

Company Registration No. 03943652 (England and Wales)

**AJ & CO.(DEVON) LTD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2018**

# AJ & CO.(DEVON) LTD

## COMPANY INFORMATION

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<b>Directors</b>	Mr D J Smallridge Mrs G M Smallridge
<b>Secretary</b>	Mr D J Smallridge
<b>Company number</b>	03943652
<b>Registered office</b>	Ludbrook House Ludbrook Ivybridge Devon PL21 0LL
<b>Auditor</b>	Baldwins Audit Services 20 Western Road Launceston Cornwall PL15 7BA

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# AJ & CO.(DEVON) LTD

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# **AJ & CO.(DEVON) LTD**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 31 JULY 2018***

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

### **Fair review of the business**

AJ & Co.(Devon) Ltd runs Meadowside and St Francis Residential and Nursing Home as well as Merafield Nursing Home which provide a total of 69 beds and 40 beds respectively in the South Devon area. The Company purchased Merafield Nursing Home in June 2015.

The Company has a significant number of private paying residents, in addition to this, a number are funded by local authorities. The company is in constant dialogue regarding the negotiation of funding levels from local authorities.

The measures the company use to monitor it's progress against its objectives are

- Occupancy rates,
- Fee Levels
- Margin
- Staff and Agency Costs

The business is supported by strong future demand based on the demographics of the UK population. The segment of the UK population aged over 80 or over is projected to increase from 3,000,000 in 2012 to 6,100,000 in 2037.

The company's growth strategy is to develop and update it's existing facilities and improve the care levels it offers.

Where possible the company seeks to employ well qualified and experienced staff.

### **Principal risks and uncertainties**

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties are considered to relate to competition from other residential and nursing homes, low local authority fees, staff retention, compliance with care standards and interest rates rises.

In order to mitigate these risks, the company: maintains its property to a high standard, endeavours to maintain a healthy dialogue with the local authorities, seeks it engage well trained and experienced staff, and has long term finance in place.

## **AJ & CO.(DEVON) LTD**

### **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 JULY 2018***

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#### **Key performance indicators**

Following a CQC inspection at Meadowside and St Francis from 29th June to 3rd July 2017, the home was rated inadequate. Admissions were stopped until the issues were resolved. This had a major impact on performance for the year to 31st July 2018, with the turnover decreasing by 21.4% to £2,270,035 with occupancy rates reducing from 96.9% to 66.0%. The gross profit margin had reduced from 27.9% to 9.0%. Wages (excluding administrative and Directors) increased from 65% to 84% of turnover and a net loss of £455,758 was sustained in the year. However, a follow up inspection in February 2018 allowed us to recommence admissions which has meant that profitability has steadily recovered.

Merafield Nursing Home has increased turnover by 5.9% to £1,511,133 with occupancy rates being maintained at approximately 98.5% for the year to 31st July 2018. The gross profit margin has also been maintained at approximately 29.5%. Wages (excluding administrative) remained the same at 65% of turnover for the second year running. Overall a net profit before tax of £162,671 was achieved compared to a profit of £118,141, in the previous year. The Directors are very pleased with the continued progression and stability that Merafield has shown during the year. This has financially supported the downturn of profits at Meadowside and St Francis during this period.

On behalf of the board

Mr D J Smallridge  
**Director**

26 April 2019  
Date

# **AJ & CO.(DEVON) LTD**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 JULY 2018***

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

### **Principal activities**

The principal activity of the company continued to be that of the operation of a Nursing and Residential Home.

### **Directors**

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

Mr D J Smallridge  
Mrs G M Smallridge

### **Results and dividends**

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

Ordinary dividends were paid amounting to £98,500. The directors do not recommend payment of a further dividend.

### **Auditor**

On 17th November 2017 Potter Baker resigned as auditors, and Baldwins Audit Service Limited were appointed on 20th November, Baldwins Audit Services Limited will be proposed for re-appointment at the forthcoming Annual General Meeting.

