Company Registration No. 01006953 (England and Wales)

PRESTIGE NURSING LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

PRESTIGE NURSING LTD

COMPANY INFORMATION

Directors	Mr L P J Arnaudo	
	Mr D P F Machuel	
	Mr S Mistry	
	Mr N J B Morel	(Appointed 2 July 2018)
	Mr D J B Sandoz	(Appointed 1 September 2017)
Company number	01006953	
Registered office	Greenview House 5 Manor Road Wallington Surrey SM6 0BW	
Auditor	KPMG LLP 1 St. Peter's Square Manchester M2 3AE	

CONTENTS

The directors present the strategic report and financial statements for the year ended 31 August 2018.

Review of the business

The first full year of trading following the acquisition by Sodexo in March 2017 saw a continued shift towards delivering higher acuity care, which now accounts for a third of the company's business. A further acquisition of a franchisee branch was made in November 2017 as the Dartford office joined the business. Further acquisitions are planned throughout 2018/19 which will further strengthen the company's penetration of the complex care market and look to extend its geographical footprint. Uncertainty over Brexit has not materially affected the business yet, but the long term shortage of suitable care workers and nurses, combined with the lack of a definitive long-term funding settlement for the sector through the much-delayed governmental Green Paper, are certainly not helping.

Turnover for the year ended 31 August 2018 was up on the 8 month period to 31 August 2017 by around 41% when pro rata for the shorter period last year. The majority of this increase was down to the additional income generated from integrating Robert Sage Ltd into Prestige as well as the acquisition of Taystone Ltd at the end of September 2017. Gross Profit increased slightly from 22.17% in 2017 to 22.92% in 2018 which was mainly due to a strategic focus on more profitable service lines. Administrative costs were down around 9% on 2017. We had a high volume of additional costs in 2017 following the acquisition by Sodexo which were one off as well as implementing various cost saving initiatives this year. As a result of the growth in revenue and reduction in costs our operating profit has improved from a loss of £944k to an operating profit of £1.363m. Following a review of the goodwill held in the business an impairment was made to the value of £3.3m.

The group's financial position decreased during the 2018 year mainly due to the impairment adjustment mentioned above. The acquisition made during the year was funded through borrowings from the group as well as existing cash reserves. This is reflected in the increase in our long term liabilities of £2,486,500. The increase in both are current assets and liabilities is down to the integration of Robert Sage Ltd and the Taystone Ltd acquisition.

On behalf of the board

S. D. Mistry

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Mr S Mistry

Director

July 26th, 2019

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

Results and dividends

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

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

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

Mr L P J Arnaudo	
Mr S R De-Tramasure	(Resigned 2 July 2018)
Mr D P F Machuel	
Mr S Mistry	
Mr N J B Morel	(Appointed 2 July 2018)
Mr D J B Sandoz	(Appointed 1 September 2017)

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:
- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 3 day's purchases, based on the average daily amount invoiced by suppliers during the year.

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's 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 of 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 group'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

Persuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Statement of disclosure to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

S.D. Mistry

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Mr S Mistry

Director

Date: July 26th, 2019

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

The directors are responsible for preparing the Strategic 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.* 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Opinion

We have audited the financial statements of Prestige Nursing Ltd (the 'company') for the year ended 31 August 2018 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the carrying value of assets and liabilities and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report
The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/ auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
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.

A. Reddington

Andrew Reddington (Senior Statutory Auditor)
for and on behalf of KPMG LLP

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Chartered Accountants
Statutory Auditor

1st August 2019

1 St. Peter's Square
Manchester
M2 3AE

INCOME STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Year ended 31 August 2018 £	8 Months ended 31 August 2017 £
Revenue	2	**34,601,272**	16,305,362
Cost of sales		**(26,670,647)**	(12,691,187)
Gross profit		**7,930,625**	3,614,175
Administrative expenses		**(6,567,669)**	(4,558,559)
Operating profit/(loss)	3	**1,362,956**	(944,384)
Investment income	6	**1,275,000**	740,000
Finance costs	7	**(111,624)**	(34,197)
Other gains and losses	8	**(3,303,238)**	-
Loss before taxation		**(776,906)**	(238,581)
Tax on loss	9	**(241,724)**	18,212
Loss and total comprehensive income for the financial year	22	**(1,018,630)**	(220,369)

All amounts relate to continuing operations. The notes on pages 12 to 26 form part of these financial statements.

