Registered number: 00731250

RUNWOOD HOMES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

COMPANY INFORMATION

Directors	G G Sanders K Clark S J Sanders T Sanders M J Cooper G J O'Hare-Connolly
Company secretary	M J Cooper
Registered number	00731250
Registered office	Runwood House 107 London Road Hadleigh Essex SS7 2QL
Independent auditor	Crowe U.K. LLP St Bride's House 10 Salisbury Square London EC4Y 8EH

RUNWOOD HOMES LIMITED

CONTENTS

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

PRINCIPAL ACTIVITY

The Group's principal activity continued to be the provision of nursing and residential care services across 71 care homes within the United Kingdom.

The Group continues to maintain an internal team that provides construction and maintenance services to ensure that the properties are both constructed and sustained to the highest standard for residents.

The Group also holds a small number of investment properties.

REVIEW OF BUSINESS

The Group is proud of its many achievements within the local communities and has been duly recognised at care and nursing awards throughout the year.

The Group values the contribution and commitment of all staff in providing excellent care services around the Group.

The regulatory landscape continues to evolve with the Group receiving an unprecedented number of inspections of the Group's care homes. The Group has consolidated several changes at operational level to ensure the requirements of both the Care Quality Commission and the Regulation and Quality Improvement Authority are continued to be observed. The Group does not take the actions issued by the authorities lightly with the directors continuing to strive to address the concerns raised and ensure the continued success of the company. The directors can demonstrate that lessons have been learned from the recommendations highlighted as those homes previously placed under suspension are now open and accepting new residents.

The Group continues to grow revenues from the private, self-funder market but also retains strong links with local authorities to ensure the care needs of the local community are met.

The use of Agency within the Group, as well as the wider industry, continues to be prevalent. There is an ongoing shortage of nurses which makes recruitment in this area problematic and naturally leads to a drive towards increased agency usage to cover. The Group continues to look for new innovative ways to attract and retain quality staff in the belief that a higher ratio of employed staff versus agency staff provides better outcomes for residents.

During the year, the Group consistently recognised the importance of providing specialist training and support to its staff where necessary. The Group's specialist Dementia team provides support within the Group's homes to the benefit of the homes' residents.

KEY PERFORMANCE INDICATORS

The Group uses a number of Key Performance Indicators to review performance and assess progress against each of its strategic objectives.

The turnover of the group grew in the year by 1.2% to £141,388,900 (2018: £139,649,041).

The profit for the year before impairment was £14,988,316 (2018: £3,925,545).

The net assets of the group at 30 September 2019 were £202,969,632 (2018: £170,137,982).

The total bank loans and overdraft of the Group at 30 September 2019 was £135,025,790 (2018: £141,321,839).

The Group is passionate about providing the highest possible care for clients and has invested £4,753,232 (2018: £8,415,384) in providing new and upgraded homes during the year. The Group was proud to be recognised at the Laing Buisson Awards with the prestigious Property Investor Award for 2019.

The local authority annual fee increases do not go far enough to negate the cost increases experienced by the Group in the form of continued increases in National Living Wage rates and workplace pension contribution requirements which far outstrip inflation. The Group closely monitors both financial and operational indicators in line with performance against budget to ensure any adverse trends are identified on a timely basis.

GOING CONCERN

The Directors have reviewed the going concern position of the Group and have concluded that there remains sufficient support available to continue in operational existence for the foreseeable future. There continues to be an appetite to invest capital into the Group where required and the Group is proud of the strong relationship it has built with its banking partners.

The Group have prepared detailed projections for a period of five years from 1 October 2019 which are intrinsically linked to the Bank's covenant testing calculations. The diligent work and close links maintained with the Banks has resulted in a newly agreed refinance package for the next five years.

The Group engages a third-party valuer to undertake full valuations of all its properties every three years to assist the directors in forming an opinion on the fair value to include at the year-end. A full valuation was undertaken for the 30 September 2019 accounts. The current portfolio values remain strong with loan to value ratios comfortably within financial covenants. This security gives additional comfort for further financing opportunities to be explored as and when the need arises.

PRINCIPAL RISKS AND UNCERTAINTIES

Management are focused on providing quality care within a safe and thoughtfully designed environment. There are certain risks that may put this delivery of high-level care at risk which will negatively impact the trading performance of the Group. These risks are documented below:

Operational Risks – The potential risk for reputational damage to arise through poor outcomes in regulatory visits remains a source of concern for the Group. The Group maintains its own quality assurance review internally to ensure that standards are maintained. Management continue to work closely with local authorities, the Care Quality Commission and the Regulation and Quality Improvement Authority in order to restore standards in areas that may have fallen below expectations. Where homes miss these expectations, the Group works forensically and in an effective manner to liaise with local stakeholders to return the home to the required standard as soon as possible to the benefit of the local community.

Brexit has seen some progress in recent months but goes no further in providing any degree of certainty around the status of overseas workers that have proved to be vital to the provision of care services by the Group. The Group will continue to monitor the situation and make necessary arrangements to mitigate any potential negative impact the Brexit negotiations may bring.

Interest Rate Risks – The Group continued to manage its exposure to interest rate risk through the utilisation of long-term swap instruments as disclosed within the financial statements.