### **Statement of disclosure to auditor**

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

On behalf of the board

Mr D J Smallridge  
**Director**

26 April 2019

## **AJ & CO.(DEVON) LTD**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 JULY 2018***

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

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

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

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

# AJ & CO.(DEVON) LTD

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF AJ & CO.(DEVON) LTD

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#### Opinion

We have audited the financial statements of AJ & Co.(Devon) Ltd (the 'company') for the year ended 31 July 2018 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

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

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

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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

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



## **AJ & CO.(DEVON) LTD**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF AJ & CO.(DEVON) LTD**

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##### **Matters on which we are required to report by exception**

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

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

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

##### **Responsibilities of directors**

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

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

##### **Auditor's responsibilities for the audit of the financial statements**

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

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

##### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Mr Andrew Baker FCA (Senior Statutory Auditor)**  
**for and on behalf of Baldwins Audit Services**

29 April 2019

**Statutory Auditor**

20 Western Road  
Launceston  
Cornwall  
PL15 7BA

## AJ & CO.(DEVON) LTD

### PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 £	2017 £
Turnover		3,781,168	4,316,084
Cost of sales		(3,133,150)	(3,086,521)
<b>Gross profit</b>		<b>648,018</b>	<b>1,229,563</b>
Administrative expenses		(858,964)	(795,671)
<b>Operating (loss)/profit</b>	<b>2</b>	<b>(210,946)</b>	<b>433,892</b>
Interest payable and similar expenses	<b>5</b>	(82,141)	(84,940)
<b>(Loss)/profit before taxation</b>		<b>(293,087)</b>	<b>348,952</b>
Tax on (loss)/profit	<b>6</b>	49,379	(67,300)
<b>(Loss)/profit for the financial year</b>		<b>(243,708)</b>	<b>281,652</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

**AJ & CO.(DEVON) LTD****STATEMENT OF COMPREHENSIVE INCOME*****FOR THE YEAR ENDED 31 JULY 2018***

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	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the year	(243,708)	281,652
<b>Other comprehensive income</b>		
Tax relating to other comprehensive income	9,504	25,932
<b>Total comprehensive income for the year</b>	<u>(234,204)</u>	<u>307,584</u>

# AJ & CO.(DEVON) LTD

## BALANCE SHEET

AS AT 31 JULY 2018

	Notes	2018 £	2017 £
<b>Fixed assets</b>			
Goodwill	8	244,687	285,937
Tangible assets	9	4,632,440	4,640,432
		<u>4,877,127</u>	<u>4,926,369</u>
<b>Current assets</b>			
Stocks	10	18,497	17,000
Debtors	11	472,010	423,554
Cash at bank and in hand		123,382	84,703
		<u>613,889</u>	<u>525,257</u>
<b>Creditors: amounts falling due within one year</b>	12	(469,892)	(354,644)
<b>Net current assets</b>		<u>143,997</u>	<u>170,613</u>
<b>Total assets less current liabilities</b>		<u>5,021,124</u>	<u>5,096,982</u>
<b>Creditors: amounts falling due after more than one year</b>	13	(2,367,563)	(2,057,963)
<b>Provisions for liabilities</b>	16	(154,300)	(207,054)
<b>Net assets</b>		<u><u>2,499,261</u></u>	<u><u>2,831,965</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	375,013	375,013
Share premium account	20	133,170	133,170
Revaluation reserve	21	1,485,847	1,476,343
Capital redemption reserve	22	393,915	393,915
Profit and loss reserves	23	111,316	453,524
<b>Total equity</b>		<u><u>2,499,261</u></u>	<u><u>2,831,965</u></u>

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

Mr D J Smallridge  
Director

Company Registration No. 03943652

# AJ & CO.(DEVON) LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2018

	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£	£	£
<b>Balance at 1 August 2016</b>	375,013	133,170	1,450,411	393,915	293,744	2,646,253
<b>Year ended 31 July 2017:</b>						
Profit for the year	-	-	-	-	281,652	281,652
Other comprehensive income:						
Tax relating to other comprehensive income	-	-	25,932	-	-	25,932
Total comprehensive income for the year	-	-	25,932	-	281,652	307,584
Dividends	-	-	-	-	(121,872)	(121,872)
<b>Balance at 31 July 2017</b>	375,013	133,170	1,476,343	393,915	453,524	2,831,965
<b>Year ended 31 July 2018:</b>						
Loss for the year	-	-	-	-	(243,708)	(243,708)
Other comprehensive income:						
Tax relating to other comprehensive income	-	-	9,504	-	-	9,504
Total comprehensive income for the year	-	-	9,504	-	(243,708)	(234,204)
Dividends	-	-	-	-	(98,500)	(98,500)
<b>Balance at 31 July 2018</b>	375,013	133,170	1,485,847	393,915	111,316	2,499,261