PRESTIGE NURSING LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2018

	Notes	As at 31 August 2018 £	As at 31 August 2017 £
Non-current assets			
Intangible assets - goodwill	10	**3,406,453**	506,452
Property, plant and equipment	11	**111,910**	175,117
Investments	12	**1,203,740**	4,489,549
		4,722,103	5,171,118
Current assets			
Trade and other receivables	14	**5,165,582**	2,785,911
Current tax recoverable		**25,000**	25,000
Cash and cash equivalents		**281,809**	50
		5,472,391	2,810,961
Current liabilities			
Borrowings	15	**(2,857,371)**	(2,679,649)
Trade and other payables	16	**(2,619,831)**	(2,350,638)
Taxation and social security		**(838,108)**	(503,553)
		(6,315,310)	(5,533,840)
Net current liabilities		**(842,919)**	(2,722,879)
Total assets less current liabilities		**3,879,184**	2,448,239
Non-current liabilities			
Borrowings	15	**(2,486,500)**	-
Provisions for liabilities			
Deferred tax liabilities	17	**(4,141)**	(16,066)
Other provisions	18	**-**	(25,000)
		(4,141)	(41,066)
Net assets		**1,388,543**	2,407,173

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 AUGUST 2018

		As at 31 August 2018	As at 31 August 2017
Equity			
Called up share capital	**20**	**10,365**	10,365
Share premium account	**21**	**29,499**	29,499
Retained earnings	**22**	**1,348,679**	2,367,309
Total equity		**1,388,543**	2,407,173

The financial statements were approved by the board of directors and authorised for issue on July 26th, 2019 and are signed on its behalf by:

S.D. Mistry

Mr S Mistry
Director

Company Registration No. 01006953

PRESTIGE NURSING LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2018

	Notes	Share capital	Share premium account	Retained earnings	Total
		£	£	£	£
Balance at 1 January 2017		10,000	-	2,587,678	2,597,678
Period ended 31 August 2017:					
Total comprehensive loss for the period		-	-	(220,369)	(220,369)
Issue of share capital	20	365	29,499	-	29,864
Balance at 31 August 2017		10,365	29,499	2,367,309	2,407,173
Period ended 31 August 2018:					
Total comprehensive loss for the period		-	-	**(1,018,630)**	**(1,018,630)**
Balance at 31 August 2018		**10,365**	**29,499**	**1,348,679**	**1,388,543**

1 Accounting policies

Company information

Prestige Nursing Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Greenview House, 5 Manor Road, Wallington, Surrey, SM6 0BW and the registered number is 01006953.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

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

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Sodexo S.A in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Sodexo S.A . The group accounts of Sodexo S.A are available to the public and can be obtained as set out in note 24.

1.2 Going concern

In light of the loss made during the year and the net current liabilities position at 31 August 2018, the ultimate parent company, Sodexo S.A., have indicated that they will provide support to the Company for at least 12 months from the date of approval of these accounts should it be required to enable them to meet their liabilities as they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

1 Accounting policies **(Continued)**

1.3 Revenue

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

Revenue from contracts for the provision of care services are recognised when the service has been provided and is based on time spent by staff during the period.

1.4 Goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is reviewed for impairment at each reporting date.

The gain on a bargain purchase is recognised in profit or loss in the period of the acquisition.