Credit Risks – The Group ensures that balances owed to the Group are adequately covered which includes placing relevant charges against assets where possible to secure debts falling due.

Liquidity Risks – The Group maintains sufficient headroom through its available overdraft facilities to ensure there is an adequate buffer of working capital available in order to mitigate any temporary cash flow problems that may arise.

FUTURE DEVELOPMENTS

The Group has always strived to provide high quality care services within high quality accommodation. The Group plans to remain at the forefront of the design and construction of residential care homes to complement the quality of care being provided within these homes.

The building and refurbishment plans will continue with the help of the Group's banking partners with expansion into the use of the Group's working capital where possible.

The Group will continue to pursue a strategy of strongly promoting its own achievements and ensure the excellent facilities on offer to both prospective and existing residents are widely celebrated both internally and externally. This work will facilitate the growth of the Group's brand by utilising traditional marketing methods but also building on its strong digital framework already created through the Group's use of social media platforms.

This report was approved by the board on 1st April 2020 and signed on its behalf.

M J Cooper
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2019

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

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group 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 for the Group's financial statements and then apply them consistently;
- make judgments 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 will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £11,463,164 *(2018 - £3,925,545)*.

Dividends paid during the year was £1,000,000 (2018: £5,300,000).

Directors

The directors who served during the year were:

G G Sanders
K Clark
M Robinson (resigned 26 October 2018)
S J Sanders
T Sanders
M J Cooper
S Smith (resigned 16 March 2020)
S J Alabaster (resigned 23 January 2019)
M Ilesanmi (resigned 24 April 2019)
G J O'Hare-Connolly
C Lee (appointed 23 January 2019, resigned 4 February 2019)

Employee involvement

The group depends on the skills and commitments of its employees to do well.

Selection and development procedures are designed to ensure equal opportunities exist for all applicants and employees regardless of gender, marital status, race, age or disability, decisions being based on an individual's aptitude and ability.

Employees are kept well informed and encouraged to discuss matters of concern.

Disabled employees

The group's policy is to give fair consideration to applicants for employment made by disabled persons, having regards for their aptitudes and abilities. Employees who become disabled are retained in existing posts where possible.

Procedures relating to training, career development and promotion are adapted to ensure that employment policies outlined above are fully available equally for disabled and non-disabled employees.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 1st April 2020 , and signed on its behalf.

M J Cooper
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUNWOOD HOMES LIMITED

Opinion

We have audited the financial statements of Runwood Homes Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2019, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, 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 Financial Reporting Standard 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 of the parent Company's affairs as at 30 September 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 Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUNWOOD HOMES LIMITED (CONTINUED)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Group 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 Group 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 Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 on page 4, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RUNWOOD HOMES LIMITED (CONTINUED)

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

S. Eden

Stacy Eden (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

St Bride's House
10 Salisbury Square
London
EC4Y 8EH
Date: 1 April 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 £	2018 £
Turnover	4	141,388,900	139,649,041
Cost of sales		(91,148,142)	(87,910,798)
Gross profit		50,240,758	51,738,243
Administrative expenses		(29,052,767)	(44,176,634)
Other operating income		1,587,762	839,071
Impairment on revaluation of properties		(3,525,152)	-
Exceptional other operating charges		-	(20,717)
Operating profit		19,250,601	8,379,963
Interest payable and expenses	8	(4,250,203)	(3,725,808)
Other finance income		7,000	(33,000)
Profit before taxation		15,007,398	4,621,155
Tax on profit	10	(3,544,234)	(695,610)
Profit for the financial year		11,463,164	3,925,545
Unrealised surplus/(deficit) on revaluation of tangible fixed assets		27,945,462	(567,057)
Actuarial (loss)/gain on defined benefit pension scheme		(1,574,000)	1,046,000
Hedging gains		326,709	737,201
Movement of deferred tax relating to pension deficit		106,250	(299,030)
Movement of deferred tax relating to revalued properties		(4,435,935)	4,277,095
Other comprehensive income for the year		22,368,486	5,194,209
Total comprehensive income for the year		33,831,650	9,119,754
Profit for the year attributable to:			
Owners of the parent Company		11,463,164	3,925,545
		11,463,164	3,925,545
Total comprehensive income for the year attributable to:			
Owners of the parent Company		33,831,650	9,119,754
		33,831,650	9,119,754

The notes on pages 19 to 47 form part of these financial statements.

RUNWOOD HOMES LIMITED
REGISTERED NUMBER: 00731250

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Intangible assets	14		**70,000**		*80,000*
Tangible assets	15		**348,238,504**		*322,843,641*
			348,308,504		*322,923,641*
Current assets					
Debtors	17	**28,086,255**		*19,390,971*	
Cash at bank and in hand	18	**209,089**		*2,233,404*	
		28,295,344		*21,624,375*	
Creditors: amounts falling due within one year	19	**(17,672,771)**		*(21,188,195)*	
Net current assets			**10,622,573**		*436,180*
Total assets less current liabilities			**358,931,077**		*323,359,821*
Creditors: amounts falling due after more than one year	20		**(130,294,567)**		*(132,990,302)*
Provisions for liabilities					
Deferred taxation	24	**(24,939,798)**		*(20,023,207)*	
			(24,939,798)		*(20,023,207)*
Pension liability			**(727,080)**		*(208,330)*
Net assets			**202,969,632**		*170,137,982*
Capital and reserves					
Called up share capital	25		**50,000,000**		*50,000,000*
Revaluation reserve			**109,300,931**		*86,625,784*
Hedging reserve			**(295,880)**		*(622,589)*
Profit and loss account			**43,964,581**		*34,134,787*
			202,969,632		*170,137,982*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

1st April 2020.

