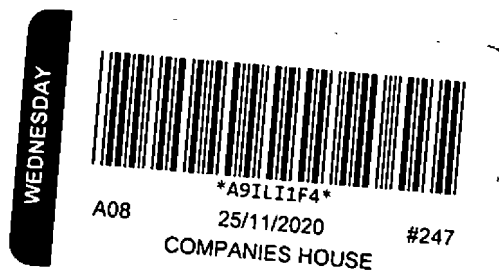


Company Registration No. 01006953 (England and Wales)

PRESTIGE NURSING LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



PRESTIGE NURSING LTD

COMPANY INFORMATION

Directors

Mr S Mistry
Mr D J B Sandoz
Mrs J M Renton (Appointed 1 November 2019)
Mr G B Vestur (Appointed 14 October 2019)

Secretary

Sodexo Corporate Services (No.2) Limited

Company number

01006953

Registered office

1st Floor
Kirkgate
19-31 Church Street
Epsom
Surrey
KT17 4PF

Auditor

KPMG LLP
1 St. Peter's Square
Manchester
M2 3AE

PRESTIGE NURSING LTD

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PRESTIGE NURSING LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

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

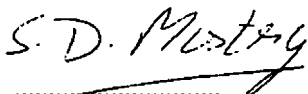
Brexit

The UK left the EU on 31 January 2020 with an agreed transition period up to 31 December 2020 when principles for a future trading relationship following that date will be agreed. This is welcome as it provides for continued free movement of people and goods and time for business to prepare. The UK/EU negotiations and implications for our business are being overseen by a Brexit taskforce under the governance and leadership of the UK & Ireland Regional Leadership Committee. The key areas of focus for the taskforce are in relation to the welfare and rights of our people, impacts on the labour market, supply chain of goods and services and government procurement rules. There is a risk that the scheduled date for the end of the transition period is delayed beyond 31 December 2020. There is also a risk that the transition period expires without an agreed deal ("No Deal" scenario). We have planned extensively for this previously and are able to scale up our planning and management of this again if required.

Post Balance Sheet events - Coronavirus (COVID-19)

Subsequent to the balance sheet date, the United Kingdom has been affected by the global Coronavirus pandemic. The Prestige Nursing Ltd business has been protected by some of our services to local authorities and CCG's. However, Coronavirus is having a significant impact on our private pay and staffing (care homes and NHS) clients. While Prestige is accessing the Coronavirus Job Retention Scheme offered by the UK government, Coronavirus is expected to have a material impact on the profit and cash flow for Prestige Nursing Limited for the rest of the financial year 2020, albeit temporary. Impacts are being closely monitored and actions are being taken to protect cash and profit for the future. At this stage we expect to be still able to pay all suppliers and labour costs.

On behalf of the board



Mr S Mistry

Director

.....22 November 2020.....

PRESTIGE NURSING LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

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

Results and dividends

The results for the year are set out on page 7.

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	(Resigned 1 November 2019)
Mr S Mistry	
Mr N J B Morel	(Resigned 14 October 2019)
Mr D J B Sandoz	
Mrs J M Renton	(Appointed 1 November 2019)
Mr G B Vestur	(Appointed 14 October 2019)

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 9 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.

PRESTIGE NURSING LTD

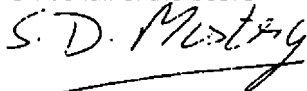
DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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



.....
Mr S Mistry

Director

Date: 22 November 2020
.....

PRESTIGE NURSING LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

The directors are responsible for preparing the Strategic Report, the 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 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.

PRESTIGE NURSING LTD

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PRESTIGE NURSING LTD

Opinion

We have audited the financial statements of Prestige Nursing Ltd (the 'company') for the year ended 31 August 2019 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 2019 and of its profit 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.

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 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

PRESTIGE NURSING LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF PRESTIGE NURSING LTD

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;
- the directors were not entitled to take advantage of small companies exemption from the requirement to prepare a strategic report.

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.



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

Chartered Accountants
Statutory Auditor

1 St. Peter's Square
Manchester
M2 3AE

.....24 November 2020.....