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. An impairment loss recognised for goodwill is subsequently reversed if, and only if, the reasons for the impairment loss have ceased to apply.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the lease period on a straight line basis
Furniture & equipment	Over 3 years on a straight line basis
Office equipment	Over 5 years on a straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Non-current investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

1 Accounting policies **(Continued)**

1.7 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial assets

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

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss, which are measured at fair value.

Loans and receivables

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

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

1 Accounting policies **(Continued)**

Impairment of financial assets
Financial assets, other than those at FVTPL, 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 of the investment have been affected.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities
Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

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

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

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the 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.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset 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.

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event and it is probable that the company will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

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.

1.15 Retirement benefits

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

1.16 Leases

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

Rentals payable under operating leases, less any lease incentives received, are charged to income 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 lease asset are consumed.

2 Revenue

	Year ended 31 August 2018 £	8 months ended 31 August 2017 £
Revenue analysed by class of business		
Care services	**34,601,272**	16,305,362
Revenue analysed by geographical market		
UK Market	**34,601,272**	16,305,362

3 Operating profit/(loss)

	Year ended 31 August 2018 £	8 months ended 31 August 2017 £
Operating profit/(loss) for the period is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	**30,490**	24,000
Depreciation of property, plant and equipment	**101,343**	86,930
Loss on disposal of property, plant and equipment	**1,039**	470

4 Employees

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

	Year ended 31 August 2018 Number	8 months ended 31 August 2017 Number
Office staff	**191**	172
Nurses and carers	**1,428**	1,055
	1,619	1,227

4 Employees **(Continued)**

Their aggregate remuneration comprised:

	Year ended 31 August 2018 £	8 months ended 31 August 2017 £
Wages and salaries	**27,556,103**	13,781,550
Social security costs	**2,100,964**	1,018,272
Pension costs	**213,289**	116,198
	29,870,355	14,916,020

5 Directors' remuneration

	Year ended 31 August 2018 £	8 months ended 31 August 2017 £
Remuneration for qualifying services	-	71,049
Company pension contributions to defined contribution schemes	-	18,490
	-	89,539

The number of directors who exercised share options during the year was 0 (2017 - 2).

Directors received no remuneration from Prestige Nursing Ltd during the year. Directors receive remuneration from another of the Sodexo group companies.

6 Investment income

	Year ended 31 August 2018 £	8 months ended 31 August 2017 £
Dividends received from subsidiaries	**1,275,000**	740,000

Dividends received from subsidiaries consists of £300,000 (2017: £340,000) from Prestige Nursing (Franchise) Ltd, £400,000 (2017: £400,000) from Elite Care (Scotland) Ltd and £575,000 (2017: £nil) from Robert Sage Ltd.

7 Finance costs

	Year ended 31 August 2018	8 months ended 31 August 2017
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	**2,250**	18,197
Interest on other loans	**109,374**	16,000
	111,624	34,197

8 Other gains and losses

	Year ended 31 August 2018	8 months ended 31 August 2017
	£	£
Waiver of intercompany loan	**(17,429)**	-
Permanent diminution in value of subsidiary investment	**(3,285,809)**	-

Permanent diminution in value of subsidiary investment losses are losses arising in relation to Robert Sage Ltd and Padsca Ltd, where trade has been moved to Prestige Nursing Ltd.

9 Income tax expense

	Year ended 31 August 2018	8 months ended 31 August 2017
	£	£
Current tax		
UK corporation tax on profits for the current period	**253,649**	-
Deferred tax		
Origination and reversal of temporary differences	**(11,925)**	(18,212)
Total tax charge/(credit)	**241,724**	(18,212)

9 Income tax expense **(Continued)**

The charge for the year can be reconciled to the loss per the income statement as follows:

	Year ended 31 August 2018 £	8 months ended 31 August 2017 £
Loss before taxation	**(776,906)**	(238,581)
Expected tax credit based on a corporation tax rate of 19.00% (2017: 19.00%)	**(147,612)**	(45,330)
Effect of expenses not deductible in determining taxable profit	**4,431**	1,831
Group relief	**-**	203,055
Permanent capital allowances in excess of depreciation	**14,586**	13,518
Effect of revaluations of investments	**624,494**	-
UK dividend income	**(242,250)**	(140,600)
Deferred tax	**(11,925)**	(18,212)
Impairment charge relief	**-**	(32,474)
Taxation charge/(credit) for the period	**241,724**	(18,212)

10 Intangible fixed assets

	Goodwill £
Cost	
At 31 August 2017	**2,409,300**
Additions - purchased	**2,900,000**
At 31 August 2018	**5,309,300**
Amortisation and impairment	
At 31 August 2017	**1,902,848**
At 31 August 2018	**1,902,847**
Carrying amount	
At 31 August 2018	**3,406,453**
At 31 August 2017	506,452

10 Intangible fixed assets (Continued)

The addition in the year represents the goodwill arising from the purchase of trade of Taystone Ltd and Comfort Keepers Ltd. The business was acquired to continue with the strategic decision to buy back the franchise operations and consolidate the Prestige brand. The total consideration paid was £2,900,000 being £1,700,000 and £1,200,000 for Taystone Ltd and Comfort Keepers Ltd respectively, in the form of a cash payment. No other material tangible or financial assets were acquired and management have assessed that the consideration is comprised entirely of goodwill.

11 Property, plant and equipment

	Leasehold improvements	Furniture & equipment	Office equipment	Total
	£	£	£	£
Cost				
At 31 August 2017	**258,133**	**153,480**	**719,865**	**1,131,478**
Additions	**1,980**	**1,593**	**35,602**	**39,175**
Disposals	**-**	**(671)**	**(3,607)**	**(4,278)**
At 31 August 2018	**260,113**	**154,402**	**751,860**	**1,166,375**
Accumulated depreciation and impairment				
At 31 August 2017	**247,445**	**121,726**	**587,190**	**956,361**
Charge for the year	**9,035**	**13,669**	**78,639**	**101,343**
Eliminated on disposal	**-**	**(671)**	**(2,568)**	**(3,239)**
At 31 August 2018	**256,480**	**134,724**	**663,261**	**1,054,465**
Carrying amount				
At 31 August 2018	**3,633**	**19,678**	**88,599**	**111,910**
At 31 August 2017	10,688	31,754	132,675	175,117

12 Investments

	Current		Non-current	
	2018	2017	2018	2017
	£	£	£	£
Investments in subsidiaries	**-**	-	**1,203,740**	4,489,549

The company has not designated any financial assets that are not classified as held for trading as financial assets at fair value through profit or loss.

Fair value of financial assets carried at amortised cost
Except as detailed below the directors believe that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

12 Investments **(Continued)**

Movements in non-current investments

	Shares in group undertakings
	£
Cost or valuation	
At 1 September 2017 & 31 August 2018	4,489,549
Impairment	
At 1 September 2017	-
Impairment losses	(3,285,809)
At 31 August 2018	(3,285,809)
Carrying amount	
At 31 August 2018	1,203,740
At 31 August 2017	4,489,549

Impairment losses relate to the write down of investment in Robert Sage Ltd and Padsca Ltd.

13 Subsidiaries

Details of the company's subsidiaries at 31 August 2018 are as follows:

Name of undertaking	Registered office	Ownership interest (%)	Voting power held (%)	Nature of business
Elite Care (Scotland) Ltd	UK	100.00		Care services for the elderly
Padsca Ltd	UK	100.00		Dormant
Prestige Nursing (Franchise) Ltd	UK	100.00		Running a franchise operation
Robert Sage Ltd	UK	100.00		Care services for the elderly
RSL Newco 1 Ltd	UK	100.00		Holding company
Prestige Medical Recruitment Ltd	UK	100.00		Dormant