# AJ & CO.(DEVON) LTD

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	26		(198,027)		625,178
Interest paid			(82,141)		(84,940)
Income taxes paid			(6,129)		(5,000)
<b>Net cash (outflow)/inflow from operating activities</b>			(286,297)		535,238
<b>Investing activities</b>					
Purchase of tangible fixed assets		(53,988)		(80,572)	
<b>Net cash used in investing activities</b>			(53,988)		(80,572)
<b>Financing activities</b>					
Proceeds of new bank loans		500,000		-	
Repayment of bank loans		(85,544)		(65,662)	
Payment of finance leases obligations		(9,437)			
Dividends paid		(98,500)		(121,872)	
<b>Net cash generated from/(used in) financing activities</b>			306,519		(187,534)
<b>Net (decrease)/increase in cash and cash equivalents</b>			(33,766)		267,132
Cash and cash equivalents at beginning of year			84,703		(182,429)
<b>Cash and cash equivalents at end of year</b>			50,937		84,703
<b>Relating to:</b>					
Cash at bank and in hand			123,382		84,703
Bank overdrafts included in creditors payable within one year			(72,445)		-

# AJ & CO.(DEVON) LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

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### 1 Accounting policies

#### Company information

AJ & Co.(Devon) Ltd is a private company limited by shares incorporated in England and Wales. The registered office is Ludbrook House, Ludbrook, Ivybridge, Devon, PL21 0LL.

#### 1.1 Accounting convention

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

#### 1.2 Going concern

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

#### 1.3 Turnover

Turnover represents gross income from residents and sundry services. The Company is not VAT registered.

#### 1.4 Intangible fixed assets - goodwill

Goodwill, being the amount paid in connection with the purchase of Meadowside and St Francis in 2004 is being amortised evenly over it's estimated useful life of twenty years.

Goodwill, being the amount paid in connection with the purchase of Merafield in 2015 is being amortised evenly over it's estimated useful life of 10 years.

#### 1.5 Tangible fixed assets

Tangible fixed assets 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:

Fixtures and fittings	20% Reducing Balance
Motor vehicles	25% Reducing Balance

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 credited or charged to profit or loss.

No depreciation is charged on the Company's properties as depreciation is deemed to be immaterial. The buildings are expected to have long economic lives and very high residual values. The Company's property known as Meadowside/St Francis was revalued in 2012 and this is now regarded as "deemed historic cost" under FRS102.

#### 1.6 Stocks

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

#### 1.7 Cash at bank and in hand

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

# AJ & CO.(DEVON) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

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

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

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

#### 1.8 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 profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, 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.

#### 1.9 Retirement benefits

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

#### 1.10 Leases

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated lives or the lease term, whichever is shorter.

The interest element of these obligations are charged to the profit & loss over the relevant period. The capital element of the future payments are treated as liabilities.



## AJ & CO.(DEVON) LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

#### 2 Operating (loss)/profit

	2018	2017
	£	£
Operating (loss)/profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	7,100	7,500
Depreciation of owned tangible fixed assets	55,926	61,085
Depreciation of tangible fixed assets held under finance leases	6,055	945
Amortisation of intangible assets	41,250	41,250
Cost of stocks recognised as an expense	230,221	261,652
	<u>230,221</u>	<u>261,652</u>

#### 3 Employees

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

	2018	2017
	Number	Number
Nursing, catering and cleaners	178	186
Administrative	7	5
	<u>185</u>	<u>191</u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	2,720,699	2,752,124
Social security costs	180,419	170,514
Pension costs	20,468	14,027
	<u>2,921,586</u>	<u>2,936,665</u>

#### 4 Directors' remuneration

	2018	2017
	£	£
Remuneration for qualifying services	75,000	75,037
	<u>75,000</u>	<u>75,037</u>

# AJ & CO.(DEVON) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

### 5 Interest payable and similar expenses

	2018	2017
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	80,776	83,270
Interest on finance leases and hire purchase contracts	1,365	1,670
	<u>82,141</u>	<u>84,940</u>

### 6 Taxation

	2018	2017
	£	£
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	6,129
Adjustments in respect of prior periods	(6,129)	-
Total current tax	<u>(6,129)</u>	<u>6,129</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(43,250)	61,171
Total tax (credit)/charge	<u>(49,379)</u>	<u>67,300</u>