PRESTIGE NURSING LTD

INCOME STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	2018 £
Revenue	2	36,718,608	34,601,272
Cost of sales		(27,680,716)	(26,670,647)
Gross profit		9,037,892	7,930,625
Administrative expenses		(7,565,860)	(6,567,669)
Operating profit	3	1,472,032	1,362,956
Investment income	5	901,337	1,275,000
Finance costs	6	(129,093)	(111,624)
Other gains and losses	7	(76,377)	(3,303,238)
Profit/(loss) before taxation		2,167,899	(776,906)
Tax on profit/(loss)	8	(255,158)	(241,724)
Profit/(loss) and total comprehensive income for the financial year	21	1,912,741	(1,018,630)

All amounts relate to continuing operations. The notes on pages 12 to 24 form part of these financial statements.

PRESTIGE NURSING LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2019

	Notes	As at 31 August 2019 £	As at 31 August 2018 £
Non-current assets			
Intangible assets - goodwill	9	3,406,453	3,406,453
Property, plant and equipment	10	135,118	111,910
Investments	11	1,127,363	1,203,740
		<u>4,668,934</u>	<u>4,722,103</u>
Current assets			
Trade and other receivables	13	5,116,084	5,165,582
Current tax recoverable		-	25,000
Cash and cash equivalents		1,316,917	281,809
		<u>6,433,001</u>	<u>5,472,391</u>
Current liabilities			
Borrowings	14	(2,143,044)	(2,857,371)
Trade and other payables	16	(3,198,377)	(2,619,831)
Taxation and social security		(1,070,046)	(838,108)
		<u>(6,411,467)</u>	<u>(6,315,310)</u>
Net current assets/(liabilities)		<u>21,534</u>	<u>(842,919)</u>
Total assets less current liabilities		<u>4,690,468</u>	<u>3,879,184</u>
Non-current liabilities			
Borrowings	14	(1,483,000)	(2,486,500)
Provisions for liabilities			
Deferred tax liabilities	17	(4,141)	(4,141)
Net assets		<u><u>3,203,327</u></u>	<u><u>1,388,543</u></u>

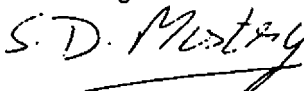
PRESTIGE NURSING LTD

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 AUGUST 2019

		As at 31 August 2019	As at 31 August 2018
Equity			
Called up share capital	19	10,365	10,365
Share premium account	20	29,499	29,499
Retained earnings	21	3,163,463	1,348,679
Total equity		<u>3,203,327</u>	<u>1,388,543</u>

The financial statements were approved by the board of directors and authorised for issue on 22 November 2020 and are signed on its behalf by:



Mr S Mistry
Director

Company Registration No. 01006953

PRESTIGE NURSING LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2019

	Share capital	Share premium account	Retained earnings	Total
	£	£	£	£
Balance at 1 September 2017	10,365	29,499	2,367,309	2,407,173
Year ended 31 August 2018:				
Total comprehensive loss for the year	-	-	(1,018,630)	(1,018,630)
Balance at 31 August 2018	10,365	29,499	1,348,679	1,388,543
Year ended 31 August 2019:				
Adjustment to opening bad debt provision (note 1.2)	-	-	(97,957)	(97,957)
Profit for the year	-	-	1,912,741	1,912,741
Balance at 31 August 2019	10,365	29,499	3,163,463	3,203,327

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

Company information

Prestige Nursing Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 1st Floor, Kirkgate, 19-31 Church Street, Epsom, Surrey, KT17 4PF 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 under the historical cost convention. 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 B67 of 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 23.

1.2 Change in accounting estimate

Impairment of trade receivables is now calculated using both specific and general calculation. A matrix calculation is applied to aged receivables inline with group procedures.

In accordance with IFRS 9, the difference between the previous carrying amount and the carrying amount at the beginning of the period is recognised as an adjustment to opening retained earnings.

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 AUGUST 2019**

1 Accounting policies

(Continued)

1.3 Going concern

The directors continue to adopt the going concern basis in the preparation of the financial statements.

The business has remained resilient during the coronavirus outbreak due to the high proportion of trade with Local Authorities and CCG's. Hours in our private pay and staffing services have reduced. From review of market insight and knowledge of our business, the directors believe that the business is well placed to generate future profitable trade and cash. We expect the market and Prestige trade to stand up again during FY21, albeit at different paces for different client groups. In addition, the company continues to see opportunities for organic growth, with some new contracts realised post the balance sheet date.

