Company Registration No. 01006953 (England and Wales)

PRESTIGE NURSING LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 AUGUST 2017

PRESTIGE NURSING LTD

COMPANY INFORMATION

Directors	Mr L P J Arnaudo	(Appointed 31 March 2017)
	Mr D P F Machuel	(Appointed 31 March 2017)
	Mr S Mistry	(Appointed 31 March 2017)
	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	

PRESTIGE NURSING LTD

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PRESTIGE NURSING LTD

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 AUGUST 2017

The directors present the strategic report and financial statements for the period ended 31 August 2017.

Review of the business
Prestige was acquired by Sodexo Holdings in March 2017 and consequently the period to which this review refers contains three months of trading prior to the sale and five months post acquisition. The company's strategy had not changed during this period though, with a continued push into higher acuity care and a focus on rationalising operating costs where needed. Trading was broadly in line with expectations, whilst there was a comprehensive review of the companies central and regional cost basis in preparation for the new Sodexo fiscal year. Two franchisees, based at Edinburgh and Wakefield, were acquired by Prestige Nursing Ltd during this period as part of the companies planned withdrawal from this sector. The company's plans to streamline operating processes through wholesale digitisation are well advanced the effects of these are likely to be seen later in 2017/early 2018.

The annualised turnover for the eight month period to 31 August 2017 was up on 2016 by around 7%. The majority of this increase was down to the additional income generated from the franchise acquisitions made during this period. Gross Profit reduced slightly from 22.8% in 2016 to 22.2% due to an increase in member costs which could not be passed on. Administrative costs were up around 16% on 2016 on an annualised basis. The majority of these additional expenses related to severance/redundancy costs and professional fees relating to the acquisitions. These additional costs also explain the end result being a loss before tax of £238,581 compared to a profit of £8,942 in 2016.

The group's financial position remained quite static during the 2017 period due to the many changes and additional costs being incurred as described above. The acquisitions and investments made in the period were funded through borrowings from the group as well as existing cash reserves. This is reflected in the increase in our non-current assets of £3,129,004 and the increase in our liabilities of £3,083,230.

On behalf of the board

S. D. Mistry
....
Mr S Mistry
Director
November 28th, 2018

PRESTIGE NURSING LTD

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 AUGUST 2017

The directors present their annual report and financial statements for the period ended 31 August 2017.

Results and dividends
The results for the period 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 period and up to the date of signature of the financial statements were as follows:

Mr J P Bruce	(Resigned 31 March 2017)
Mrs P Bruce	(Resigned 31 March 2017)
Mrs C L Hunt	(Resigned 31 March 2017)
Ms D P Jared	(Resigned 31 March 2017)
Mr R G Bruce	(Resigned 31 March 2017)
Mr L P J Arnaudo	(Appointed 31 March 2017)
Mr S R De-Tramasure	(Appointed 31 March 2017 and resigned 2 July 2018)
Mr D P F Machuel	(Appointed 31 March 2017)
Mr S Mistry	(Appointed 31 March 2017)
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 7 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

....

Mr S Mistry
Director
Date: November 28th, 2018

PRESTIGE NURSING LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 AUGUST 2017

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;
- applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 period ended 31 August 2017 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 2017 and of its loss for the period 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
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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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.

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

Chartered Accountants
Statutory Auditor

A. Reddington

1 St. Peter's Square
Manchester
M2 3AE

20 December 2018

PRESTIGE NURSING LTD

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 AUGUST 2017

	Notes	8 Months ended 31 August 2017 £	12 Months ended 31 December 2016 £
Revenue	2	**16,305,362**	22,851,390
Cost of sales		**(12,691,187)**	(17,638,785)
Gross profit		**3,614,175**	5,212,605
Administrative expenses		**(4,558,559)**	(6,128,710)
Other operating income		**-**	220,000
Operating loss	3	**(944,384)**	(696,105)
Investment income	6	**740,000**	705,047
Finance costs	7	**(34,197)**	-
(Loss)/profit before taxation		**(238,581)**	8,942
Tax on (loss)/profit	8	**18,212**	(4,849)
(Loss)/profit and total comprehensive income for the financial period	24	**(220,369)**	4,093

