

Registration Number SC100157

**Meallmore Limited and Subsidiaries**  
**Directors' Report and Consolidated Financial Statements**  
**for the year ended 31 March 2017**

TUESDAY



\*S6L3G78W\*

SCT

12/12/2017

#527

COMPANIES HOUSE

# **Meallmore Limited and Subsidiaries**

## **Contents**

	<b>Page</b>
<b>Directors and other information</b>	<b>1</b>
<b>Strategic report</b>	<b>2 - 3</b>
<b>Directors' report and statement of directors' responsibilities</b>	<b>4 - 5</b>
<b>Independent auditor's report to the members</b>	<b>6 - 7</b>
<b>Consolidated statement of income</b>	<b>8</b>
<b>Consolidated statement of comprehensive income</b>	<b>9</b>
<b>Consolidated statement of financial position</b>	<b>10</b>
<b>Company statement of financial position</b>	<b>11</b>
<b>Consolidated statement of changes in equity</b>	<b>12</b>
<b>Consolidated statement of cash flows</b>	<b>13</b>
<b>Notes forming part of the consolidated financial statements</b>	<b>14 - 39</b>

**Meallmore Limited and Subsidiaries**

**Directors and other information**

**Directors**

Aidan Hennessey  
Gerard Hennessey  
Cillian Hennessey  
Ciara Hennessey  
Colin Rutherford  
Gillian McGregor Watson

**Secretary**

Gavin MacKenzie

**Company number**

SC100157

**Registered office**

Caulfield House  
Cradlehall Business Park  
Inverness  
IV2 5GH

**Auditor**

MCI  
Chartered Accountants and Registered Auditors  
Sentinel House  
13 Pump Street  
Derry  
BT48 6JG

## **Meallmore Limited and Subsidiaries**

### **Strategic report for the year ended 31 March 2017**

The directors present their strategic report for the year ended 31 March 2017.

#### **Results**

The results for the year are set out in the Statement of Income on page 8. The profit for the year after providing for depreciation and taxation amounted to £2,884,855 (2016 : £2,642,242).

#### **Review of the business, analysis of key performance indicators and future developments**

Group turnover increased by 8% reflecting increased occupancy levels and the fill-up of recently constructed homes. The group opened a newly constructed nursing home in July 2016. The group also purchased a nursing home in March 2017 at a cost of £4.7m. Recruitment and retention of staff remain critical to delivering quality care, and the current labour market remains challenging with pressure on wages. The group focuses on training staff and has increased wage rates to attract and retain high quality staff, putting some pressure on margins. Administration expenses are closely monitored and have increased by 6%. The increase is due to the fill-up of new homes and the additions to the learning & development and quality teams.

Important financial Key Performance Indicators (KPI's) are bed occupancy rates, average fee income per bed, staffing costs to fee income and earnings before interest, tax, depreciation, amortisation, rent and management fees (EBITDARM). In relation to the KPI's the group, when benchmarked to the sector, is performing at or above regional sector averages.

In terms of future developments the group continues to focus on purchasing sites in prime locations on which to develop modern, state of the art nursing care facilities.

#### **Principal risks and uncertainties**

The board is responsible for risk assessment and management within the group. It has in place a documented organisational structure with clearly defined and understood roles and responsibilities. It has identified the following key risk areas and uncertainties:

- Financial risks
- Regulatory environment

#### **Financial risks**

##### **Banking covenants**

The continued provision of banking facilities to the group is subject to compliance with financial covenants. Should the group's trading performance deteriorate significantly or its interest costs increase significantly, the group could breach these covenants and this may have a material impact on the continued availability of the group's banking facilities.

##### **Liquidity**

The group maintains a mix of medium and long term structured finance designed to ensure that it has sufficient available funds for day to day operations and planned development expenditure.

##### **Interest rate exposure**

The group's interest rate risk arises from long term borrowings issued at variable rates which expose the group to the risk of adverse interest rate movements. The group manages this exposure through the appropriate use of fixed and floating debt and interest rate swaps.