M J Cooper
Director

The notes on pages 19 to 47 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Note		2019 £		2018 £
Fixed assets					
Intangible assets	14		**70,000**		*80,000*
Tangible assets	15		**350,727,505**		*325,332,642*
Investments	16		**60,002**		*60,002*
			350,857,507		*325,472,644*
Current assets					
Debtors	17	**28,086,342**		*19,402,519*	
Cash at bank and in hand	18	**185,046**		*2,215,848*	
		28,271,388		*21,618,367*	
Creditors: amounts falling due within one year	19	**(17,707,830)**		*(21,244,398)*	
Net current assets			**10,563,558**		*373,969*
Total assets less current liabilities			**361,421,065**		*325,846,613*
Creditors: amounts falling due after more than one year	20		**(130,294,567)**		*(132,990,302)*
Provisions for liabilities					
Deferred taxation	24	**(24,939,798)**		*(20,023,207)*	
			(24,939,798)		*(20,023,207)*
Pension liability			**(727,080)**		*(208,330)*
Net assets			**205,459,620**		*172,624,774*

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 SEPTEMBER 2019

	Note	30 September 2019 £	*30 September 2018 £*
Capital and reserves			
Called up share capital	25	**50,000,000**	*50,000,000*
Revaluation reserve		**96,547,291**	*73,872,144*
Hedging reserve		**(295,880)**	*(622,589)*
Profit and loss account		**59,208,209**	*49,375,219*
		205,459,620	*172,624,774*

As permitted by s408 of the Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £11,466,360 (2018: £3,922,349).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

1st April 2020.

M J Cooper
Director

The notes on pages 19 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital	Revaluation reserve	Hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2018	50,000,000	86,625,784	(622,589)	34,134,787	170,137,982
Comprehensive income for the year					
Profit for the year	-	-	-	11,463,164	11,463,164
Actuarial losses on pension scheme	-	-	-	(1,467,750)	(1,467,750)
Surplus on revaluation of freehold property	-	27,945,462	-	-	27,945,462
Loss on deferred tax relating to revalued properties	-	(4,435,935)	-	-	(4,435,935)
Cash flow hedges - gains	-	-	326,709	-	326,709
Total comprehensive income for the year	-	23,509,527	326,709	9,995,414	33,831,650
Dividends: Equity capital	-	-	-	(1,000,000)	(1,000,000)
Transfer to/from profit and loss account	-	(834,380)	-	834,380	-
Total transactions with owners	-	(834,380)	-	(165,620)	(1,000,000)
At 30 September 2019	50,000,000	109,300,931	(295,880)	43,964,581	202,969,632

The notes on pages 19 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Called up share capital	Revaluation reserve	Hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2017	50,000,000	83,723,308	(1,359,790)	33,954,710	166,318,228
Comprehensive income for the year					
Profit for the year	-	-	-	3,925,545	3,925,545
Actuarial gains on pension scheme	-	-	-	746,970	746,970
Deficit on revaluation of freehold property	-	(567,057)	-	-	(567,057)
Gain on deferred tax relating to revalued properties	-	4,277,095	-	-	4,277,095
Cash flow hedges - gains	-	-	737,201	-	737,201
Total comprehensive income for the year	-	3,710,038	737,201	4,672,515	9,119,754
Dividends: Equity capital	-	-	-	(5,300,000)	(5,300,000)
Transfer to/from profit and loss account	-	(807,562)	-	807,562	-
Total transactions with owners	-	(807,562)	-	(4,492,438)	(5,300,000)
At 30 September 2018	50,000,000	86,625,784	(622,589)	34,134,787	170,137,982

The notes on pages 19 to 47 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Called up share capital	Revaluation reserve	Hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2018	50,000,000	73,872,144	(622,589)	49,375,219	172,624,774
Comprehensive income for the year					
Profit for the year	-	-	-	11,466,360	11,466,360
Actuarial losses on pension scheme	-	-	-	(1,467,750)	(1,467,750)
Surplus on revaluation of freehold property	-	27,945,462	-	-	27,945,462
Loss on deferred tax relating to revalued properties	-	(4,435,935)	-	-	(4,435,935)
Cash flow hedges - gains	-	-	326,709	-	326,709
Total comprehensive income for the year	-	23,509,527	326,709	9,998,610	33,834,846
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(1,000,000)	(1,000,000)
Transfer to/from profit and loss account	-	(834,380)	-	834,380	-
Total transactions with owners	-	(834,380)	-	(165,620)	(1,000,000)
At 30 September 2019	50,000,000	96,547,291	(295,880)	59,208,209	205,459,620