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

PRESTIGE NURSING LTD

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2017

	Notes	As at 31 August 2017 £	As at 31 December 2016 £
Non-current assets			
Goodwill	11	506,452	-
Property, plant and equipment	12	175,117	228,222
Investments	13	4,489,549	1,813,892
		5,171,118	2,042,114
Current assets			
Trade and other receivables	15	2,785,911	2,936,049
Current tax recoverable		25,000	25,000
Cash and cash equivalents		50	79,403
		2,810,961	3,040,452
Current liabilities			
Borrowings	16	(2,679,649)	-
Trade and other payables	17	(2,350,638)	(1,712,114)
Taxation and social security		(503,553)	(738,496)
		(5,533,840)	(2,450,610)
Net current (liabilities)/assets		(2,722,879)	589,842
Total assets less current liabilities		2,448,239	2,631,956
Provisions for liabilities			
Deferred tax liabilities	18	(16,066)	(34,278)
Other provisions	19	(25,000)	-
		(41,066)	(34,278)
Net assets		2,407,173	2,597,678

PRESTIGE NURSING LTD

STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 31 AUGUST 2017

		As at 31 August 2017	As at 31 December 2016
Equity			
Called up share capital	**22**	**10,365**	10,000
Share premium account	**23**	**29,499**	-
Retained earnings	**24**	**2,367,309**	2,587,678
Total equity		**2,407,173**	2,597,678

The financial statements were approved by the board of directors and authorised for issue on November 28th, 2018 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 PERIOD ENDED 31 AUGUST 2017

	Notes	Share capital £	Share premium account £	Retained earnings £	Total £
As restated for the period ended 31 December 2016:					
Balance at 1 January 2016		10,000	-	2,987,800	2,997,800
Transition adjustments		-	-	(326,014)	(326,014)
Balance at 1 January 2016		10,000	-	2,661,786	2,671,786
Period ended 31 December 2016:					
Profit and total comprehensive income for the period		-	-	4,093	4,093
Dividends	9	-	-	(78,201)	(78,201)
Balance at 31 December 2016		10,000	-	2,587,678	2,597,678
Period ended 31 August 2017:					
Loss and total comprehensive income for the period		**-**	**-**	**(220,369)**	**(220,369)**
Issue of share capital	**22**	**365**	**29,499**	**-**	**29,864**
Balance at 31 August 2017		**10,365**	**29,499**	**2,367,309**	**2,407,173**

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.

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 meets the definition of a qualifying entity under FRS 101, The Financial Reporting Standard applicable in the UK and Republic of Ireland. These financial statements for the period ended 31 August 2017 are the first financial statements of Prestige Nursing Ltd prepared in accordance with FRS 101. The company transitioned from FRS 102 to FRS 101 for all periods presented and the date of transition to FRS 101 was 1 January 2016.

An explanation of how transition to FRS 101 has affected the reported financial position and financial performance is given in note 27.

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 26.

1 Accounting policies **(Continued)**

1.2 Going concern

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

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.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

1 Accounting policies **(Continued)**

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.

1.7 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 Accounting policies **(Continued)**

1.8 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.

1.9 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.

1.10 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.

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.

1.11 Financial liabilities

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

1 Accounting policies **(Continued)**

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.

1.12 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.

1.13 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.

1 Accounting policies **(Continued)**

1.14 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.

1.15 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.

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

	2017	2016
	£	£
Revenue analysed by class of business		
Care services	**16,305,362**	22,851,390

	2017	2016
	£	£
Revenue analysed by geographical market		
UK Market	**16,305,362**	22,851,390

3 Operating loss

	2017	2016
	£	**£**
Operating loss for the period is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	**24,000**	12,280
Depreciation of property, plant and equipment	**86,930**	148,092
Loss on disposal of property, plant and equipment	**470**	1,444

4 Employees

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

	2017	2016
	Number	**Number**
Office staff	**172**	172
Nurses and carers	**1,055**	1,814
	1,227	1,986

Their aggregate remuneration comprised:

	2017	2016
	£	**£**
Wages and salaries	**13,781,550**	19,317,470
Social security costs	**1,018,272**	1,417,294
Pension costs	**116,198**	151,949
	14,916,020	20,886,713

5 Directors' remuneration

	2017	2016
	£	**£**
Remuneration for qualifying services	**71,049**	365,164
Company pension contributions to defined contribution schemes	**18,490**	113,292
	89,539	478,456

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2016 - 3).
The number of directors who exercised share options during the period was 2 (2016 - 0).

