing principal risk to the business continues to be maintaining occupancy rates across the homes. This is vital as more Care Homes appear in the local area. Maintaining the high quality of care and surroundings at Wessex Care Limited helps to keep occupancy high. Future uncertainties for Wessex Care Limited can include their fixed rate bed contracts with Wiltshire Council. Renewal of such contracts in the future are always an uncertainty, however the company's excellent relationship with the Council and their continued support of the company help to mitigate this uncertainty. Finally, staffing can be a risk for the business, both staffing levels and quality. Wessex Care Limited continues to train employees to the highest possible standard, whilst also implementing 'Critical Friend' inspections to review staffing standards across the services.

Development and performance

During the year Wessex Care Limited has seen many improvements in the development of the company. The company has continued on a major project to upgrade the care homes in its portfolio. The growth of the in-house care services has continued.

The company as a whole has seen income growth continue - up 13% this year to £5,339,036. This was thanks to continued high levels of occupancy and quality provided by the company. Overall operating costs have increased in 2018. Direct costs increased by 11% to £3,294,224 owing to increased staff costs and in particular the cost of agency staff to counteract a supply shortage of permanent staff. Administrative expenses have increased in 2018 by 23%. the increase was owing to the rent on the new home Kimberly West Care Centre and the one off costs of bank refinance.

Key performance indicators
Wessex Care Limited use key financial performance indicators to highlight underlying growth and profit within the company. During the year the company turnover has increased by 13%. The increase in direct costs of 11% has led to a small increase in gross profit to 38.3% of turnover compared to 37.2% in 2017.

Administrative expenses have increased 31% (2017: 29%) of turnover. Profit before taxation is 4.37% of turnover compared to 6.36% in 2017. Other non-financial performance indicators used by Wessex Care Limited to judge performance include financial occupancy rates in the year to 31 March 2018 the lowest monthly financial occupancy was 94%,(2017: 95%). The highest monthly financial occupancy in the period was 99% (2017: 99%).

Second to occupancy rates, Wessex Care Limited are judged on their performance by the Care Quality Commission (CQC) - the Health and Social Care Independent Regulator. The CQC rated all the Wessex Care homes and services as 'Good' in all inspections. This further shows the consistent high level of care provided by the company.

Wiltshire Council commissioning inspections conducted on a six monthly basis have again identified that the company is meeting its obligations, in full, under the Block & Framework contracts.
ISO 9001:2008 independent inspections continue to confirm our accreditation and demonstrate a consistent high level of compliance since first accredited in 2009.

On behalf of the board

Mr M Airey
Director
21 December 2018

WESSEX CARE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities
The principal activity of the company and group continued to be that of running residential care homes, and property improvements to the homes.

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

Mr M Airey
Mrs P Airey
Mr C Airey
Mrs J Scott

Results and dividends
The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £139,000 (2017:£75,000).

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.

WESSEX CARE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

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

Mr M Airey

Director

21 December 2018

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WESSEX CARE LIMITED

Opinion
We have audited the financial statements of Wessex Care Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 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 31 March 2018 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.

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.

WESSEX CARE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF WESSEX CARE LIMITED

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.

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.

CJ Goodhead FCA (Senior Statutory Auditor)
for and on behalf of Knight Goodhead Limited

27 December 2018

Chartered Accountants
Statutory Auditor

7 Bournemouth Road
Chandler's Ford
Eastleigh
Hampshire
SO53 3DA

WESSEX CARE LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover		5,342,901	6,524,945
Cost of sales		(3,297,809)	(4,676,864)
Gross profit		2,045,092	1,848,081
Administrative expenses		(1,792,107)	(1,488,549)
Operating profit		252,985	359,532
Interest receivable and similar income		46	151
Interest payable and similar expenses	3	(119,723)	(85,631)
Profit before taxation		133,308	274,052
Tax on profit	5	(989)	(57,143)
Profit for the financial year		132,319	216,909

Profit 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.