The notes on pages 19 to 47 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Called up share capital	Revaluation reserve	Hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2017	50,000,000	70,969,668	(1,359,790)	49,158,841	168,768,719
Comprehensive income for the year					
Profit for the year	-	-	-	3,961,846	3,961,846
Actuarial gains on pension scheme	-	-	-	746,970	746,970
Deficit on revaluation of freehold property	-	(567,057)	-	-	(567,057)
Gain on deferred tax relating to revalued properties	-	4,277,095	-	-	4,277,095
Cash flow hedges - gains	-	-	737,201	-	737,201
Total comprehensive income for the year	-	3,710,038	737,201	4,708,816	9,156,055
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(5,300,000)	(5,300,000)
Transfer to/from profit and loss account	-	(807,562)	-	807,562	-
Total transactions with owners	-	(807,562)	-	(4,492,438)	(5,300,000)
At 30 September 2018	50,000,000	73,872,144	(622,589)	49,375,219	172,624,774

The notes on pages 19 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	**11,463,164**	*3,925,545*
Adjustments for:		
Amortisation of intangible assets	**10,000**	*10,000*
Depreciation of tangible assets	**3,771,398**	*3,039,288*
Impairment of fixed assets	**3,525,152**	*-*
Loss on disposal of tangible assets	**-**	*20,717*
Interest paid	**4,250,203**	*3,737,833*
Taxation charge	**3,544,234**	*695,610*
(Increase) in debtors	**(10,292,820)**	*(8,316,661)*
(Decrease) in creditors	**(1,068,981)**	*(1,002,070)*
(Decrease) in net pension assets/liabs	**(949,000)**	*(713,000)*
Corporation tax received/(paid)	**14,538**	*(3,134,294)*
Net cash generated from operating activities	**14,267,888**	*(1,737,032)*
Cash flows from investing activities		
Purchase of tangible fixed assets	**(4,753,232)**	*(8,415,384)*
Sale of tangible fixed assets	**7,281**	*50,785*
Net cash from investing activities	**(4,745,951)**	*(8,364,599)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

	2019 £	*2018 £*
Cash flows from financing activities		
New secured loans	**2,290,280**	*31,711,356*
Repayment of loans	**(8,874,252)**	*(8,874,252)*
Dividends paid	**(1,000,000)**	*(5,300,000)*
Interest paid	**(4,256,377)**	*(3,731,820)*
Net cash used in financing activities	**(11,840,349)**	*13,805,284*
Net (decrease)/increase in cash and cash equivalents	**(2,318,412)**	*3,703,653*
Cash and cash equivalents at beginning of year	**2,233,404**	*(1,470,249)*
Cash and cash equivalents at the end of year	**(85,008)**	*2,233,404*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**209,089**	*2,233,404*
Bank overdrafts	**(294,097)**	*-*
	(85,008)	*2,233,404*

The notes on pages 19 to 47 form part of these financial statements.

1. General information

Runwood Homes Limited is a private limited company (limited by shares) incorporated in England and Wales (registration number: 00731250).

The address of the registered office is Runwood House, 107 London Road, Hadleigh, Essex, SS7 2QL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 October 2014.

2. Accounting policies (continued)

2.3 Going concern

The Directors have reviewed the going concern position of the Group and have concluded that there remains sufficient support available to continue in operational existence for the foreseeable future. There continues to be an appetite to invest capital into the Group where required and the Group is proud of the strong relationship it has built with its banking partners.

The Group have prepared detailed projections for a period of five years from 1 October 2019 which are intrinsically linked to the Bank's covenant testing calculations. The diligent work and close links maintained with the Banks has resulted in a newly agreed refinance package for the next five years.

The Group engages a third-party valuer to undertake full valuations of all its properties every three years to assist the directors in forming an opinion on the fair value to include at the year-end. A full valuation wasundertaken for the 30 September 2019 accounts. The current portfolio values remain strong with loan to value ratios comfortably within financial covenants. This security gives additional comfort for further financing opportunities to be explored as and when the need arises.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.7 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2. Accounting policies (continued)

2.8 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.9 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2. Accounting policies (continued)

2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold property	- Depreciate over the lease term
Motor vehicles	- 25% reducing balance
Fixtures and fittings (including computers)	- 5 years straight line basis
Computer equipment	- 3 years straight line basis

Freehold buildings are depreciated over their estimated useful economic lives of 50 years. However, the residual values of each property are considered to be high due in part because each property is subject to a repair and maintenance program and therefore they are unlikely to suffer from technological or economic obsolescence. Accordingly, the directors consider the depreciation charge for the year and on a cumulative basis to be immaterial.

The Directors consider the values shown in the accounts to fairly reflect the current value of homes, as required by FRS 102 s.17. As required by FRS 102 s.17 a full revaluation is to be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. For new properties acquired or built by the group, a valuation is completed in the year of purchase or upon completion of building work (where appropriate), after which time it then falls to be revalued in accordance with the Group policy above.

All of the freehold and leasehold properties, excluding investment properties, are regularly revalued by a professional firm of Chartered Surveyors, which forms the basis of the directors' valuation.

