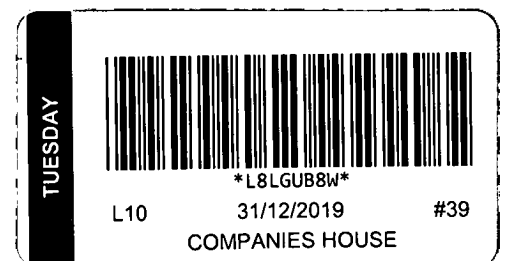


Company Registration No. 10704506 (England and Wales)

CRG Homecare Limited

**Annual report and financial statements
for the year ended 31 March 2019**



CRG Homecare Limited

Company information

Directors	Ian Munro John Preston Jamie Webb
Company number	10704506
Registered office	8 Tiger Court Kings Drive Kings Business Park Prescot Merseyside L34 1BH
Independent auditor	Saffery Champness LLP City Tower Piccadilly Plaza Manchester M1 4BT

CRG Homecare Limited

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The directors present the strategic report for the year ended 31 March 2019.

Fair review of the business

The Company reports its second full year of trading activity, following its incorporation in April 2017 and the hive down of trade from its holding company Health Care Resourcing Group Limited ("HCRG") on that day. It had previously been operating as a division of HCRG.

CRG Homecare's principal activity during the period was the provision of domiciliary services within the UK.

Turnover for the period was £28m (£22.9m in the year to 31 March 2018) producing a gross profit of £5.6m (£5.3m in the year to 31 March 2018) being 19.9%. Profit before tax was £107k. The company had net current assets of £780k and net assets of £223k at the year end.

CRG Homecare, having achieved revenue growth of 32% in the prior year, has taken time away from growing its revenues to focus on quality this year. Substantial investment in branch and divisional leadership, in quality, training and central support has been carried out, to help CRG Homecare achieve its goal, of being the provider of choice in each geographical region in which we operate. As part of this, our internal review, KPI management and regional structures have all been reviewed, with further evolution in the quality of our services expected in the new financial year.

The outlook for the 2019/20 financial year is strong and the Directors recommended the payment of a dividend of £40k for the year to 31 March 2019.

Principal risks and uncertainties

The Group has management structures and policies and procedures which are designed to enable the achievement of the business objectives while controlling risks associated in the environment in which it operates. The group has a risk management process in place which is designed to identify, manage and mitigate business risk. The risk management process covers financial, operational, commercial and clinical areas of risk.

In terms of financial risk management, the Group considers that it has limited exposure to the various aspects of financial risk. The vast majority of the Group's revenue is invoiced in sterling whilst all of its operations and costs arise within the UK. The Group does not enter into currency hedging contracts. Furthermore, the Group ensures its liquidity is maintained by entering into long term or short-term financial instruments as necessary to support operational and other funding requirements. The risk that there is a reduction in demand for our services is mitigated by providing services in several different marketplaces, both from a sector and geographical perspective.

Commercial risks are managed closely by the Group Board, and fundamentally include loss of contracts, reputation, changes to legislation, and political risks, for instance as a result of Brexit. The strengthening of the Group Board over the last 2 years has brought substantial experience and knowledge into the Group, which will enable these risks to be managed appropriately and mitigated wherever possible.

CRG Homecare Limited

Strategic report (continued)

For the year ended 31 March 2019

Key Performance Indicators

In addition to the KPIs noted above, all of which are managed by the Group at Divisional and Branch level, the company maintains and reports a substantial number of other financial and non-financial indicators routinely each month.

Directors

The Group's Board of Directors, at the time of writing this report consists of:

Statutory Directors:

- John Preston, CRG Homecare's Managing Director, joined the company in 2015.
- Ian Munro, HCRG's Group Chief Executive Officer.
- Jamie Webb, HCRG's Group Chief Financial Officer.

Governance

During the past year, there has been a continued focus on corporate governance, with the board spending a large proportion of its time examining and strengthening our processes throughout the wider Group. Ensuring that a solid governance framework is in place is key to maintaining trust and transparency and an important building block for future growth.

Outlook

The directors are pleased with the results for the year and are confident of making further performance improvements and achieving additional growth through contract wins in the forthcoming year.

On behalf of the board


.....
Jamie Webb
Director
30/12/2019.

Directors' report

For the year ended 31 March 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

Principal activities

The principal activity of the company continues to be that of the provision of domiciliary care services in the UK.

Directors

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

Ian Munro
John Preston
Jamie Webb

Results and dividends

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £40,000. The directors do not recommend payment of a further dividend.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the company continues and that the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information about matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance.

Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

Directors' report (continued)

For the year ended 31 March 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Jamie Webb

Director

Date: 30/12/2019

**Directors' responsibilities statement
For the year ended 31 March 2019**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report

To the members of CRG Homecare Limited

Opinion

We have audited the financial statements of CRG Homecare Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Independent auditor's report (continued)
To the members of CRG Homecare Limited

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

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

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

Independent auditor's report (continued)
To the members of CRG Homecare Limited

Auditor's responsibilities for the audit of the financial statements

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

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

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.