5 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	**n/a**	137,726
Company pension contributions to defined contribution schemes	**n/a**	38,400

As total directors' remuneration was less than £200,000 in the current period, no disclosure is provided for that period.

6 Investment income

	2017	2016
	£	£
Interest income		
Interest on bank deposits	-	47
Income from fixed asset investments		
Income from shares in group undertakings	**740,000**	705,000
Total income	**740,000**	705,047

Total interest income for financial assets that are not held at fair value through profit or loss is £- (2016 - £47).

The income from shares in group undertakings is £340,000 (2016: £705,000) from Prestige Nursing (Franchise) Ltd and £400,000 (2016: £nil) from Elite Care (Scotland) Ltd.

7 Finance costs

	2017	2016
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	**18,197**	-
Interest on other loans	**16,000**	-
	34,197	-

8 Income tax expense

	2017	2016
	£	£
Deferred tax		
Origination and reversal of temporary differences	**(18,212)**	4,849

8 Income tax expense (Continued)

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

	2017 £	2016 £
(Loss)/profit before taxation	**(238,581)**	8,942
Expected tax (credit)/charge based on a corporation tax rate of 19.00%	**(45,330)**	1,788
Effect of expenses not deductible in determining taxable profit	**1,831**	2,590
Group relief	**203,055**	128,688
Permanent capital allowances in excess of depreciation	**13,518**	4,828
UK dividend income	**(140,600)**	(141,000)
Deferred tax	**(18,212)**	(4,849)
Impairment charge relief	**(32,474)**	12,804
Taxation (credit)/charge for the period	**(18,212)**	4,849

9 Dividends

	2017 per share	2016 per share	2017 £	2016 £
Amounts recognised as distributions to equity holders:				
Ordinary shares				
Interim dividend paid	-	7.82	-	78,201

10 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2017 £	2016 £
In respect of:		
Goodwill	-	242,000
Recognised in:		
Administrative expenses	-	242,000

11 Goodwill

	Goodwill
	£
Cost	
At 31 December 2016	1,902,848
Additions - purchased	506,452
At 31 August 2017	2,409,300
Amortisation and impairment	
At 31 December 2016	1,902,848
At 31 August 2017	1,902,848
Carrying amount	
At 31 August 2017	506,452

More information on the impairment arising in the period is given in note 10.

The addition in the year represents the goodwill arising from the purchase of trade of Rowan Care Services 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 £450,000 in the form of a cash payment plus related legal costs of £56,452. No other material tangible or financial assets were acquired and management have assessed that the consideration is comprised entirely of goodwill.

12 Property, plant and equipment

	Leasehold improvements	Furniture & equipment	Office equipment	Total
	£	£	£	£
Cost				
At 31 December 2016	256,363	146,583	701,346	1,104,292
Additions	1,770	8,097	24,671	34,538
Disposals	-	(1,200)	(6,152)	(7,352)
At 31 August 2017	258,133	153,480	719,865	1,131,478
Accumulated depreciation and impairment				
At 31 December 2016	235,314	114,185	526,571	876,070
Charge for the period	12,131	8,741	66,058	86,930
Eliminated on disposal	-	(1,200)	(5,439)	(6,639)
At 31 August 2017	247,445	121,726	587,190	956,361

12 Property, plant and equipment **(Continued)**

	Leasehold improvements	Furniture & equipment	Office equipment	Total
	£	£	£	£
Carrying amount				
At 31 August 2017	**10,688**	**31,754**	**132,675**	**175,117**
At 31 December 2016	21,049	32,398	174,775	228,222

13 Investments

	Current 2017	2016	Non-current 2017	2016
	£	£	£	£
Investments in subsidiaries	**-**	-	**4,489,549**	1,813,892

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 January 2017	**1,813,892**
Additions	**2,676,657**
Disposals	**(1,000)**
At 31 August 2017	**4,489,549**
Carrying amount	
At 31 August 2017	**4,489,549**
At 31 December 2016	**1,813,892**

The additions in the period of £2,676,657 relates to the following two acquisitions:
- the entire share capital of RSL Newco 1 Ltd for £2,583,757 consisting of £2,087,302 initial payment and £496,455 deferred consideration included in creditors; and
- the remaining 10% share capital of Padsca Ltd for £92,900.