2.11 Impairment

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value in use, are recognised as impairments. Impairment of revalued assets, except those caused by clear consumption of economic benefit, are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historic cost. All other impairment is recognised in the profit and loss account.

2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.16 Financial instruments

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

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

2. Accounting policies (continued)

2.17 Hedge accounting

The Group designates its derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Group determines and documents causes for hedge ineffectiveness.

Note 25 sets out details of the fair values of the derivative instruments used for hedging purposes.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

A key critical judgment is the valuation of properties; this is the directors' estimate of the fair value of the properties and takes into account the external valuation performed by a qualified surveyor.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Care home trading	**141,388,900**	*139,649,041*

All turnover arose within the United Kingdom.

5. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**61,250**	*58,500*

Fees payable to the Group's auditor and its associates in respect of:

	2019 £	2018 £
The audit of accounts of subsidiaries of the company	**15,750**	*15,000*
Taxation compliance services	**14,000**	*13,500*
Pension scheme audit	**11,000**	*17,185*
	40,750	*45,685*

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2019 £	*Group 2018 £*	Company 2019 £	*Company 2018 £*
Wages and salaries	**77,414,269**	*88,876,172*	**77,414,269**	*88,876,172*
Social security costs	**6,061,565**	*8,015,203*	**6,061,565**	*8,015,203*
Cost of defined contribution scheme	**2,219,915**	*1,267,379*	**2,219,915**	*1,267,379*
	85,695,749	*98,158,754*	**85,695,749**	*98,158,754*

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	*2018 No.*
Office and management	**196**	*188*
Residential care	**4,316**	*4,199*
	4,512	*4,387*

7. Directors' remuneration

	2019 £	*2018 £*
Directors' emoluments	**4,231,833**	*4,235,616*
Company contributions to defined contribution pension schemes	**29,003**	*25,286*
Payment in relation to a long term incentive scheme	**-**	*15,794,048*
Compensation for loss of office	**46,344**	*-*
	4,307,180	*20,054,950*

During the year retirement benefits were accruing to 8 directors *(2018 - 10)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £3,031,804 (2018: £17,196,884)

8. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	**4,250,203**	*3,725,808*

9. Other finance costs

	2019 £	2018 £
Interest income on pension scheme assets	**216,000**	*159,000*
Net interest on net defined benefit liability	**(209,000)**	*(192,000)*
	7,000	*(33,000)*

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	**3,267,171**	*697,228*
Adjustments in respect of previous periods	**(9,907)**	*(84,333)*
	3,257,264	*612,895*
Total current tax	**3,257,264**	*612,895*
Deferred tax		
Origination and reversal of timing differences	**271,870**	*30,782*
Prior year charge	**15,100**	*51,933*
Total deferred tax	**286,970**	*82,715*
Taxation on profit on ordinary activities	**3,544,234**	*695,610*

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2018 - lower than)* the standard rate of corporation tax in the UK of 19% *(2018 - 19%)*. The differences are explained below:

	2019 £	*2018 £*
Profit on ordinary activities before tax	**15,007,398**	*4,621,155*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	**2,851,406**	*878,019*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**-**	*208,849*
Permanent difference	**899,930**	*-*
Adjustments to tax charge in respect of prior periods	**(9,907)**	*(84,332)*
Other timing differences leading to an increase (decrease) in taxation	**(197,195)**	*(306,926)*
Total tax charge for the year	**3,544,234**	*695,610*

10. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

11. Dividends

	2019 £	*2018 £*
Dividends	**1,000,000**	*5,300,000*

12. Exceptional items

	2019 £	*2018 £*
Loss/(gain) on disposal of tangible assets	-	*20,717*

13. Parent company profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £11,466,360 *(2018 - £3,961,846)*.

14. Intangible assets

Group

	Goodwill £
Cost	
At 1 October 2018	100,000
At 30 September 2019	100,000
Amortisation	
At 1 October 2018	20,000
Charge for the year	10,000
At 30 September 2019	30,000
Net book value	
At 30 September 2019	70,000
At 30 September 2018	*80,000*

14. Intangible assets (continued)

Company

	Goodwill £
Cost	
At 1 October 2018	100,000
At 30 September 2019	100,000
Amortisation	
At 1 October 2018	20,000
Charge for the year	10,000
At 30 September 2019	30,000
Net book value	
At 30 September 2019	70,000
At 30 September 2018	*80,000*

15. Tangible fixed assets

Group

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £
Cost or valuation					
At 1 October 2018	291,033,309	24,227,834	17,069,877	217,620	19,258,340
Additions	1,211,391	-	-	25,639	3,160,837
Disposals	-	-	-	-	-
Revaluations	28,484,202	3,140,013	(3,678,753)	-	-
At 30 September 2019	320,728,902	27,367,847	13,391,124	243,259	22,419,177
Depreciation					
At 1 October 2018	7,225,591	4,935,449	4,222,580	178,630	12,451,345
Charge for the year on owned assets	-	237,739	857,501	13,643	2,529,996
Impairment charge	3,256,481	-	268,671	-	-
At 30 September 2019	10,482,072	5,173,188	5,348,752	192,273	14,981,341
Net book value					
At 30 September 2019	310,246,830	22,194,659	8,042,372	50,986	7,437,836
At 30 September 2018	*283,807,718*	*19,292,385*	*12,847,297*	*38,990*	*6,806,995*