Registered offices

Elite Care (Scotland) Ltd - 7 Catherine Street, Cupar, Scotland, KY15 4LS
Padsca Ltd - Greenview House, 5 Manor Road, Wallington, Surrey, SM6 0BW
Prestige Nursing (Franchise) Ltd - Greenview House, 5 Manor Road, Wallington, Surrey, SM6 0BW
Robert Sage Ltd - Greenview House, 5 Manor Road, Wallington, Surrey, SM6 0BW
RSL Newco 1 Ltd - Greenview House, 5 Manor Road, Wallington, Surrey, SM6 0BW
Prestige Medical Recruitment Ltd - Greenview House, 5 Manor Road, Wallington, Surrey, SM6 0BW

14 Trade and other receivables

	2018	2017
	£	£
Trade receivables	**4,157,919**	2,428,847
Other receivables	**231,898**	110,704
Amounts due from subsidiary undertakings	**444,176**	53,463
Prepayments	**331,589**	192,897
	5,165,582	2,785,911

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

15 Borrowings

	2018	2017
	£	£
Unsecured borrowings at amortised cost		
Bank overdrafts	**-**	142,828
Loans from parent undertaking	**5,343,871**	2,536,821
	5,343,871	2,679,649

Analysis of borrowings
Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2018	2017
	£	£
Current liabilities	**2,857,371**	2,679,649
Non-current liabilities	**2,486,500**	-
	5,343,871	2,679,649

Loans form parent undertaking consists of two loans. Loan 1 has an interest rate of 1.85% and is to be repaid by 31 March 2020. Loan 2 has an interest rate of 2.29% and is to be repaid by 31 July 2021.

16 Trade and other payables

	Current 2018 £	2017 £
Trade payables	**208,379**	249,602
Amounts owed to subsidiary undertakings	**111,012**	474,307
Accruals	**501,395**	227,064
Other payables	**1,799,045**	1,399,665
	2,619,831	2,350,638

17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated capital allowances £	Tax losses £	Total £
Deferred tax liability at 1 September 2016	34,278	-	34,278
Deferred tax movements in prior year			
Credit to profit or loss	(15,231)	(2,981)	(18,212)
Deferred tax liability at 1 September 2017	19,047	(2,981)	16,066
Deferred tax movements in current year			
Credit to profit or loss	(14,906)	2,981	(11,925)
Deferred tax liability at 31 August 2018	4,141	-	4,141

The deferred tax liability set out above relates to accelerated capital allowances that are expected to reverse within 2 years.

	2018 £	2017 £
Deferred tax liabilities	**4,141**	16,066

18 Provisions for liabilities

	2018	2017
	£	£
Dilapidations	-	25,000

19 Retirement benefit schemes

Defined contribution schemes

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.

The total costs charged to income in respect of defined contribution plans is £62,119 (2017 - £71,707).

20 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
10,365 Ordinary shares of £1 each	**10,365**	10,365
	10,365	10,365

21 Share premium account

	2018	2017
	£	£
At beginning of year	**29,499**	-
Issue of new shares	**-**	29,499
At end of year	**29,499**	29,499

22 Retained earnings

	2018	2017
	£	£
At the beginning of the year	**2,367,309**	2,587,678
Loss for the year	**(1,018,630)**	(220,369)
At the end of the year	**1,348,679**	2,367,309

23 Operating lease commitments

Lessee

Amounts recognised in profit or loss as an expense during the period in respect of operating lease arrangements are as follows:

	2018	2017
	£	£
Minimum lease payments under operating leases	**430,323**	259,542

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:

	2018	2017
	£	£
Within one year	**133,211**	186,033
Between two and five years	**55,473**	28,328
	188,684	214,361

24 Controlling party

The parent company of Prestige Nursing Ltd is Sodexo Holdings Ltd, registered in England and Wales. The ultimate controlling party is Sodexo SA and its registered office is 255 quai de la Bataille de Stalingrad, 92130 Issy les Mounlineaux, France.

The smallest group the entity to which the entity is consolidated is Sodexo Holdings Ltd Group, the largest being Sodexo SA Group.