However, the business is expected to continue to be adversely impacted in FY21. To inform the basis preparation of these accounts, the directors have considered cash and profit scenarios for forward trade over the next 13 months, based on the facts we have now. These range from a phased stand up, to a significant lock down period of 6 months plus with trade impacted in a similar way to FY20. The forecasts indicate that the company will continue to be resilient to the situation. Routine peaks in cash requirements during the trading cycle, will be funded from the overdraft facility established with the parent company Sodexo SA if necessary. If necessary, which would expect to be for a worst case scenario, the company could draw upon funding that has been assured by a letter of support received from Sodexo SA. Sodexo SA is the French domiciled parent company, which currently has a strong credit rating of A- from Standard and Poor.

Based on these analyses and facts, the directors believe that the Company will be able to continue to meet its liabilities as they fall due for at least the next 12 months.

1.4 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

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.

1.5 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.

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.6 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.

1.7 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.

1.8 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.

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.9 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.10 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.

1.11 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, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

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.

Impairment of financial assets

Financial assets, other than those measured at fair value through profit or 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 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.

1.12 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

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

1.13 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.

1.14 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.

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.

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.15 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.

1.16 Retirement benefits

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

1.17 Leases

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

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

Rentals payable under operating leases, less 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 leased asset are consumed.

2 Revenue

	2019 £	2018 £
Revenue analysed by class of business		
Care services	<u>36,718,608</u>	<u>34,601,272</u>
Revenue analysed by geographical market		
UK Market	<u>36,718,608</u>	<u>34,601,272</u>

3 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	46,093	30,490
Depreciation of property, plant and equipment	108,920	101,343
Loss on disposal of property, plant and equipment	<u>81</u>	<u>1,039</u>

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

4 Employees

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

	2019 Number	2018 Number
Office staff	183	191
Nurses and carers	1,412	1,428
	<u>1,595</u>	<u>1,619</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	28,748,108	27,556,103
Social security costs	2,206,467	2,100,964
Pension costs	362,254	213,289
	<u>31,316,829</u>	<u>29,870,355</u>

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

5 Investment income

	2019 £	2018 £
Dividends received from subsidiaries	<u>901,337</u>	<u>1,275,000</u>

Dividends received from subsidiaries consists of £325,000 (2018: £300,000) from Prestige Nursing (Franchise) Ltd, £500,000 (2018: £400,000) from Elite Care (Scotland) Ltd and £76,337 (2018: £575,000) from RSL Newco 1 Ltd.

6 Finance costs

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	2,250
Interest on other loans	129,093	109,374
	<u>129,093</u>	<u>111,624</u>

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

7 Other gains and losses

	2019 £	2018 £
Waiver of intercompany loan	-	(17,429)
Permanent diminution in value of subsidiary investment	(76,377)	(3,285,809)
	<u> </u>	<u> </u>

8 Income tax expense

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	255,158	253,649
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of temporary differences	-	(11,925)
	<u> </u>	<u> </u>
Total tax charge	<u>255,158</u>	<u>241,724</u>

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

	2019 £	2018 £
Profit/(loss) before taxation	2,167,899	(776,906)
	<u> </u>	<u> </u>
Expected tax charge/(credit) based on a corporation tax rate of 19.00% (2018: 19.00%)	411,901	(147,612)
Effect of expenses not deductible in determining taxable profit	14,519	4,431
Permanent capital allowances in excess of depreciation	-	14,586
Effect of revaluations of investments	-	624,494
UK dividend income	(171,262)	(242,250)
Deferred tax	-	(11,925)
	<u> </u>	<u> </u>
Taxation charge for the year	<u>255,158</u>	<u>241,724</u>

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

9 Intangible fixed assets

	Goodwill £
Cost	
At 31 August 2018	5,309,300
At 31 August 2019	5,309,300
Amortisation and impairment	
At 31 August 2018	1,902,847
At 31 August 2019	1,902,847
Carrying amount	
At 31 August 2019	3,406,453
At 31 August 2018	3,406,453

10 Property, plant and equipment

	Leasehold improvements £	Furniture & equipment £	Office equipment £	Total £
Cost				
At 31 August 2018	260,113	154,402	751,860	1,166,375
Additions	26,266	9,430	96,513	132,209
Disposals	-	(3,358)	(3,101)	(6,459)
At 31 August 2019	286,379	160,474	845,272	1,292,125
Accumulated depreciation and impairment				
At 31 August 2018	256,480	134,724	663,261	1,054,465
Charge for the year	7,770	13,259	87,891	108,920
Eliminated on disposal	-	(3,358)	(3,020)	(6,378)
At 31 August 2019	264,250	144,625	748,132	1,157,007
Carrying amount				
At 31 August 2019	22,129	15,849	97,140	135,118
At 31 August 2018	3,633	19,678	88,599	111,910

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

11 Investments

	Current 2019 £	2018 £	Non-current 2019 £	2018 £
Investments in subsidiaries	-	-	1,127,363	1,203,740

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.