WESSEX CARE LIMITED

GROUP BALANCE SHEET
AS AT 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	6		-		-
Tangible assets	7		7,540,689		5,036,082
			7,540,689		5,036,082
Current assets					
Stocks		19,700		-	
Debtors	10	411,090		955,166	
Cash at bank and in hand		238,801		250,881	
		669,591		1,206,047	
Creditors: amounts falling due within one year	11	(845,469)		(1,081,662)	
Net current (liabilities)/assets			(175,878)		124,385
Total assets less current liabilities			7,364,811		5,160,467
Creditors: amounts falling due after more than one year	12		(4,883,540)		(2,702,500)
Provisions for liabilities	15		(163,297)		(133,312)
Net assets			2,317,974		2,324,655
Capital and reserves					
Called up share capital	22		112		112
Share premium account			319,992		319,992
Profit and loss reserves			1,997,870		2,004,551
Total equity			2,317,974		2,324,655

The financial statements were approved by the board of directors and authorised for issue on 21 December 2018 and are signed on its behalf by:

Mr M Airey
Director

WESSEX CARE LIMITED

COMPANY BALANCE SHEET
AS AT 31 MARCH 2018

	Notes	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Intangible assets	6		-		-
Tangible assets	7		7,794,712		5,036,003
Investments	8		107		107
			7,794,819		5,036,110
Current assets					
Stocks		19,700		-	
Debtors	10	698,362		1,195,798	
Cash at bank and in hand		236,524		159,940	
		954,586		1,355,738	
Creditors: amounts falling due within one year	11	(1,154,783)		(1,117,098)	
Net current (liabilities)/assets			(200,197)		238,640
Total assets less current liabilities			7,594,622		5,274,750
Creditors: amounts falling due after more than one year	12		(4,883,540)		(2,702,500)
Provisions for liabilities	15		(163,297)		(133,312)
Net assets			2,547,785		2,438,938
Capital and reserves					
Called up share capital	22		112		112
Share premium account			319,992		319,992
Profit and loss reserves			2,227,681		2,118,834
Total equity			2,547,785		2,438,938

WESSEX CARE LIMITED

COMPANY BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2018

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 £237,847 (2017 - £246,133 profit).

The financial statements were approved by the board of directors and authorised for issue on 21 December 2018 and are signed on its behalf by:

Mr M Airey
Director

Company Registration No. 04677336

WESSEX CARE LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Share capital £	Share premium account £	Profit and loss reserves £	Total £
Balance at 1 April 2016		108	319,992	1,862,642	2,182,742
Year ended 31 March 2017:					
Profit and total comprehensive income for the year		-	-	216,909	216,909
Issue of share capital	22	4	-	-	4
Dividends	4	-	-	(75,000)	(75,000)
Balance at 31 March 2017		112	319,992	2,004,551	2,324,655
Year ended 31 March 2018:					
Profit and total comprehensive income for the year		-	-	132,319	132,319
Dividends	4	-	-	(139,000)	(139,000)
Balance at 31 March 2018		112	319,992	1,997,870	2,317,974

WESSEX CARE LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes		2018		2017
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	16		826,164		132,824
Interest paid			(119,723)		(85,631)
Corporation taxes paid			(28,511)		(61,321)
Net cash inflow/(outflow) from operating activities			677,930		(14,128)
Investing activities					
Purchase of tangible fixed assets		(2,609,019)		(80,117)	
Proceeds on disposal of tangible fixed assets		-		251,305	
Proceeds from other investments and loans		-		1	
Interest received		46		151	
Net cash (used in)/generated from investing activities			(2,608,973)		171,340
Financing activities					
Proceeds from issue of shares		-		4	
Proceeds of new bank loans		4,932,567		-	
Repayment of bank loans		(2,932,500)		(230,000)	
New hire purchase contracts		57,896		-	
Dividends paid to equity shareholders		(139,000)		(75,000)	
Net cash generated from/(used in) financing activities			1,918,963		(304,996)
Net decrease in cash and cash equivalents			(12,080)		(147,784)
Cash and cash equivalents at beginning of year			250,881		398,665
Cash and cash equivalents at end of year			238,801		250,881

1 Accounting policies

Company information

Wessex Care Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 198 Shirley Road, Southampton, SO15 3FL.