**Meallmore Limited and Subsidiaries**

**Strategic report  
for the year ended 31 March 2017**

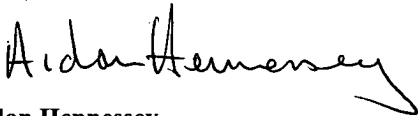
..... continued

**Principal risks and uncertainties (continued.....)**

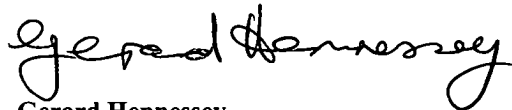
**Regulatory environment**

The group's services are regulated by Social Care and Social Work Improvement Scotland (SCSWIS) which has significant enforcement powers against operators who do not comply with statutory requirements. As a result of the group's own internal compliance review procedures and external regulatory inspections, the board is confident that the group's services on an ongoing basis meet regulatory standards and that the group's practices and procedures comply with care regulations.

**On behalf of the board**



**Aidan Hennessey**  
**Director**



**Gerard Hennessey**  
**Director**

**Date: 29 September 2017**

## **Meallmore Limited and Subsidiaries**

### **Directors' report and statement of directors' responsibilities for the year ended 31 March 2017**

The directors present their report and the consolidated financial statements of Meallmore Limited ("the Company") and its subsidiary undertakings ("the Group") for the year ended 31 March 2017.

#### **Directors and secretary**

The directors and secretary who served during the year are as stated below:

Aidan Hennessey (Director)  
Gerard Hennessey (Director)  
Cillian Hennessey (Director)  
Ciara Hennessey (Director)  
Colin Rutherford (Director)  
Gillian McGregor Watson (Director)  
Gavin MacKenzie (Secretary)

#### **Dividends**

The company declared dividends of £50 per ordinary share and £0.0975 per "A" ordinary share which totalled £50,390 for the year (2016 : £560).

#### **Political contributions**

There were no political contributions made during the year.

#### **Future developments**

Future developments in the business of the group are discussed in the strategic report.

#### **Disabled employees**

The group gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

#### **Employee involvement**

The group operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the group has been continued through the newsletter 'Meallmore Matters' in which employees have also been encouraged to present their suggestions and views on the group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

#### **Financial instruments and risk management**

Information on the use of financial instruments by the group and its management of financial risks is disclosed in the strategic report.

#### **Events after the end of the reporting period**

No events requiring adjustment or amendment to the financial statements occurred subsequent to the reporting date.

## **Meallmore Limited and Subsidiaries**

### **Directors' report and statement of directors' responsibilities for the year ended 31 March 2017**

#### **Statement of directors' responsibilities**

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 the law the directors have elected to prepare the consolidated and company 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 group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group, 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Disclosure of information to the auditors**

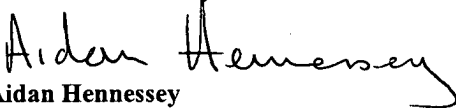
We, the directors of the company who held office at the date of approval of these financial statements as set out above each confirm, so far as we are aware, that:

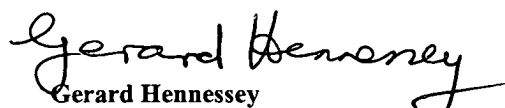
- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and MCI will therefore continue in office.

This report was approved and authorised for issue by the board of directors on 29 September 2017 and signed on behalf of the board by:

  
**Aidan Hennessey**  
**Director**

  
**Gerard Hennessey**  
**Director**

## **Meallmore Limited and Subsidiaries**

### **Independent auditor's report to the members of Meallmore Limited for the year ended 31 March 2017**

We have audited the consolidated and company financial statements of Meallmore Limited for the year ended 31 March 2017 which comprise the Statement of Income, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report and the Strategic Report for the financial year, for which the financial statements are prepared, is consistent with the financial statements, and the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report and the Strategic Report.



**Meallmore Limited and Subsidiaries**


**Independent auditor's report to the members of Meallmore Limited (continued)  
for the year ended 31 March 2017**

..... continued

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company's 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 of the information and explanations we require for our audit.