Saffery Champness LLP

Simon Kite BSc FCA (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

31.12.15
.....

Chartered Accountants
Statutory Auditors

City Tower
Piccadilly Plaza
Manchester
M1 4BT

CRG Homecare Limited

**Statement of comprehensive income
For the year ended 31 March 2019**

		Year ended 31 March 2019 £	Period ended 31 March 2018 £
	Notes		
Revenue	3	28,094,060	22,901,007
Cost of sales		(22,487,919)	(17,589,607)
Gross profit		<u>5,606,141</u>	<u>5,311,400</u>
Administrative expenses		(5,443,526)	(5,505,058)
Other operating income		222,868	236,000
Operating profit	4	<u>385,483</u>	<u>42,342</u>
Finance costs	8	(278,803)	-
Profit before taxation		<u>106,680</u>	<u>42,342</u>
Tax on profit	9	-	-
Profit for the financial year		<u><u>106,680</u></u>	<u><u>42,342</u></u>

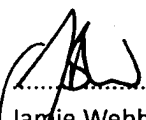
The income statement has been prepared on the basis that all operations are continuing operations.

CRG Homecare Limited

Statement of financial position
As at 31 March 2019

	Notes	2019 £	£	2018 £	£
Non-current assets					
Goodwill	11	1,443,435		1,516,353	
Current assets					
Inventories	12	24,835		-	
Trade and other receivables	13	6,462,329		5,198,644	
		<u>6,487,164</u>		<u>5,198,644</u>	
Current liabilities	14	(5,707,377)		(4,558,455)	
Net current assets			<u>779,787</u>		<u>640,189</u>
Total assets less current liabilities			<u>2,223,222</u>		<u>2,156,542</u>
Non-current liabilities	15	(2,000,000)		(2,000,000)	
Net assets			<u><u>223,222</u></u>		<u><u>156,542</u></u>
Equity					
Called up share capital	17	10,000		10,000	
Share premium account		104,200		104,200	
Retained earnings	18	109,022		42,342	
Total equity			<u><u>223,222</u></u>		<u><u>156,542</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30/12/2019 and are signed on its behalf by:


.....
Jamie Webb
Director

Company Registration No. 10704506

CRG Homecare Limited

**Statement of changes in equity
For the year ended 31 March 2019**

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
Balance at 3 April 2017		-	-	-	-
Period ended 31 March 2018:					
Profit and total comprehensive income for the period		-	-	42,342	42,342
Issue of share capital	17	10,000	104,200	-	114,200
Balance at 31 March 2018		10,000	104,200	42,342	156,542
Period ended 31 March 2019:					
Profit and total comprehensive income for the period		-	-	106,680	106,680
Dividends	10	-	-	(40,000)	(40,000)
Balance at 31 March 2019		10,000	104,200	109,022	223,222

1 Accounting policies

Company information

CRG Homecare Limited is a private company limited by shares incorporated in England and Wales. The registered office is 8 Tiger Court, Kings Drive, Kings Business Park, Prescot, Merseyside, L34 1BH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, and loan defaults or breaches;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Health Care Resourcing Group Limited. These consolidated financial statements are available from its registered office, 8 Tiger Court, Kings Drive, Kings Business Park, Prescot, Merseyside, L34 1BH.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Reporting period

The comparative figures relate to the period from the date of incorporation to 31 March 2018.

1 Accounting policies (continued)

1.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue arising from temporary placements is recognised when the service has been delivered. Revenue from permanent placements is recognised when the individual commences their employment.

1.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of trade and assets represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 20 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.6 Inventories

Inventories are stated at cost. At each reporting date, an assessment is made for impairment.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies (continued)

Basic financial assets

Basic financial assets, which include trade and other receivables, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Notes to the financial statements (continued)
For the year ended 31 March 2019

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

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 finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

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

Notes to the financial statements (continued)

For the year ended 31 March 2019

1 Accounting policies (continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

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

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Notes to the financial statements (continued)
For the year ended 31 March 2019

1 Accounting policies (continued)

1.14 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic life of goodwill

The useful economic life of purchased goodwill has been estimated as being 20 years.

The individual amounts of purchased goodwill are also reviewed annually for any signs of impairment against the results of the purchased business.

Bad debt provision

Management review the aged debtors listing on a weekly basis for any slow moving debts. If it is deemed probable that they will not be able to recover the debt a provision is made in the financial statements.