The group consists of Wessex 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 under the historical cost convention, The principal accounting policies adopted are set out below.

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.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

1 Accounting policies (Continued)

The consolidated financial statements incorporate those of Wessex 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 2018. 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.

Front Row Projects Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the group profit and loss account and statement of cash flows include the results and cash flows of Front Row Projects Limited. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

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.

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	£nil
Property improvements	15 years straight line
Fixtures and fittings	25% Straight line
Motor vehicles	25% straight line

1 Accounting policies (Continued)

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.

1.6 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

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.

1 Accounting policies (Continued)

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.

1.8 Stocks

Stocks are stated at cost. 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.

1.9 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand and deposits held at call with banks. 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 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.

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.

1 Accounting policies (Continued)

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

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
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.

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.

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

1 Accounting policies (Continued)

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.

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.

1.13 Retirement benefits

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

1.14 Leases

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

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

2 Auditor's remuneration

	2018	2017
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the group and company	5,000	6,930

3 Interest payable and similar expenses

	2018	2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	119,723	85,620
Other finance costs:		
Other interest	-	11
Total finance costs	119,723	85,631

4 Dividends

	2018	2017
	£	£
Final paid	139,000	75,000

5 Taxation

	2018	2017
	£	£
Current tax		
UK corporation tax on profits for the current period	47,670	51,410
Adjustments in respect of prior periods	(76,666)	-
Total current tax	(28,996)	51,410

5 Taxation (Continued)

Deferred tax		
Origination and reversal of timing differences	11,297	-
Previously unrecognised tax loss, tax credit or timing difference	18,688	-
Other adjustments	-	5,733
Total deferred tax	29,985	5,733
Total tax charge	989	57,143

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:

	2018 £	2017 £
Profit before taxation	133,308	274,052
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2017: 20.00%)	26,662	54,810
Tax effect of expenses that are not deductible in determining taxable profit	168	7,978
Adjustments in respect of prior years	(76,666)	-
Depreciation on assets not qualifying for tax allowances	11,296	2,594
Deferred tax adjustments in respect of prior years	18,688	(21)
Depreciation add back	19,789	15,201
Capital allowances	(22,164)	(21,212)
Deferred tax adjustments	23,216	(2,207)
Taxation charge	989	57,143

6 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 April 2017 and 31 March 2018	124,000
Amortisation and impairment	
At 1 April 2017 and 31 March 2018	124,000
Carrying amount	
At 31 March 2018	-
At 31 March 2017	-

Company	Goodwill
	£
Cost	
At 1 April 2017 and 31 March 2018	124,000
Amortisation and impairment	
At 1 April 2017 and 31 March 2018	124,000
Carrying amount	
At 31 March 2018	-
At 31 March 2017	-

7 Tangible fixed assets

Group	Freehold land and buildings	Assets under construction	Property improvements	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 April 2017	4,719,577	-	408,329	646,629	16,685	5,791,220
Additions	-	1,566,043	913,595	60,881	68,500	2,609,019
Disposals	-	-	(28,926)	(141,653)	-	(170,579)
At 31 March 2018	4,719,577	1,566,043	1,292,998	565,857	85,185	8,229,660
Depreciation and impairment						
At 1 April 2017	-	-	223,379	515,074	16,685	755,138
Depreciation charged in the year	-	-	27,264	57,309	8,912	93,485
Eliminated in respect of disposals	-	-	(18,098)	(141,554)	-	(159,652)
At 31 March 2018	-	-	232,545	430,829	25,597	688,971
Carrying amount						
At 31 March 2018	4,719,577	1,566,043	1,060,453	135,028	59,588	7,540,689
At 31 March 2017	4,719,577	-	184,950	131,555	-	5,036,082