**Ian McEvoy (Senior Statutory Auditor)**  
**For and on behalf of MCI**  
**Statutory Auditor**  
**Sentinel House**  
**13 Pump Street**  
**Derry**  
**BT48 6JG**

**Date: 29 September 2017**

**Meallmore Limited and Subsidiaries**

**Consolidated statement of income  
for the year ended 31 March 2017**

	Notes	2017 £	2016 £
<b>Turnover</b>	<b>2</b>	43,188,923	39,940,830
Direct costs		26,752,143	24,634,076
<b>Gross profit</b>		16,436,780	15,306,754
Administration expenses		10,431,332	9,811,714
<b>Operating profit</b>	<b>3</b>	6,005,448	5,495,040
Profit on sale of an operation		-	75,573
<b>Profit on ordinary activities before interest</b>		6,005,448	5,570,613
Interest receivable and similar income	<b>4</b>	7,988	7,795
Interest payable and similar charges	<b>5</b>	2,176,828	2,329,913
		3,836,608	3,248,495
Net (loss)/gain on derivative financial instruments recognised at fair value	<b>26</b>	(143,436)	35,849
<b>Profit on ordinary activities before taxation</b>		3,693,172	3,284,344
Tax on profit on ordinary activities	<b>8</b>	808,317	642,102
<b>Profit for the financial year</b>	<b>19</b>	2,884,855	2,642,242

There were no discontinued operations in the year.

The notes on pages 14 to 39 form an integral part of these financial statements.

**Meallmore Limited and Subsidiaries**

**Consolidated statement of comprehensive income  
for the year ended 31 March 2017**

	<b>Notes</b>	<b>2017 £</b>	<b>2016 £</b>
Profit for the financial year		2,884,855	2,642,242
Dividends	<b>20</b>	(50,390)	(560)
Fair value movements on cash flow hedging instruments	<b>26</b>	(134,514)	(288,418)
Movement in deferred tax relating to cashflow hedging instruments	<b>8</b>	14,107	40,164
<b>Total comprehensive income for the financial year</b>		<u><u>2,714,058</u></u>	<u><u>2,393,428</u></u>

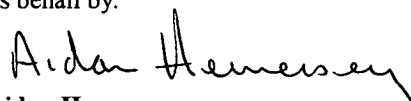
**Meallmore Limited and Subsidiaries**

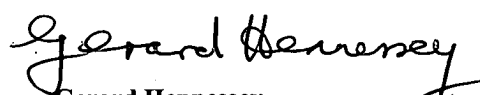
**Consolidated statement of financial position  
as at 31 March 2017**

		2017 £	2016 £
	Notes		
<b>Fixed assets</b>			
Intangible fixed assets	9	273,538	400,311
Tangible fixed assets	10	78,633,193	74,792,736
		<u>78,906,731</u>	<u>75,193,047</u>
<b>Current assets</b>			
Stocks	12	85,060	77,649
Debtors: amounts falling due within one year	13	2,007,380	1,971,507
Debtors: amounts falling due after one year	13	139,165	-
Cash at bank and in hand		9,476,777	3,242,724
		<u>11,708,382</u>	<u>5,291,880</u>
<b>Creditors: amounts falling due within one year</b>	14	9,115,569	9,143,211
<b>Net current assets</b>		<u>2,592,813</u>	<u>(3,851,331)</u>
<b>Total assets less current liabilities</b>		81,499,544	71,341,716
<b>Creditors: amounts falling due after more than one year</b>	15	65,783,887	58,415,536
<b>Provision for liabilities</b>	17	1,108,780	1,033,361
<b>Net assets</b>		<u>14,606,877</u>	<u>11,892,819</u>
<b>Capital and reserves</b>			
Called up share capital	18	5,000	5,000
Hedging reserve	19	(838,715)	(718,308)
Profit and loss account	19	15,440,592	12,606,127
<b>Shareholders' funds</b>		<u>14,606,877</u>	<u>11,892,819</u>

The notes on pages 14 - 39 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board on 29 September 2017 and signed on its behalf by:

  
Aidan Hennessey  
Director

  
Gerard Hennessey  
Director

Company registration number: SC100157

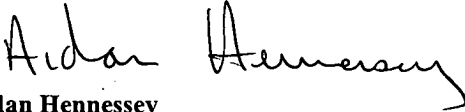
**Meallmore Limited and Subsidiaries**

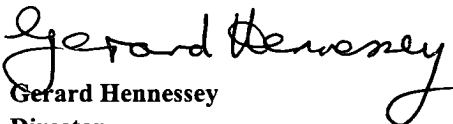
**Company statement of financial position  
as at 31 March 2017**

	Notes	2017 £	2016 £
<b>Fixed assets</b>			
Tangible fixed assets	10	98,364	267,730
Investments	11	17,792,073	17,791,973
		<u>17,890,437</u>	<u>18,059,703</u>
<b>Current assets</b>			
Stocks	12	760	862
Debtors: amounts falling due within one year	13	1,322,117	6,897,091
Debtors: amounts falling due after one year	13	7,555,780	6,770,540
Cash at bank and in hand		6,570,703	1,116,376
		<u>15,449,360</u>	<u>14,784,869</u>
<b>Creditors: amounts falling due within one year</b>	14	10,153,324	8,327,658
<b>Net current assets</b>		<u>5,296,036</u>	<u>6,457,211</u>
<b>Net assets</b>		<u>23,186,473</u>	<u>24,516,914</u>
<b>Capital and reserves</b>			
Called up share capital	18	5,000	5,000
Profit and loss account	19	23,181,473	24,511,914
<b>Shareholders' funds</b>		<u>23,186,473</u>	<u>24,516,914</u>

The notes on pages 14 - 39 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board on 29 September 2017 and signed on its behalf by:

  
Aidan Hennessey  
Director

  
Gerard Hennessey  
Director

Registration number: SC100157

**Meallmore Limited and Subsidiaries**

**Consolidated statement of changes in equity  
for the year ended 31 March 2017**

	<b>Called up share capital £</b>	<b>Hedging reserve £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 April 2015</b>	<u>5,000</u>	<u>(470,054)</u>	<u>9,964,445</u>	<u>9,499,391</u>
Profit for the financial year	-	-	2,642,242	2,642,242
Dividends	-	-	(560)	(560)
Fair value movement on cash flow hedging instruments	-	(288,418)	-	(288,418)
Movement in deferred tax relating to cash flow hedging instruments	-	40,164	-	40,164
<b>Total comprehensive income for the financial year</b>	<u>-</u>	<u>(248,254)</u>	<u>2,641,682</u>	<u>2,393,428</u>
<b>At 31 March 2016</b>	5,000	(718,308)	12,606,127	11,892,819
Profit for the financial year	-	-	2,884,855	2,884,855
Dividends	-	-	(50,390)	(50,390)
Fair value movement on cash flow hedging instruments	-	(134,514)	-	(134,514)
Movement in deferred tax relating to cash flow hedging instruments	-	14,107	-	14,107
<b>Total comprehensive income for the financial year</b>	<u>-</u>	<u>(120,407)</u>	<u>2,834,465</u>	<u>2,714,058</u>
<b>At 31 March 2017</b>	<u>5,000</u>	<u>(838,715)</u>	<u>15,440,592</u>	<u>14,606,877</u>

**Meallmore Limited and Subsidiaries**

**Consolidated statement of cash flows  
for the year ended 31 March 2017**

	Notes	2017 £	2016 £
<b>Cash inflow from operating activities</b>	<b>21</b>	6,995,165	10,218,824
Interest paid		(2,320,264)	(2,329,913)
Interest received		7,988	7,795
Tax paid		(771,959)	(286,401)
<b>Net cash inflow from operating activities</b>		<u>3,910,930</u>	<u>7,610,305</u>
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets		(6,122,005)	(7,895,962)
Receipts from sales of tangible fixed assets		661,774	1,460
Receipts on sale of an operation		-	75,573
<b>Net cash outflow from investing activities</b>		<u>(5,460,231)</u>	<u>(7,818,929)</u>
<b>Cash flows from financing activities</b>			
Net drawdown of bank term loans		7,745,814	523,373
Hire purchase contracts		70,789	(49,873)
Dividends paid		(50,950)	(520)
<b>Net cash inflow from financing activities</b>		<u>7,765,653</u>	<u>472,980</u>
<b>Net increase in cash and cash equivalents</b>		6,216,352	264,356
<b>Cash and cash equivalents at 1 April</b>		<u>3,242,724</u>	<u>2,978,368</u>
<b>Cash and cash equivalents at 31 March</b>		<u><u>9,459,076</u></u>	<u><u>3,242,724</u></u>
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		9,476,777	3,242,724
Bank overdraft		(17,701)	-
		<u><u>9,459,076</u></u>	<u><u>3,242,724</u></u>