15. Tangible fixed assets (continued)

	Office equipment £	Total £
Cost or valuation		
At 1 October 2018	111,681	351,918,661
Additions	355,365	4,753,232
Disposals	(7,281)	(7,281)
Revaluations	-	27,945,462
At 30 September 2019	459,765	384,610,074
Depreciation		
At 1 October 2018	61,425	29,075,020
Charge for the year on owned assets	132,519	3,771,398
Impairment charge	-	3,525,152
At 30 September 2019	193,944	36,371,570
Net book value		
At 30 September 2019	265,821	348,238,504
At 30 September 2018	*50,256*	*322,843,641*

Valuation at 30 September 2019 is as follows:

	Land and buildings £
At cost	193,524,810
Valuation:	
September 2019	167,963,063
	361,487,873

15. Tangible fixed assets (continued)

Company

	Freehold property £	Long-term leasehold property £	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £
Cost or valuation					
At 1 October 2018	293,502,060	23,809,906	17,022,726	217,620	18,237,676
Additions	1,211,391	-	-	25,639	3,160,837
Disposals	-	-	-	-	-
Revaluations	28,484,202	3,140,013	(3,678,753)	-	-
At 30 September 2019	323,197,653	26,949,919	13,343,973	243,259	21,398,513
Depreciation					
At 1 October 2018	7,225,591	4,503,054	4,175,429	178,630	11,525,283
Charge for the year on owned assets	-	237,739	857,501	13,643	2,529,996
Impairment charge	3,256,481	-	268,671	-	-
At 30 September 2019	10,482,072	4,740,793	5,301,601	192,273	14,055,279
Net book value					
At 30 September 2019	312,715,581	22,209,126	8,042,372	50,986	7,343,234
At 30 September 2018	*286,276,469*	*19,306,852*	*12,847,297*	*38,990*	*6,712,393*

15. Tangible fixed assets (continued)

	Computer equipment £	Total £
Cost or valuation		
At 1 October 2018	528,676	353,318,664
Additions	355,365	4,753,232
Disposals	(7,281)	(7,281)
Revaluations	-	27,945,462
At 30 September 2019	876,760	386,010,077
Depreciation		
At 1 October 2018	378,035	27,986,022
Charge for the year on owned assets	132,519	3,771,398
Impairment charge	-	3,525,152
At 30 September 2019	510,554	35,282,572
Net book value		
At 30 September 2019	366,206	350,727,505
At 30 September 2018	*150,641*	*325,332,642*

Valuation at 30 September 2019 is as follows:

	Land and buildings £
At cost	193,524,810
Valuation:	
September 2019	169,966,735
	363,491,545

16. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 October 2018	60,002
At 30 September 2019	60,002

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Principal activity	Class of shares	Holding
Runwood Homes (Waltham) Limited	Non - Trading	Ordinary	100%
Kathryn Homes Limited	Non - Trading	Ordinary	100%
AAG Homes Limited	Non - Trading	Ordinary	100%

17. Debtors

	Group 2019 £	*Group 2018 £*	Company 2019 £	*Company 2018 £*
Due after more than one year				
Other debtors	3,193,063	*3,000,000*	3,954,059	*3,000,000*
	3,193,063	*3,000,000*	3,954,059	*3,000,000*
Due within one year				
Trade debtors	7,379,332	*6,264,978*	7,379,333	*6,264,978*
Amounts owed by group undertakings	-	*-*	-	*14,656*
Other debtors	16,644,808	*9,094,836*	15,883,901	*9,091,728*
Prepayments and accrued income	869,052	*1,031,157*	869,049	*1,031,157*
	28,086,255	*19,390,971*	28,086,342	*19,402,519*

18. Cash and cash equivalents

	Group 2019 £	*Group 2018 £*	Company 2019 £	*Company 2018 £*
Cash at bank and in hand	209,089	*2,233,404*	185,046	*2,215,848*

19. Creditors: Amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank overdrafts	294,097	-	294,097	-
Bank loans	4,437,126	8,874,252	4,437,126	8,874,252
Trade creditors	1,884,471	2,107,000	1,884,471	2,107,000
Amounts owed to group undertakings	-	-	35,057	56,200
Corporation tax	1,674,267	-	1,674,267	-
Other taxation and social security	1,633,575	1,688,038	1,633,575	1,688,038
Other creditors	2,636,129	3,458,618	2,636,129	3,458,618
Accruals and deferred income	4,817,226	4,980,413	4,817,228	4,980,416
Financial instruments	295,880	79,874	295,880	79,874
	17,672,771	21,188,195	17,707,830	21,244,398

The bank loan and overdrafts and secured on freehold properties included in the tangible assets of the group and by cross guarantee of subsidiary companies.

The bank loan have repayment terms of between 1 and 5 years, and interest is charged at rates between 2.00% and 2.5% above LIBOR rate. However, monthly repayments are made using terms up of 15 years from original drawn down based on the anticipation of both the Directors and the Group's bankers that loans will be re-let as they mature.

