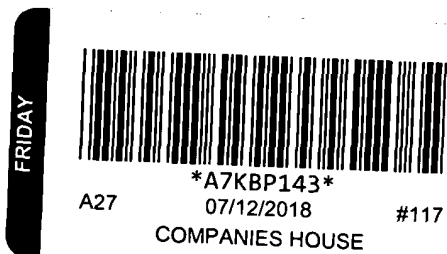


Registration number: 03203080

MIHOMECARE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018



Hazlewoods LLP
Windsor House
Bayshill Road
Cheltenham
GL50 3AT

MIHOMECARE LIMITED

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MIHOMECARE LIMITED

COMPANY INFORMATION

Directors	J Baker
	S Jeffers
	F D Porter
	J Vellacott
Registered office	1310 Solihull Parkway Birmingham Business Park Birmingham B37 7YB
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

MIHOMECARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

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

Principal activity

The principal activity of the company is the provision of community health and domiciliary care services.

Fair review of the business

The Company has implemented a turnaround programme during the year. This has driven a significant reduction in both revenue and operating loss. The Directors have reviewed each contract to ensure long term financial sustainability. Losses have been funded by cash reserves during the year, which remain strong at Year End.

The results for the year which are set out in the profit and loss account show turnover of £32,997,000 (2017 - £48,422,000) and an operating loss of £5,640,000 (2017 - £12,385,000). At 31 March 2018 the company had net assets of £19,241,000 (2017 - £25,124,000). The directors consider the performance for the year and the financial position at the year end to be satisfactory.

Principal risks and uncertainties

The company manages its risks within the Group Risk Framework and register. The directors have reviewed the financial risk management objectives and policies of the company in the light of the Group Risk Framework. The directors do not believe there to be any significant risks other than those detailed below.

Market Risk – The group regularly monitors and reviews changes to Government policy and CQC regulations, in addition to developments of all relevant legislation relating to employees, clients and sector, implementing changes to process and controls as required.

Key risks include:

Strategic Risks

Changes in the market and to the economic conditions : The company is exposed to UK market conditions. Company performance and resourcing requirements may be impacted by any changes in the market. We have an ability to recognise and adapt to any change in requirement for services and are well placed to adapt to policy changes. We are closely monitoring the outcomes of the European Union exit negotiations and any resulting policy changes to determine the impact on future contract opportunities and availability of resources.

Financial Risks

Reliance on material counterparties : The company depends on a number of significant counterparties, including the bank, clients and suppliers, to maintain its business. The failure of a key business partner could affect the business. This risk is mitigated by limiting dependency on any one partner.

Operational Risks

Significant health, safety or environmental incident : The potential to cause harm to employees, clients, or to damage the environment exists and is mitigated by an extensive Quality, Health, Safety and Environmental (QHSE) programme that is monitored closely.

System, process or control failure : Increased reliance on business systems dictates a robust governance framework and set of processes. Failure of the framework could impact on operational performance. Policies are subject to reviews which underpin the mitigation activity for this risk. These reviews are carried out alongside regular, formal, documented testing of business critical systems.

Attracting and retaining skilled people : Failure to attract new talent and develop existing employees could impact growth. The company utilises career development, recruitment and talent management programmes to ensure that it attracts and retains key people.

Environmental matters

The group endeavours to identify, monitor and manage the impact of their activities on the environment and is fully committed to environmental accountability and protection. The company operates in accordance with group policies which are described in the group's annual and sustainability reports which do not form part of this report.

MIHOMECARE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018


Company employees

The company recognises the importance of good communications and employee relationships. The group communicates with employees via multiple channels, including group-wide mailings and local management updates.

The company remains committed to developing a culture that encourages the inclusion and diversity of all of the company's employees *through respecting and appreciating their differences* and promoting the continuous development of employees through skills enhancement and training programmes.

The company's employment policies are designed to attract, retain, train and motivate the very best people, recognising that this can be achieved only through offering equal opportunities regardless of gender, race, religion, age, disability, sexual orientation or any other aspect of diversity. Applications from disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the company that the training, career development and promotion of disabled persons (including those who become disabled whilst employees of the company) should, as far as reasonably possible, be identical to that of other employees.

Approved by the Board on 22 November 2018 and signed on its behalf by:


.....
J. Baker
Director

MIHOMECARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

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

Directors of the company

The directors who held office during the year were as follows:

J Baker

F D Porter

N Singh (resigned 10 September 2018)

The following directors were appointed after the year end:

S Jeffers (appointed 22 June 2018)

J Vellacott (appointed 12 September 2018)

Financial instruments

Objectives and policies

The board constantly monitors the company's trading results and revise projections as appropriate to ensure that the company can meet its future obligations as they fall due.