## **Meallmore Limited and Subsidiaries**

### **Notes forming part of the consolidated financial statements for the year ended 31 March 2017**

#### **1. Significant accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

##### **1.1. General information and basis of preparation**

Meallmore Limited is a private limited company incorporated in Scotland. The address of the registered office is given in the company information on page 1 of these financial statements. The nature of the group's operations and principal activities are the provision of nursing care services.

The financial statements have been prepared in accordance with The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the group.

##### **1.2. Basis of consolidation**

The consolidated financial statements include the financial statements of the company and its subsidiaries made up to 31 March 2017.

No Statement of Income and Retained Earnings has been presented for the company as permitted by Section 408 of the Companies Act 2006.

All intercompany profits, transactions and account balances have been eliminated. The results of subsidiaries are included in the consolidated financial statements from the date of acquisition up until the date of disposal as appropriate.

Upon the acquisition of a business, fair values are attributable to the identifiable net assets acquired. Goodwill arising on acquisition is dealt with as set out below.

##### **1.3. Turnover and other income**

Turnover and other income is measured at the fair value of the consideration receivable net of VAT and discounts. The policies adopted for the recognition of turnover and other income is as follows:

###### **Rendering of services**

When the outcome of a transaction can be estimated reliably, turnover from the provision of nursing care services is recognised by reference to the state of completion at the reporting date. The stage of completion is measured by reference to bed occupancy per day. Where the outcome cannot be measured reliably, turnover is recognised only to the extent of the expenses recognised that are recoverable.

###### **Interest receivable**

Interest income is recognised using the effective interest method.



## **Meallmore Limited and Subsidiaries**

### **Notes forming part of the consolidated financial statements for the year ended 31 March 2017**

..... continued

#### **1.4. Goodwill**

Purchased goodwill arising on the acquisition of nursing homes and subsidiary undertakings represents the excess of the acquisition cost over the fair value of the identifiable net assets acquired.

Purchased goodwill is capitalised in the Statement of Financial Position and amortised over its estimated useful economic life of five years being the period during which the benefits are expected to accrue.

The carrying value of goodwill is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses are recognised in the Statement of Income.

#### **1.5. Investments**

In the parent company's financial statements, fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

#### **1.6. Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Buildings	-	2% straight line
Computer equipment	-	25% straight line
Plant and equipment	-	10% straight line
Fixtures and fittings	-	14 - 20% straight line
Motor vehicles	-	20% straight line

Depreciation is not provided for on freehold land.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of these assets.

Where there is objective evidence that the recoverable amount of an asset is less than its carrying value, the carrying amount of the asset is reduced to its recoverable amount resulting in an impairment loss. Impairment losses are recognised immediately in the Statement of Income, with the exception of losses on previously revalued tangible fixed assets, which are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset.

#### **1.7. Stocks**

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is the expenditure incurred in the normal course of business in bringing the product to its present location and condition. Cost is calculated using the first in, first out basis.

#### **1.8. Employee benefits**

When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**1.9. Pensions**

The assets of the group's externally managed defined contribution funds are held separately from those of the group in independently administered funds. The amount charged to the Statement of Income represents the contributions payable to the schemes in respect of the accounting period.

**1.10. Taxation**

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

**1.11. Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Income so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**1.12. Provisions**

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event and it is probable that an outflow of economic benefits will be required in settlement of that obligation and the amount can be reliably estimated.

**1.13. Derivative financial instruments**

The group uses interest rate swaps to manage its exposure to changes in interest rates.

Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through the Statement of Income unless they are included in a hedging arrangement. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of interest rate swap contracts is determined by calculating the present value of the estimated future cash flows based on observable yield curves.

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**1.14. Hedging arrangements**

The group applies hedge accounting for interest rate swaps which are held to manage the interest rate exposures of floating rate borrowings and which are designated as cash flow hedges.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the Statement of Income.

The gain or loss recognised in other comprehensive income is reclassified to the Statement of Income when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

**1.15. Finance costs**

Finance costs, other than those capitalised within tangible fixed assets, incurred directly in connection with the raising of debt are offset against the carrying amount of debt and are charged to the Statement of Income over the term of the debt, at a constant rate of the carrying amount.

**1.16. Cash and cash equivalents**

Cash, for the purpose of the Statement of Cash Flows, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.17. Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and which are receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in the Statement of Income in other administrative expenses.

**1.18. Loans and borrowings**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at the present value of future payments discounted at a market rate of interest.

## **Meallmore Limited and Subsidiaries**

### **Notes forming part of the consolidated financial statements for the year ended 31 March 2017**

..... continued

#### **1.19. Judgements and key sources of estimation uncertainty**

No judgements have been made in the process of applying the above accounting policies. The following is the group's key sources of estimation uncertainty:

##### **Depreciation and tangible fixed assets**

The group establishes a reliable estimate of the expected useful life and residual value of tangible fixed assets. The estimate of expected useful life and residual value of an asset is based upon a variety of factors such as the age when acquired, the expected frequency of use and the repair policy of the group.

##### **Goodwill**

The group establishes a reliable estimate of the useful life of goodwill arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

##### **Impairment of non-financial assets**

Where there are indicators of impairment of individual assets, the group performs impairment tests based on either a fair value less costs to sell basis or a value in use basis. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from projections for the next twenty years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

There are no other key assumptions concerning the future or other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **1.20. Dividends on shares presented within equity**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Group. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### **2. Turnover**

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in Scotland.

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

<b>3. Operating profit</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Operating profit is stated after charging:</b>		
Amortisation of goodwill	126,773	131,849
Depreciation of tangible fixed assets		
- on tangible fixed assets held under hire purchase contracts	21,744	15,554
- on other tangible fixed assets	1,599,839	1,599,885
Loss on disposal of tangible fixed assets	-	1,973
Operating lease rentals		
- Land and buildings	260,862	265,272
- Other	103,576	159,487
Amounts receivable by auditor:		
- auditor's remuneration	15,000	15,000
- the audit of accounts of subsidiaries of the company	45,500	51,500
- taxation	18,500	15,500
- other	47,375	2,430
	<u>1,808</u>	<u>-</u>
<b>and after crediting:</b>		
Profit on disposal of tangible fixed assets	<u>1,808</u>	<u>-</u>
 <b>4. Interest receivable and similar income</b>	 <b>2017</b>	 <b>2016</b>
	<b>£</b>	<b>£</b>
Bank deposit interest	<u>7,988</u>	<u>7,795</u>

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**5. Interest payable and similar charges**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank loan and overdraft interest	2,194,276	2,340,070
Hire purchase interest	11,569	9,710
Other interest payable	3,147	3,718
	<u>2,208,992</u>	<u>2,353,498</u>
Finance costs capitalised (see below)	(32,164)	(23,585)
	<u><u>2,176,828</u></u>	<u><u>2,329,913</u></u>

Finance costs have been capitalised into tangible fixed assets at a rate of 3.39% (2016 : 2.83%)

In accordance with the group's accounting policy, bank loan and overdraft interest includes £167,845 (2016 : £71,673) of amortised finance costs.

**6. Employees**

**Number of employees**

The average monthly number of employees  
(including the directors) during the year was:

	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
Administration	101	91
Nursing and housekeeping	1,419	1,356
	<u>1,520</u>	<u>1,447</u>

**Employment costs**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	25,513,039	23,449,497
Employer social security costs	1,784,718	1,582,517
Employee pension costs	266,992	180,197
	<u>27,564,749</u>	<u>25,212,211</u>

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**6.1. Directors' emoluments**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	1,178,905	1,000,510
Pension contributions	3,000	3,000
	<u>1,181,905</u>	<u>1,003,510</u>

The following amounts are attributable to the highest paid director:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	<u>685,052</u>	<u>543,896</u>

One director accrues benefits under the group's pension scheme.