7 Tangible fixed assets (Continued)

Company	Freehold land and buildings	Assets under construction	Property improvements	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 April 2017	4,719,577	-	408,329	645,053	16,685	5,789,644
Additions	-	1,695,066	1,038,595	60,699	68,500	2,862,860
Disposals	-	-	(28,926)	(141,653)	-	(170,579)
At 31 March 2018	4,719,577	1,695,066	1,417,998	564,099	85,185	8,481,925
Depreciation and impairment						
At 1 April 2017	-	-	223,379	513,577	16,685	753,641
Depreciation charged in the year	-	-	27,264	57,048	8,912	93,224
Eliminated in respect of disposals	-	-	(18,098)	(141,554)	-	(159,652)
At 31 March 2018	-	-	232,545	429,071	25,597	687,213
Carrying amount						
At 31 March 2018	4,719,577	1,695,066	1,185,453	135,028	59,588	7,794,712
At 31 March 2017	4,719,577	-	184,950	131,476	-	5,036,003

8 Fixed asset investments

		Group		Company	
		2018	2017	2018	2017
	Notes	£	£	£	£
Investments in subsidiaries	9	-	-	107	107

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 April 2017 and 31 March 2018	107
Carrying amount	
At 31 March 2018	107
At 31 March 2017	107

9 Subsidiaries

During the year the Group has elected to make use of section 479a of the companies Act 2006, for an audit exemption of its wholly owned subsidiary 'Front Row Projects Limited'.

The Group holds more than 20% of the share capital of the following companies:

Name of undertaking	Registered office	Principal activity	Class of shares held	% Held
Front Row Projects Limited	England	Construction	Ordinary	100.00
Wessex Care Castle View Limited	England	Care	Ordinary	100.00
Wessex Care Community Services Ltd	England	Care	Ordinary	100.00
Wessex Care Holmwood Limited	England	Care	Ordinary	100.00
Wessex Care Kimberly House Limited	England	Care	Ordinary	100.00
Wessex Care Little Manor Limited	England	Care	Ordinary	100.00
Wessex Care Milford Manor Limited	England	Care	Ordinary	100.00

9 Subsidiaries (Continued)

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
	£	£
Front Row Projects Limited	23,495	24,215
Wessex Care Castle View Limited	-	1
Wessex Care Community Services Ltd	-	100
Wessex Care Holmwood Limited	-	1
Wessex Care Kimberly House Limited	-	1
Wessex Care Little Manor Limited	-	1
Wessex Care Milford Manor Limited	-	1

10 Debtors

	Group		Company	
	2018	2017	2018	2017
Amounts falling due within one year:	£	£	£	£
Trade debtors	45,358	21,764	44,631	21,037
Amounts owed by group undertakings	-	-	288,121	392,430
Other debtors	132,245	537,272	131,923	634,657
Prepayments and accrued income	233,487	396,130	233,687	147,674
	411,090	955,166	698,362	1,195,798

11 Creditors: amounts falling due within one year

		Group		Company	
		2018	2017	2018	2017
	Notes	£	£	£	£
Bank loans and overdrafts	13	91,838	230,000	91,838	230,000
Obligations under hire purchase contracts		15,085	-	15,085	-
Trade creditors		338,347	264,728	189,950	97,573
Amounts owed to group undertakings		-	-	105	105
Corporation tax payable		47,671	105,178	42,117	102,464
Other taxation and social security		58,178	55,323	50,421	42,579
Other creditors		227,984	253,840	216,352	243,975
Accruals and deferred income		66,366	172,593	548,915	400,402
		845,469	1,081,662	1,154,783	1,117,098

The obligation under hire purchase contracts are secured on those assets to which they relate.

12 Creditors: amounts falling due after more than one year

		Group		Company	
		2018	2017	2018	2017
	Notes	£	£	£	£
Bank loans and overdrafts	13	4,840,729	2,702,500	4,840,729	2,702,500
Obligations under hire purchase contracts		42,811	-	42,811	-
		4,883,540	2,702,500	4,883,540	2,702,500

The obligation under hire purchase contracts are secured on those assets to which they relate.