Price risk, credit risk, liquidity risk and cash flow risk

The company is exposed to the usual credit and cash flow risks associated with selling on credit and manages this through credit control procedures.

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The company has sufficient resources available and the directors have prepared forecasts for the next 12 months that indicate that this will continue to be the case and that these cash flows will be sufficient for the company to meet its financing commitments as they fall due. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Future developments

The directors expect the general level of activity to remain challenging in the forthcoming year. This is as a result of the external environment, which will be impacted by the Government's social care policies, and is expected to remain competitive going forward.

Going concern

The company's business activities, together with the factors likely to affect its future development and position are set out in the Strategic Report.

The company is going through a period of change and has a number of measures in place to improve profitability. The company will continue to be supported by its ultimate controlling party, Apposite Healthcare II GP LLP, up to a point that it can generate positive cash flows on its own account.

The directors, having assessed the responses of the directors of the company's ultimate parent MC Holdings Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the MC Holdings group to continue as a going concern.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of MC Holdings Limited, the company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

MIHOMECARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018


Disclosure of information to the auditors

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

Hazlewoods LLP were appointed as auditors to the company during the period, following the resignation of Deloitte LLP, and have expressed their willingness to continue in office.

Approved by the Board on 22 November 2018 and signed on its behalf by:


.....
J. Baker
Director

MIHOMECARE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

MIHOMECARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIHOMECARE LIMITED

Opinion

We have audited the financial statements of MiHomecare Limited (the 'company') for the year ended 31 March 2018, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, 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 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 company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

MIHOMECARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MIHOMECARE LIMITED

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at 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, 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.

.....
Martin Howard (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date: 22/11/18

MIHOMECARE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	3	32,997,000	48,422,000
Cost of sales		<u>(25,174,000)</u>	<u>(38,712,000)</u>
Gross profit		7,823,000	9,710,000
Administrative expenses		(13,134,000)	(21,295,000)
Exceptional items	6	(522,000)	(800,000)
Other operating income	4	<u>193,000</u>	<u>-</u>
Operating loss	5	(5,640,000)	(12,385,000)
Other interest receivable and similar income	7	12,000	-
Impairment of goodwill		-	(5,489,000)
Interest payable and similar charges	8	<u>-</u>	<u>(733,000)</u>
Loss before tax		(5,628,000)	(18,607,000)
Taxation	12	<u>(255,000)</u>	<u>794,000</u>
Loss for the financial year		<u><u>(5,883,000)</u></u>	<u><u>(17,813,000)</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

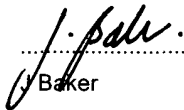
The notes on pages 12 to 21 form an integral part of these financial statements.

MIHOMECARE LIMITED

**(REGISTRATION NUMBER: 03203080)
BALANCE SHEET AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	13	179,000	284,000
Tangible assets	14	<u>279,000</u>	<u>1,006,000</u>
		<u>458,000</u>	<u>1,290,000</u>
Current assets			
Debtors: Amounts falling due within one year	15	28,468,000	46,497,000
Cash at bank and in hand		<u>9,819,000</u>	<u>3,191,000</u>
		38,287,000	49,688,000
Creditors: Amounts falling due within one year	16	<u>(19,504,000)</u>	<u>(25,854,000)</u>
Net current assets		<u>18,783,000</u>	<u>23,834,000</u>
Net assets		<u>19,241,000</u>	<u>25,124,000</u>
Capital and reserves			
Called up share capital	18	4,414,000	4,414,000
Share premium reserve		61,000	61,000
Profit and loss account		<u>14,766,000</u>	<u>20,649,000</u>
Total equity		<u>19,241,000</u>	<u>25,124,000</u>

Approved and authorised by the Board on 22 November 2018 and signed on its behalf by:


.....
J Baker
Director

The notes on pages 12 to 21 form an integral part of these financial statements.

MIHOMECARE LIMITED

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

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 April 2017	4,414,000	61,000	20,649,000	25,124,000
Loss for the year	-	-	(5,883,000)	(5,883,000)
At 31 March 2018	<u>4,414,000</u>	<u>61,000</u>	<u>14,766,000</u>	<u>19,241,000</u>

	Share capital £	Share premium £	Profit and loss account £	Total £
At 1 April 2016	4,414,000	61,000	10,702,000	15,177,000
Loss for the year	-	-	(17,813,000)	(17,813,000)
Total comprehensive income	-	-	(17,813,000)	(17,813,000)
Transactions with owners, recorded directly in equity				
Capital contribution *	-	-	28,791,000	28,791,000
Other movement **	-	-	(1,032,000)	(1,032,000)
Deferred tax movement	-	-	1,000	1,000
	-	-	27,760,000	27,760,000
At 31 March 2017	<u>4,414,000</u>	<u>61,000</u>	<u>20,649,000</u>	<u>25,124,000</u>

* As part of the sale of MiHomecare Limited from the Mitie Group, a capital contribution was made in the year.