Movements in non-current investments

	Shares in group undertakings £
Cost or valuation	
At 1 September 2018	1,203,740
Impairment	(76,377)
At 31 August 2019	1,127,363
Carrying amount	
At 31 August 2019	1,127,363
At 31 August 2018	1,203,740

Impairment losses relate to the write down of investment in RSL Newco 1 Ltd.

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

12 Subsidiaries

These financial statements are separate company financial statements for Prestige Nursing Ltd.

Details of the company's subsidiaries at 31 August 2019 are as follows. All shares held are ordinary shares.

Name of undertaking	Country of	% Held	
		Direct	
Elite Care (Scotland) Ltd	UK	100.00	-
Padsca Ltd	UK	100.00	-
Prestige Nursing (Franchise) Ltd	UK	100.00	-
Robert Sage Ltd	UK	100.00	-
RSL Newco 1 Ltd	UK	100.00	-
Prestige Medical Recruitment Ltd	UK	100.00	-

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

13 Trade and other receivables

	2019 £	2018 £
Trade receivables	4,029,824	4,157,919
Other receivables	322,344	231,898
Amounts due from subsidiary undertakings	513,452	444,176
Prepayments	250,464	331,589
	<u>5,116,084</u>	<u>5,165,582</u>

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

14 Borrowings

	2019 £	2018 £
Unsecured borrowings at amortised cost		
Loans from parent undertaking	<u>3,626,044</u>	<u>5,343,871</u>

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

14 Borrowings

(Continued)

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:

	2019 £	2018 £
Current liabilities	2,143,044	2,857,371
Non-current liabilities	1,483,000	2,486,500
	<u>3,626,044</u>	<u>5,343,871</u>

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.

15 Liabilities

		Current 2019 £	2018 £	Non-current 2019 £	2018 £
	Notes				
Borrowings	14	2,143,044	2,857,371	1,483,000	2,486,500
Trade and other payables	16	3,198,377	2,619,831	-	-
Taxation and social security		1,070,046	838,108	-	-
		<u>6,411,467</u>	<u>6,315,310</u>	<u>1,483,000</u>	<u>2,486,500</u>

16 Trade and other payables

	2019 £	2018 £
Trade payables	682,838	208,379
Amounts owed to subsidiary undertakings	141,446	111,012
Accruals and deferred income	607,357	501,395
Other payables	1,766,736	1,799,045
	<u>3,198,377</u>	<u>2,619,831</u>

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

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 2017	19,047	(2,981)	16,066
Deferred tax movements in prior year			
Credit to profit or loss	(14,906)	2,981	(11,925)
Deferred tax liability at 1 September 2018 and 31 August 2019	<u>4,141</u>	<u>-</u>	<u>4,141</u>

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

18 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 £47,676 (2018 - £62,119).

19 Share capital	2019 £	2018 £
Ordinary share capital		
<i>Issued and fully paid</i>		
10,365 Ordinary shares of £1 each	<u>10,365</u>	<u>10,365</u>

20 Share premium account	2019 £	2018 £
At beginning and end of year	<u>29,499</u>	<u>29,499</u>

PRESTIGE NURSING LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2019

21 Retained earnings

	2019 £	2018 £
At the beginning of the year	1,348,679	2,367,309
Profit/(loss) for the year	1,912,741	(1,018,630)
Adjustment to opening bad debt provision	(97,957)	-
At the end of the year	<u>3,163,463</u>	<u>1,348,679</u>

22 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:

	2019 £	2018 £
Minimum lease payments under operating leases	<u>426,308</u>	<u>430,323</u>

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	171,112	133,211
Between two and five years	132,898	55,473
	<u>304,010</u>	<u>188,684</u>

23 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.