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

	2018	2017
	£	£
(Loss)/profit before taxation	<u>(293,087)</u>	<u>348,952</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	(55,687)	69,790
Tax effect of expenses that are not deductible in determining taxable profit	815	755
Tax effect of utilisation of tax losses not previously recognised	-	(56,192)
Unutilised tax losses carried forward	50,133	-
Permanent capital allowances in excess of depreciation	(1,184)	(7,057)
Difference in tax rates (19% & 20%)	(206)	(1,167)
Deferred tax	(43,250)	61,171
Taxation (credit)/charge for the year	<u>(49,379)</u>	<u>67,300</u>

# AJ & CO.(DEVON) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

In addition to the amount (credited)/charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2018 £	2017 £
Deferred tax arising on:		
Revaluation of property	(9,504)	(25,932)
	<u><u>          </u></u>	<u><u>          </u></u>
<b>7 Dividends</b>		
	2018 £	2017 £
Final paid	98,500	121,872
	<u><u>          </u></u>	<u><u>          </u></u>
<b>8 Intangible fixed assets</b>		
		Goodwill £
<b>Cost</b>		
At 1 August 2017 and 31 July 2018		675,000
		<u>          </u>
<b>Amortisation and impairment</b>		
At 1 August 2017		389,063
Amortisation charged for the year		41,250
		<u>          </u>
At 31 July 2018		430,313
		<u>          </u>
<b>Carrying amount</b>		
At 31 July 2018		244,687
		<u><u>          </u></u>
At 31 July 2017		285,937
		<u><u>          </u></u>

# AJ & CO.(DEVON) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

### 9 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Computers	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 August 2017	4,390,955	552,273	43,258	41,641	5,028,127
Additions	-	53,988	-	-	53,988
At 31 July 2018	4,390,955	606,261	43,258	41,641	5,082,115
<b>Depreciation and impairment</b>					
At 1 August 2017	-	353,640	18,161	15,894	387,695
Depreciation charged in the year	-	50,524	5,019	6,437	61,980
At 31 July 2018	-	404,164	23,180	22,331	449,675
<b>Carrying amount</b>					
At 31 July 2018	4,390,955	202,097	20,078	19,310	4,632,440
At 31 July 2017	4,390,955	198,633	25,097	25,747	4,640,432

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2018 £	2017 £
Fixtures and fittings	18,165	12,361
Depreciation charge for the year in respect of leased assets	6,055	945

The land and buildings known as Meadowside & St Francis were revalued during the year ended 31st July 2012 to £3,375,000. This valuation was completed by Jones Lang LaSalle, an independent valuers not connected with the company on the basis of market value.

If disposed of at this valuation, the corporation tax arising would be £137,611. This is now included within the deferred tax provision in the accordance with FRS 102.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2018 £	2017 £
Cost	1,748,964	1,748,964
Accumulated depreciation	-	-
Carrying value	1,748,964	1,748,964

The revaluation surplus is disclosed in note 21.

# AJ & CO.(DEVON) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

### 10 Stocks

	2018 £	2017 £
Stocks	18,497	17,000

### 11 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	143,584	96,296
Corporation tax recoverable	6,129	-
Other debtors	318,743	318,743
Prepayments and accrued income	3,554	8,515
	472,010	423,554

### 12 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	14	252,955	83,507
Obligations under finance leases	15	7,853	9,437
Trade creditors		65,352	71,251
Corporation tax		-	6,129
Other taxation and social security		48,792	44,432
Other creditors		88,950	131,202
Accrued expenses		5,990	8,686
		469,892	354,644

### 13 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts	14	2,359,641	2,042,188
Obligations under finance leases	15	7,922	15,775
		2,367,563	2,057,963

# AJ & CO.(DEVON) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

### 14 Loans and overdrafts

	2018 £	2017 £
Bank loans	2,540,151	2,125,695
Bank overdrafts	72,445	-
	<u>2,612,596</u>	<u>2,125,695</u>
Payable within one year	252,955	83,507
Payable after one year	<u>2,359,641</u>	<u>2,042,188</u>

The above debts are secured by a 1st legal charge dated 08/01/2004 over the freehold property of Meadowside & St Francis, Plymbridge Road, Plympton and a 1st legal charge dated 29/05/2015 over the freehold of Merafield View Nursing Home, Underlane, Plympton.