14 Subsidiaries

Details of the company's subsidiaries at 31 August 2017 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		Care services for the elderly
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

15 Trade and other receivables

	2017	2016
	£	£
Trade receivables	**2,428,847**	2,324,822
Other receivables	**110,704**	195,510
Amounts due from subsidiary undertakings	**53,463**	201,552
Prepayments	**192,897**	214,165
	2,785,911	2,936,049

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

16 Borrowings

	2017	2016
	£	£
Unsecured borrowings at amortised cost		
Bank overdrafts	**142,828**	-
Loans from parent undertaking	**2,536,821**	-
	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:

	2017	2016
	£	£
Current liabilities	**2,679,649**	-

17 Trade and other payables

	Current 2017 £	2016 £
Trade payables	**249,602**	327,552
Amounts due to subsidiary undertakings	**474,307**	532,350
Accruals	**227,064**	215,700
Other payables	**1,399,665**	636,512
	2,350,638	1,712,114

18 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 January 2016	29,429	-	29,429
Deferred tax movements in prior year			
Credit to profit or loss	4,849		4,849
Deferred tax liability at 1 January 2017	34,278	-	34,278
Deferred tax movements in current year			
Credit to profit or loss	(15,231)	(2,981)	(18,212)
Deferred tax liability at 31 August 2017	19,047	(2,981)	16,066

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

	2017 £	2016 £
Deferred tax liabilities	**16,066**	34,278

19 Provisions for liabilities

	2017 £	2016 £
Dilapidations	**25,000**	-

19 Provisions for liabilities **(Continued)**

Movements on provisions:	Dilapidations £
Additional provisions in the year	**25,000**

The provision represents the best estimate of the company's liability for dilapidations following the closure of the Exeter branch. The timing of the payments are expected to be within 3 months of the period end.

20 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 £71,707 (2016 - £151,949).

21 Share-based payment transactions

	Number of share options		Weighted average exercise price	
	2017	2016	2017 £	2016 £
Outstanding at 1 January 2017	**1,000**	**1,000**	82	82
Exercised	**(1,000)**	**-**	(82)	-
Outstanding at 31 August 2017	**-**	**1,000**	-	82

The weighted average share price at the date of exercise for share options exercised during the period was £82 (2016 - £0).

The share options above were granted on 23 February 2010 and will lapse if the option holder ceases employment within the group or after ten years. The options can only be exercised in the event of a sale of the company or a change in control.

22 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
10,365 Ordinary shares of £1 each	10,365	10,000
	10,365	10,000

23 Share premium account

	2017	2016
	£	£
At beginning of period	-	-
Issue of new shares	29,499	-
At end of period	29,499	-

24 Retained earnings

	2017	2016
	£	£
At the beginning of the period	2,587,678	2,661,786
(Loss)/profit for the period	(220,369)	4,093
Dividends	-	(78,201)
At the end of the period	2,367,309	2,587,678

25 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:

	2017	2016
	£	£
Minimum lease payments under operating leases	259,542	373,795

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:

	2017	2016
	£	£
Within one year	186,033	243,742
Between two and five years	28,328	67,319
	214,361	311,061

26 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.

27 Transition adjustments

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 31 August 2017, the comparative information presented in these financial statements for the year ended 31 December 2016 and in the preparation of an opening FRS 101 balance sheet at 1 January 2016 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (FRS 102). An explanation of how the transition from FRS 102 to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the table.

Reconciliation of equity

	Notes	1 January 2016 £	31 December 2016 £
Equity as previously reported		2,997,800	2,987,709
Adjustments arising from transition:			
Restatement of Goodwill	1	(326,014)	(390,031)
Equity as restated		2,671,786	2,597,678

Reconciliation of profit for the financial period

	Notes	2016 £
Profit as previously reported		68,110
Adjustments arising from transition:		
Restatement of Goodwill	1	177,983
Restatement of impairment of Goodwill	1	(242,000)
Profit as restated		4,093

27 Transition adjustments **(Continued)**

Notes to reconciliations

1. Restatement of Goodwill

Acquired goodwill was previously stated at cost less amortisation under FRS 102. The company has implemented FRS 101 during the period following acquisition by the Sodexo group which prepares its accounts using IFRS. IAS3 specifically prohibits the amortisation of goodwill and requires it to be reviewed for impairment annually.

All components of goodwill have been reviewed for impairment at each relevant date in this period of transition. This has resulted in the impairment of some components on the transition date as detailed above. All amortisation charges have been removed in the comparative periods as detailed above.