13 Bank loans

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	4,932,567	2,932,500	4,932,567	2,932,500
Payable within one year	91,838	230,000	91,838	230,000
Payable after one year	4,840,729	2,702,500	4,840,729	2,702,500

The bank loan are secured against assets of the company.

The amount of the bank loans due in more than 5 years is £3,381,504 (2017:£1,782,500).

The main bank loan is repayable at £19,770 per month, commencing June 2018. The interest rate is variable, based on a starting rate of 3.25%.

14 Provisions for liabilities

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Deferred tax liabilities	15	163,297	133,312	163,297	133,312

15 Deferred taxation

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

	Liabilities 2018 £	Liabilities 2017 £
Group		
Accelerated capital allowances	163,297	133,312

	Liabilities 2018 £	Liabilities 2017 £
Company		
Accelerated capital allowances	163,297	133,312

15 Deferred taxation (Continued)

Movements in the year:	Group 2018 £	Company 2018 £
Liability at 1 April 2017	133,312	133,312
Charge to profit or loss	29,985	29,985
Liability at 31 March 2018	163,297	163,297

16 Cash generated from group operations

	2018 £	2017 £
Profit for the year after tax	132,319	216,909
Adjustments for:		
Taxation charged	989	57,143
Finance costs	119,723	85,631
Investment income	(46)	(151)
Loss/(gain) on disposal of tangible fixed assets	10,927	(27,140)
Depreciation and impairment of tangible fixed assets	93,485	75,923
Movements in working capital:		
(Increase) in stocks	(19,700)	-
Decrease/(increase) in debtors	516,783	(429,905)
(Decrease)/increase in creditors	(28,316)	154,414
Cash generated from operations	826,164	132,824

17 Operating lease commitments

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 2018 £	2017 £	Company 2018 £	2017 £
Within one year	402,250	401,084	402,250	401,084
Between two and five years	1,525,645	1,604,337	1,525,645	1,604,337
In over five years	1,816,940	1,544,336	1,816,940	1,544,336
	3,744,835	3,549,757	3,744,835	3,549,757

18 Employees

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

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Management	12	21	9	8
Admin	2	2	2	2
Carers	83	80	83	80
Nursing	8	8	8	8
Welfare	3	3	3	3
RGN	8	6	8	6
Principal Healthcare Assistant	2	2	2	2
Kitchen staff	10	10	10	10
Community services	10	9	10	9
Maintenance & domestics	10	10	10	10
	148	151	145	138

18 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2018	2017	Company 2018	2017
	£	£	£	£
Wages and salaries	2,634,416	2,430,541	2,570,576	2,275,916
Social security costs	202,555	162,755	194,883	162,755
Pension costs	18,526	15,439	15,657	12,917
	2,855,497	2,608,735	2,781,116	2,451,588

19 Retirement benefit schemes

Defined contribution schemes	2018 £	2017 £
Charge to profit or loss in respect of defined contribution schemes	18,526	15,439

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.

20 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	-	16,120

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2017: 2).

21 Directors' transactions

Dividends totalling £139,000 (2017: £75,000) were paid in the year in respect of shares held by the company's directors.

During the year, the company paid rent amounting to £326,400 (2017: £266,400) to the Airey SIBA and Airey SIPP. The company purchased land at 1 Fowlers Hill Salisbury from the Airey SIBA for £500,000 in the year. The beneficiaries of these funds are Mr M Airey and Mrs P Airey, directors and shareholders.

22 Share capital

	Group and company	
	2018	2017
Ordinary share capital	£	£
Issued and fully paid		
108 Ordinary shares of £1 each	108	108
1 A Ordinary share of £1 each	1	2
1 B Ordinary share of £1 each	1	1
1 C Ordinary share of £1 each	1	1
1 D Ordinary share of £1 each	1	-
	112	112

23 Controlling party

The company's controlling party is Mr M Airey and Mrs P Airey, directors, by virtue of their shareholdings.