20. Creditors: Amounts falling due after more than one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Bank loans	130,294,567	132,447,587	130,294,567	132,447,587
Financial instruments	-	542,715	-	542,715
	130,294,567	132,990,302	130,294,567	132,990,302

21. Loans

	Group 2019 £	*Group 2018 £*	Company 2019 £	*Company 2018 £*
Amounts falling due within one year				
Bank loans	**4,437,126**	*8,874,252*	**4,437,126**	*8,874,252*
Amounts falling due 1-2 years				
Bank loans	**130,294,567**	*132,447,587*	**130,294,567**	*132,447,587*
Amounts falling due 2-5 years				
	134,731,693	*141,321,839*	**134,731,693**	*141,321,839*

22. Financial instruments

	Group 2019 £	*Group 2018 £*	Company 2019 £	*Company 2018 £*
Financial assets				
Cash at hand and in bank	**209,089**	*2,233,404*	**185,046**	*2,215,848*
Financial assets that are debt instruments measured at amortised cost	**26,645,446**	*16,759,082*	**26,645,538**	*16,773,826*
	26,854,535	*18,992,486*	**26,830,584**	*18,989,674*
Financial liabilities				
Overdraft	**(294,097)**	-	**(294,097)**	-
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	**(295,880)**	*(622,589)*	**(295,880)**	*(622,589)*
Financial liabilities measured at amortised cost	**(143,942,676)**	*(151,867,870)*	**(143,942,679)**	*(151,867,873)*
	(144,532,653)	*(152,490,459)*	**(144,532,656)**	*(152,490,462)*

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, other debtors, intercompany debtors and accrued income.

Derivatives that are designated and effective as hedging instruments carried at fair value and comprise interest rate swaps.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, accruals and deferred income and bank loans.

23. Cashflow hedges

The group has entered into a cash flow hedge in order to minimise its interest rate risk on the long term bank loans.

The group has taken out bank loans which are repayable in full in more than one year. The group has entered into interest rate swap agreements to hedge the interest rate risk arising from the anticipated future interest rates, which are designated as cash flow hedges.

Gains of £326,709 (2018: £737,201) were recognised in other comprehensive income.

	Interest		Notional Value		Fair Value	
	2019	2018	2019	2018	2019	2018
	%	%	£	£	£	£
Less than one year	1.60	-	62,915,552	-	295,880	-
1 to 2 years	-	1.60	-	55,469,352	-	622,589

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is one month LIBOR BBA. The Group will settle the differences between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The hedged cash flows are expected to occur and to affect profit and loss over the period to maturity of the interest rate swaps.

24. Deferred taxation

Group

	2019	*2018*
	£	£
At beginning of year	**(20,023,207)**	*(24,217,587)*
Charged to statement of comprehensive income	**(480,656)**	*(82,715)*
Charged to other comprehensive income	**(4,435,935)**	*4,277,095*
At end of year	**(24,939,798)**	*(20,023,207)*

24. Deferred taxation (continued)

Company

	2019 £	*2018 £*
At beginning of year	**(20,023,207)**	*(24,217,587)*
Charged to the statement of comprehensive income	**(480,656)**	*(82,715)*
Charged to other comprehensive income	**(4,435,935)**	*4,277,095*
At end of year	**(24,939,798)**	*(20,023,207)*

	Group 2019 £	*Group 2018 £*	Company 2019 £	*Company 2018 £*
Accelerated capital allowances	**(4,023,864)**	*(3,543,206)*	**(4,023,864)**	*(3,543,206)*
Deferred tax arising on property revaluations	**(20,915,934)**	*(16,480,001)*	**(20,915,934)**	-
	(24,939,798)	*(20,023,207)*	**(24,939,798)**	*(20,023,207)*

Following from the budget announcement of future tax rate rate remaining at 19% rather than reducing to 17%, this would reduced the deferred tax charge by £2,893,787. As this was not enacted at the balance sheet date the rate of 17% has been used.

25. Share capital

	2019 £	*2018 £*
Allotted, called up and fully paid		
49,999,999 Ordinary Class A shares shares of £1.00 each	**49,999,999**	*49,999,999*
1 Ordinary Class B shares share of £1.00	**1**	*1*
	50,000,000	*50,000,000*

26. Contingent liabilities

There is a cross guarantee given to Barclays Bank PLC in respect of group borrowings which total £134,686,185 (2018 - £141,270,156).

27. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £2,028,769 (2018 - £2,102,379). Contributions totaling £80,308 (2018 - £NIL) were payable to the fund at the reporting date and are included in creditors.

The Group operates a Defined benefit pension scheme.

During the year Country Homes GS Retirement Benefits Scheme and Country Homes GS No 2 Retirement Benefits Scheme was transferred into GS Nottinghamshire Retirement Benefits Scheme. This was renamed Runwood Homes Retirement Benefits Scheme.

The most recent full actuarial valuation of the existing pension schemes using the projected unit basis was on 30 September 2018 and was carried out by a qualified independent actuary. The actuarial valuation was updated to 30 September 2019 by a qualified independent actuary for the purposes of FRS102 s.28. At that date the ongoing fund value for Runwood Homes Retirement Benefits Scheme was (£876,000).