The debts are also secured against an unlimited debenture dated 19/07/2000 incorporating a fixed and floating charge and the right of set off.

### 15 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Within one year	7,853	9,437
In two to five years	7,922	15,775
	<u>15,775</u>	<u>25,212</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

### 16 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	17	<u>154,300</u>	<u>207,054</u>

# AJ & CO.(DEVON) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

### 17 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2018 £	Liabilities 2017 £
<b>Balances:</b>		
Accelerated capital allowances	66,822	59,939
Tax losses	(50,133)	-
Revaluations	137,611	147,115
	<u>154,300</u>	<u>207,054</u>
<b>Movements in the year:</b>		<b>2018 £</b>
Liability at 1 August 2017		207,054
Credit to profit or loss		(43,250)
Credit to other comprehensive income		(9,504)
		<u>154,300</u>
Liability at 31 July 2018		<u>154,300</u>

### 18 Retirement benefit schemes

	2018 £	2017 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	20,468	14,027
	<u>20,468</u>	<u>14,027</u>

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

### 19 Share capital

	2018 £	2017 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
375,013 Ordinary of £1 each	375,013	375,013
	<u>375,013</u>	<u>375,013</u>

### 20 Share premium account

# AJ & CO.(DEVON) LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

<b>20 Share premium account</b>		<b>(Continued)</b>	
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
At the beginning and end of the year		133,170	133,170
		<u>          </u>	<u>          </u>
<b>21 Revaluation reserve</b>		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
At beginning of year		1,476,343	1,450,411
Deferred tax on revaluation of tangible assets		9,504	25,932
		<u>          </u>	<u>          </u>
At end of year		1,485,847	1,476,343
		<u>          </u>	<u>          </u>
<b>22 Capital redemption reserve</b>		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
At the beginning and end of the year		393,915	393,915
		<u>          </u>	<u>          </u>
<b>23 Profit and loss reserves</b>		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
At the beginning of the year		453,524	293,744
(Loss)/profit for the year		(243,708)	281,652
Dividends declared and paid in the year		(98,500)	(121,872)
		<u>          </u>	<u>          </u>
At the end of the year		111,316	453,524
		<u>          </u>	<u>          </u>
<b>24 Related party transactions</b>			
<b>Remuneration of key management personnel</b>			
The remuneration of key management personnel is as follows.			
		<b>2018</b>	<b>2017</b>
		<b>£</b>	<b>£</b>
Aggregate compensation		165,000	165,000
		<u>          </u>	<u>          </u>
<b>Transactions with related parties</b>			



## AJ & CO.(DEVON) LTD

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2018

#### 24 Related party transactions

(Continued)

Eggs were supplied on an arms length basis to both Meadowside and Merafield homes during the year amounting to £3,485 and £1,180 respectively from 'Ludbrook Ladies'. These were provided by a farming business run by Mr D Smallridge, the director of the Company.

Meat was supplied on an arms length basis to both Meadowside and Merafield homes during the year amounting to £25,017 & £14,107 respectively from 'Ludbrook Butchers'. These were provided by a business run by Mr B Smallridge, the son of the director of the Company Mr D Smallridge.

#### 25 Directors' transactions

During the year the Company operated a loan account with Mr D Smallridge, a director. The loan is interest free and repayable on demand.

£55,000 of the loan to Mr D Smallridge relates to a loan to the director's farming business.

Description	% Rate	Opening balance £	Closing balance £
Mr D J Smallridge	-	254,995	254,995
		<u>254,995</u>	<u>254,995</u>

#### 26 Cash generated from operations

	2018 £	2017 £
(Loss)/profit for the year after tax	(243,708)	281,652
<b>Adjustments for:</b>		
Taxation (credited)/charged	(49,379)	67,300
Finance costs	82,141	84,940
Amortisation and impairment of intangible assets	41,250	41,250
Depreciation and impairment of tangible fixed assets	61,980	62,031
<b>Movements in working capital:</b>		
(Increase) in stocks	(1,497)	(17,000)
(Increase) in debtors	(42,327)	(168,560)
(Decrease)/increase in creditors	(46,487)	255,571
<b>Cash (absorbed by)/generated from operations</b>	<u>(198,027)</u>	<u>607,184</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.