**7. Pension costs**

The group operates a number of defined contribution pension schemes, including schemes covered by the requirements of auto-enrolment legislation. The assets of the schemes are held separately from those of the group in independently administered funds. The charge for the year represents the contributions payable by the group to the schemes and amounted to £266,992 (2016 : £180,197). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**8. Taxation**

	<b>2017</b>	<b>2016</b>
<b>(a) Analysis of charge per Statement of Income for the year</b>	<b>£</b>	<b>£</b>
<b>Current tax:</b>		
Corporation tax	718,316	517,719
Adjustments in respect of previous years	475	100
Total current tax	<u>718,791</u>	<u>517,819</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	164,853	216,111
Effect of changes of tax rate on opening liability	<u>(75,327)</u>	<u>(91,828)</u>
Total deferred tax (note 17)	<u>89,526</u>	<u>124,283</u>
<b>Tax charge on profit on ordinary activities (note 8 (c))</b>	<u><u>808,317</u></u>	<u><u>642,102</u></u>
<b>(b) Analysis of credit per Statement of Comprehensive Income for the year</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(24,212)	(57,684)
Effect of changes of tax rate on opening liability	10,105	17,520
Total deferred tax (note 17)	<u>(14,107)</u>	<u>(40,164)</u>
<b>Tax credit per other comprehensive income</b>	<u><u>(14,107)</u></u>	<u><u>(40,164)</u></u>



**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**8. Taxation continued**

<b>(c) Reconciliation between the tax expense included in the profit and loss account and the profit on ordinary activities before tax multiplied by the applicable tax rate</b>	<b>2017 £</b>	<b>2016 £</b>
Profit on ordinary activities before tax	3,693,172	3,284,344
Profit on ordinary activities multiplied by standard rate of corporation tax at 20%	738,634	656,869
<b>Effects of :</b>		
Non tax deductible expenses	2,003	3,130
Indexation relief	(18,781)	-
Permanent differences	116,795	150,759
Capital allowances in excess of depreciation	(137,432)	(148,481)
Capital losses carried forward	18,000	-
Losses brought forward	-	(15,035)
Other timing differences	(903)	(1,741)
FRS102 transitional adjustment	-	(127,782)
Adjustments in respect of previous years	475	100
Deferred tax charge	89,526	124,283
<b>Current tax charge for the year (note 8 (a))</b>	<b>808,317</b>	<b>642,102</b>

**(d) Factors that may effect future tax charges**

The corporation tax rate was reduced to 19% from 1 April 2017. A further reduction to 17% from 1 April 2020 was substantively enacted on 6 September 2016.

**Other timing differences**

During the year ended 31 March 1990, a subsidiary company disposed of business assets which at the time gave rise to a taxable gain. The taxable gain was deferred through replacement asset relief. Deferred taxation has been provided for in accordance with FRS 102 Section 29 (note 17).

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**9. Intangible fixed assets**

**Group**

**Goodwill  
£**

**Cost**

At 1 April 2016 and  
at 31 March 2017

1,935,968

**Amortisation**

At 1 April 2016  
Amortised during the year

1,535,657

126,773

At 31 March 2017

1,662,430

**Net book values**

At 31 March 2017

273,538

At 31 March 2016

400,311

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**10. Tangible fixed assets**