The total contributions made in respect of the year amounted to £1,457,000 (2018: £1,536,000) of which employer contributions totalled £1,457,000 (2018: £1,447,000) and employees' contributions totalled £Nil (2018: £Nil).

Reconciliation of present value of plan liabilities:

	2019 £	*2018* *£*
Reconciliation of present value of plan liabilities		
At the beginning of the year	**7,004,000**	*7,752,000*
Current service cost	**515,000**	*701,000*
Interest cost	**209,000**	*192,000*
Actuarial gains/losses	**1,868,000**	*(829,000)*
Benefits paid	**(67,000)**	*(812,000)*
At the end of the year	**9,529,000**	*7,004,000*

27. Pension commitments (continued)

Reconciliation of present value of plan assets:

	2019 £	*2018 £*
At the beginning of the year	**6,795,670**	*6,083,700*
Interest income	**216,000**	*159,000*
Actuarial gains	**294,000**	*217,000*
Contributions	**1,457,000**	*1,447,000*
Benefits paid	**(67,000)**	*(812,000)*
Deferred tax on actuarial gain	**106,250**	*(299,030)*
At the end of the year	**8,801,920**	*6,795,670*

	2019 £	*2018 £*
Fair value of plan assets	**8,801,920**	*6,795,670*
Present value of plan liabilities	**(9,529,000)**	*(7,004,000)*
Net pension scheme liability	**(727,080)**	*(208,330)*

The amounts recognised in profit or loss are as follows:

	2019 £	*2018 £*
Current service cost	**(515,000)**	*(701,000)*
Interest on obligation	**(209,000)**	*(192,000)*
Interest income on plan assets	**216,000**	*159,000*
Total	**(508,000)**	*(734,000)*

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £NIL *(2018 - £NIL)*.

The Group expects to contribute £742,000 to its Defined benefit pension scheme in 2020.

27. Pension commitments (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2019 %	2018 %
Equities	50	51
Corporate bonds	34	24
Gifts	-	12
Cash	16	13

The return on planned assets was:

	2019 £	2018 £
Interest income	216,000	126,000
Return on plan assets less interest income	294,000	280,000

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2019 %	2018 %
Discount rate	1.8	2.9
Expected return on scheme assets as at 30 September	3.4	1.9
Future salary increases	2.0	2.0
Future pension increases	2.0	2.0
Inflation assumption	3.0	3.1
Mortality rates		
- for a male aged 65 now	20.9	20.0
- at 65 for a male aged 45 now	21.9	22.6
- for a female aged 65 now	22.8	22.9
- at 65 for a female member aged 45 now	24.0	24.8

The expected return on assets is obtained by considering the expected return on risk free investments (primarily government bonds), the historic level of the risk premium associated with other asset classes and the expectations for future returns of each asset class. The expected return for each asset class is then weighted based on the underlying distribution of assets at 30 September 2019. It is important to note that the discount rate is set with reference to the yields available on AA corporate bonds and is determined independently of the expected return on assets.

Taking into account the underlying distribution of the assets, the long term expected return on assets is 2% p.a as at 30 September 2019. This expected return on assets is after a deduction for expenses.

27. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

	2019	2018	2017	2016	2015
	£	£	£	£	£
Defined benefit obligation	(9,529,000)	(7,004,000)	(7,752,000)	(7,831,000)	(5,101,000)
Unrecognised past service cost	8,653,000	6,753,000	5,742,000	5,404,000	4,358,000
Surplus	(876,000)	(251,000)	(2,010,000)	(2,427,000)	(743,000)
Experience adjustments on scheme liabilities	(66,000)	21,000	367,000	316,000	28,000
Experience adjustments on scheme assets	(294,000)	(280,000)	(147,000)	(630,000)	(29,000)
	(360,000)	(259,000)	220,000	(314,000)	(1,000)

28. Commitments under operating leases

At 30 September 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
	£	£	£	£
Not later than 1 year	2,570,674	2,523,748	2,570,674	2,523,748
Later than 1 year and not later than 5 years	10,615,672	10,502,031	10,615,672	10,502,031
Later than 5 years	45,841,837	48,175,427	45,841,837	48,175,427
	59,028,183	61,201,206	59,028,183	61,201,206

29. Related party transactions

A) Directors' Loan Accounts

Included in other creditors and other debtors respectively are the following amounts:

	2019 Group £	2019 Company £	2018 Group £	2018 Company £
G Sanders	(126,842)	(126,842)	(1,129,665)	(1,129,665)
G J O'Hare-Connolly	241,063	241,063	-	-

B) Included in debtors is an amount of £19,472,113 (2018: £10,128,665). Amounts due are in respect of companies with common directors with Runwood Homes Limited.

The loan due from G J O'Hare-Connolly is secured on a freehold property with a repayment term of six years and interest is charged at 3%.

Under the provision of FRS 102, the company is exempt from disclosing transactions with other members of the group on the grounds that 100% of the voting rights are controlled within the group.

C) During the year, the directors acquired fixed assets of £Nil (2018: £35,150) from Runwood Homes Limited.

30. Controlling party

The Group's ultimate controlling party is Gordon Sanders, who holds 100% of the share capital in Runwood Homes Limited.