** During the year an adjustment was made to the prior year reserves to reconcile historical differences.

The notes on pages 12 to 21 form an integral part of these financial statements.

MIHOMECARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

1310 Solihull Parkway
Birmingham Business Park
Birmingham
B37 7YB

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest Pound.

Name of parent of group

These financial statements are consolidated in the financial statements of MC Care Holdings Limited.

The financial statements of MC Care Holdings Limited may be obtained from Companies House.

Going concern

The company incurred a significant loss in the year ended 31 March 2018. The group to which the company belongs was sold on 28 February 2017 and has consequently undertaken a number of operational changes, including the closure of several branches.

As a result, the company has been in a period of change, but has plans in place to return to profitability in the near future, and has significant cash resources in place.

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The ultimate controlling party, Apposite Healthcare II GP LLP, will continue to support the company until it is able to make a profit. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Judgements and estimation uncertainty

These financial statements do not contain any significant judgements or estimation uncertainty.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company. The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities.

MIHOMECARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current 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 operates and generates taxable income.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings and long leasehold property	50 years straight line
Leasehold improvements	Over the period of the lease
Plants and vehicles	3-5 years straight line
Fixtures and fittings	3-5 years straight line

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.

Negative goodwill arising on an acquisition is recognised on the face of the balance sheet on the acquisition date and subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Software	3 years straight line
Goodwill	5 years straight line

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

MIHOMECARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

3 Revenue

The total turnover of the company has been derived from its principal activity wholly undertaken in the United Kingdom.

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2018 £	2017 £
Proceeds for the sale of care packages	193,000	-

MIHOMECARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

5 Operating profit

Arrived at after charging:

	2018	2017
	£	£
Depreciation expense	155,000	477,000
Amortisation expense	149,000	720,000
Operating lease expense - property	791,000	1,507,000
Operating lease expense - other	48,000	464,000
Loss on disposal of property, plant and equipment	<u>1,000</u>	<u>3,000</u>

6 Exceptional items

	2018	2017
	£	£
Exceptional expenses	<u>522,000</u>	<u>800,000</u>

Exceptional costs in the year relate to redundancy costs and intercompany write-offs. The prior year exceptional costs relate to the impairment of fixed assets.

7 Other interest receivable and similar income

	2018	2017
	£	£
Bank interest receivable	<u>12,000</u>	<u>-</u>

8 Interest payable and similar expenses

	2018	2017
	£	£
Interest expense on other finance liabilities	<u>-</u>	<u>733,000</u>

MIHOMECARE LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018****9 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	27,232,000	41,943,000
Social security costs	1,855,000	2,801,000
Pension costs, defined contribution scheme	230,000	374,000
	<u>29,317,000</u>	<u>45,118,000</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Operations	1,569	2,606
Administration	220	267
	<u>1,789</u>	<u>2,873</u>

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Remuneration	593,841	496,000
Contributions paid to money purchase schemes	23,000	37,000
	<u>616,841</u>	<u>533,000</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2018 No.	2017 No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2018 £	2017 £
Remuneration	331,000	331,000
Company contributions to money purchase pension schemes	<u>10,000</u>	<u>25,000</u>

11 Auditors' remuneration

	2018 £	2017 £
Audit of the financial statements	<u>9,500</u>	<u>9,000</u>

MIHOMECARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

12 Taxation

Tax charged/(credited) in the profit and loss account

	2018 £	2017 £
Current taxation		
UK corporation tax	-	(442,000)
UK corporation tax adjustment to prior periods	-	(21,000)
	-	(463,000)
Deferred taxation		
Arising from origination and reversal of timing differences	255,000	(331,000)
Tax expense/(receipt) in the income statement	255,000	(794,000)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

	2018 £	2017 £
Loss before tax	(5,628,000)	(18,607,000)
Corporation tax at standard rate	(1,069,320)	(3,721,400)
Effect of expense not deductible in determining taxable profit (tax loss)	63,000	23,000
Effect of tax losses	965,140	2,842,400
UK deferred tax expense relating to changes in tax rates or laws	-	69,000
Decrease in UK and foreign current tax from adjustment for prior periods	-	(12,000)
Tax increase from effect of capital allowances and depreciation	296,180	-
Tax increase from effect of exercise of employee share options	-	5,000
Total tax charge/(credit)	255,000	(794,000)

MIHOMECARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Deferred tax

Deferred tax assets and liabilities

	Asset £
2018	
Tangible fixed assets	8,000
Tax losses carried forward	212,000
Provisions	-
	<u>220,000</u>
2017	
Tangible fixed assets	247,000
Tax losses carried forward	212,000
Provisions	16,000
	<u>475,000</u>

13 Intangible assets

	Goodwill £	Software £	Total £
Cost			
At 1 April 2017	-	884,000	884,000
Additions	97,000	19,000	116,000
Disposals	-	(88,000)	(88,000)
At 31 March 2018	<u>97,000</u>	<u>815,000</u>	<u>912,000</u>
Amortisation			
At 1 April 2017	-	600,000	600,000
Amortisation charge	3,000	146,000	149,000
Amortisation eliminated on disposals	-	(16,000)	(16,000)
At 31 March 2018	<u>3,000</u>	<u>730,000</u>	<u>733,000</u>
Carrying amount			
At 31 March 2018	<u>94,000</u>	<u>85,000</u>	<u>179,000</u>
At 31 March 2017	<u>-</u>	<u>284,000</u>	<u>284,000</u>

MIHOMECARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

14 Tangible assets

	Leasehold property £	Plant and vehicles £	Motor vehicles £	Total £
Cost				
At 1 April 2017	51,000	4,642,000	797,000	5,490,000
Additions	-	30,000	11,000	41,000
Disposals	(32,000)	(4,116,000)	(797,000)	(4,945,000)
At 31 March 2018	19,000	556,000	11,000	586,000
Depreciation				
At 1 April 2017	38,000	3,649,000	797,000	4,484,000
Charge for the year	4,000	149,000	2,000	155,000
Eliminated on disposal	(25,000)	(3,510,000)	(797,000)	(4,332,000)
At 31 March 2018	17,000	288,000	2,000	307,000
Carrying amount				
At 31 March 2018	2,000	268,000	9,000	279,000
At 31 March 2017	13,000	993,000	-	1,006,000

15 Debtors

	Note	2018 £	2017 £
Trade debtors		2,106,000	4,502,000
Amounts owed by group undertakings	20	16,794,000	32,324,000
Amounts owed by related parties		5,757,000	5,118,000
Other debtors		3,081,000	3,811,000
Prepayments		510,000	267,000
Deferred tax assets	12	220,000	475,000
		28,468,000	46,497,000
Less non-current portion		(475,000)	(475,000)
Total current trade and other debtors		27,993,000	46,022,000

Details of non-current trade and other debtors

£475,000 (2017 - £475,000) of deferred tax is classified as non-current.

MIHOMECARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

16 Creditors

	2018 £	2017 £
Due within one year		
Trade creditors	811,000	686,000
Amounts due to group undertakings	14,828,000	20,800,000
Social security and other taxes	396,000	616,000
Outstanding defined contribution pension costs	16,000	60,000
Other creditors	243,000	58,000
Accrued expenses	3,133,000	3,547,000
Deferred income	77,000	87,000
	<u>19,504,000</u>	<u>25,854,000</u>

17 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £230,000 (2017 - £374,000).

Contributions totalling £16,000 (2017 - £60,000) were payable to the scheme at the end of the year and are included in creditors.

18 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	<u>4,413,954</u>	<u>4,413,954</u>	<u>4,413,954</u>	<u>4,413,954</u>

19 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	239,000	52,000
Later than one year and not later than five years	515,000	450,000
Later than five years	428,000	-
	<u>1,182,000</u>	<u>502,000</u>

MIHOMECARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

20 Related party transactions

Summary of transactions with key management

Key management personnel are considered to be the directors of the company and key management personnel compensation is disclosed in note 10 to the financial statements.

Summary of transactions with entities with joint control or significant interest

At the year end the company is owed £5,757,000 (2017 - £5,118,000) from Complete Care Holdings Limited. Complete Care Holdings Limited has the same directors and the same ultimate controlling party as Mihomecare Limited. No interest has been charged on the loan and there are no set repayment terms.

21 Parent and ultimate parent undertaking

The company's immediate parent is Enara Finance Limited, incorporated in England and Wales.

The ultimate parent is MC Care Holdings Limited, incorporated in England and Wales.

The ultimate controlling party is Apposite Healthcare II GP LLP, a limited liability partnership incorporated in England and Wales.