3 Revenue

	2019	2018
	£	£
Revenue analysed by class of business		
Domiciliary care services in the UK	28,094,060	22,901,007
	<u>28,094,060</u>	<u>22,901,007</u>

Notes to the financial statements (continued)
For the year ended 31 March 2019

3 Revenue (continued)

	2019	2018
	£	£
Other significant revenue		
Grants received	222,868	236,000

	2019	2018
	£	£
Revenue analysed by geographical market		
United Kingdom	28,094,060	22,901,007

4 Operating profit

	2019	2018
	£	£
Operating profit for the period is stated after charging/(crediting):		
Government grants	(222,868)	(236,000)
Amortisation of intangible assets	79,918	75,000
Cost of inventories recognised as an expense	3,174,998	2,226,207
Operating lease charges	364,185	356,376

5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	5,500	-

Notes to the financial statements (continued)

For the year ended 31 March 2019

6 Employees

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

	2019 Number	2018 Number
Administrative and management	129	102
Operational care staff	1,105	769
	<u>1,234</u>	<u>871</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	21,101,393	16,891,777
Social security costs	1,357,701	1,009,240
Pension costs	216,222	29,483
	<u>22,675,316</u>	<u>17,930,500</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	137,200	147,144
Company pension contributions to defined contribution schemes	7,870	6,154
	<u>145,070</u>	<u>153,298</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018 - 1).

8 Finance costs

	2019 £	2018 £
Interest on bank overdrafts and loans	<u>278,803</u>	<u>-</u>

Notes to the financial statements (continued)
For the year ended 31 March 2019

9 Taxation

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

	2019	2018
	£	£
Profit before taxation	106,680	42,342
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	20,269	8,045
Tax effect of expenses that are not deductible in determining taxable profit	7	6,901
Group relief	(33,725)	(14,946)
Depreciation on assets not qualifying for tax allowances	13,449	-
	<u> </u>	<u> </u>
Taxation charge for the period	-	-
	<u> </u>	<u> </u>

10 Dividends

	2019	2018
	£	£
Final paid	40,000	-
	<u> </u>	<u> </u>

Notes to the financial statements (continued)
For the year ended 31 March 2019

11 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 April 2018	1,591,353
Additions - separately acquired	7,000
At 31 March 2019	1,598,353
Amortisation and impairment	
At 1 April 2018	75,000
Amortisation charged for the year	79,918
At 31 March 2019	154,918
Carrying amount	
At 31 March 2019	1,443,435
At 31 March 2018	1,516,353

12 Inventories

	2019	2018
	£	£
Finished goods and goods for resale	24,835	-

13 Trade and other receivables

	2019	2018
	£	£
Amounts falling due within one year:		
Trade receivables	3,232,609	3,283,527
Unpaid share capital	-	9,200
Prepayments and accrued income	3,229,720	1,905,917
	6,462,329	5,198,644

Notes to the financial statements (continued)
For the year ended 31 March 2019

14 Current liabilities

	2019	2018
	£	£
Trade payables	227,576	88,000
Amounts owed to group undertakings	3,855,071	3,116,284
Taxation and social security	366,879	372,537
Other payables	-	3,326
Accruals and deferred income	1,257,851	978,308
	<u>5,707,377</u>	<u>4,558,455</u>

There is a cross company guarantee in place for all Health Care Resourcing Group Limited (HCRG) subsidiary trading companies in relation to the invoice discount facility held by HCRG. The total group liability at 31 March 2019 in respect of this facility was £24,913,316 (2018: £7,763,286).

15 Non-current liabilities

	2019	2018
	£	£
Amounts owed to group undertakings	<u>2,000,000</u>	<u>2,000,000</u>

16 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>216,222</u>	<u>29,483</u>

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

Notes to the financial statements (continued)

For the year ended 31 March 2019

17 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
9,200 Ordinary A shares of £1 each	9,200	9,200
800 Ordinary B shares of £1 each	800	800
	<u>10,000</u>	<u>10,000</u>

Each class of share carries equal voting rights and carries equal right to dividends. With regards to capital Ordinary A shares rank first on a return of their issue price and Ordinary B shares rank second.

18 Retained earnings

Retained earnings represents accumulated profits less dividends paid.

19 Operating lease commitments**Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019	2018
	£	£
Within one year	71,134	-
Between two and five years	58,013	-
	<u>129,147</u>	<u>-</u>

20 Related party transactions

The following amounts were outstanding at the reporting end date:

	2019	2018
	£	£
Amounts due to related parties		
Entities with control, joint control or significant influence over the company	<u>5,855,071</u>	<u>5,116,284</u>

21 Ultimate controlling party

The immediate and ultimate parent undertaking is Health Care Resourcing Group Limited, a company incorporated and registered in England & Wales. This is the smallest and largest group in which this company is consolidated. Copies of the Health Care Resourcing Group Limited financial statements are available from 8 Tiger Court, Kings Drive, Kings Business Park, Prescot, Merseyside, L34 1BH.

The ultimate controlling party is Ian Munro.