<b>Group</b>	<b>Freehold land and buildings £</b>	<b>Computer equipment £</b>	<b>Plant and equipment £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 April 2016	78,004,668	853,669	3,157,921	6,855,023	22,125	88,893,406
Additions	5,098,373	132,282	190,458	700,892	-	6,122,005
Disposals	(700,377)	(47,581)	(16,653)	(27,447)	(11,868)	(803,926)
At 31 March 2017	<u>82,402,664</u>	<u>938,370</u>	<u>3,331,726</u>	<u>7,528,468</u>	<u>10,257</u>	<u>94,211,485</u>
<b>Depreciation</b>						
At 1 April 2016	5,752,611	826,483	1,996,740	5,507,302	17,534	14,100,670
Released on disposal	(45,240)	(47,518)	(13,700)	(25,635)	(11,868)	(143,961)
Charge for the year	<u>781,502</u>	<u>28,790</u>	<u>233,937</u>	<u>574,454</u>	<u>2,900</u>	<u>1,621,583</u>
At 31 March 2017	<u>6,488,873</u>	<u>807,755</u>	<u>2,216,977</u>	<u>6,056,121</u>	<u>8,566</u>	<u>15,578,292</u>
<b>Net book values</b>						
At 31 March 2017	<u>75,913,791</u>	<u>130,615</u>	<u>1,114,749</u>	<u>1,472,347</u>	<u>1,691</u>	<u>78,633,193</u>
At 31 March 2016	<u>72,252,057</u>	<u>27,186</u>	<u>1,161,181</u>	<u>1,347,721</u>	<u>4,591</u>	<u>74,792,736</u>

Included in the cost of tangible fixed assets is £1,258,327 (2016 : £1,226,163) in respect of capitalised finance costs.

Included within freehold land and buildings is land with a cost of £15,375,778 (2016 : £14,878,728).

Development land stock and construction work in progress amounting to £6,895,675 which was included in stock at 31 March 2016 has been reclassified as freehold land and buildings within tangible fixed assets as the directors believe that this is a more appropriate classification. Comparative figures have been restated accordingly.

Included above are assets held under hire purchase contracts as follows:

<b>Asset description</b>	<b>2017</b>		<b>2016</b>	
	<b>Net book value £</b>	<b>Depreciation charge £</b>	<b>Net book value £</b>	<b>Depreciation charge £</b>
Plant and equipment	<u>429,978</u>	<u>21,744</u>	<u>285,664</u>	<u>15,554</u>

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**10. Tangible fixed assets (continued.....)**

<b>Company</b>	<b>Freehold land and buildings £</b>	<b>Computer equipment £</b>	<b>Plant and equipment £</b>	<b>Fixtures and fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 April 2016	245,268	430,350	25,117	210,590	15,297	926,622
Additions	-	22,082	-	-	-	22,082
Disposals	(209,603)	(2,762)	(11,487)	(19,845)	(9,500)	(253,197)
At 31 March 2017	<u>35,665</u>	<u>449,670</u>	<u>13,630</u>	<u>190,745</u>	<u>5,797</u>	<u>695,507</u>
<b>Depreciation</b>						
At 1 April 2016	52,550	422,064	13,577	160,000	10,701	658,892
Released on disposal	(45,240)	(2,762)	(9,150)	(19,845)	(9,500)	(86,497)
Charge for the year	<u>2,714</u>	<u>9,806</u>	<u>2,132</u>	<u>7,199</u>	<u>2,897</u>	<u>24,748</u>
At 31 March 2017	<u>10,024</u>	<u>429,108</u>	<u>6,559</u>	<u>147,354</u>	<u>4,098</u>	<u>597,143</u>
<b>Net book values</b>						
At 31 March 2017	<u>25,641</u>	<u>20,562</u>	<u>7,071</u>	<u>43,391</u>	<u>1,699</u>	<u>98,364</u>
At 31 March 2016	<u>192,718</u>	<u>8,286</u>	<u>11,540</u>	<u>50,590</u>	<u>4,596</u>	<u>267,730</u>

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**11. Investments**

**Company**

**Investments in subsidiary undertakings**

	<b>Nevisbridge Limited £</b>	<b>Airthrey Care Limited £</b>	<b>Ganarn Limited £</b>	<b>Meallmore (Development Properties) Limited £</b>	<b>Hilton Development Properties Limited £</b>	<b>Subtotal C/fwd £</b>
<b>Cost</b>						
At 1 April 2016	2,003,044	2,355,007	6,164,764	860,100	100	11,383,015
Additions	-	-	-	-	-	-
At 31 March 2017	2,003,044	2,355,007	6,164,764	860,100	100	11,383,015
<b>Provisions for diminution in value:</b>						
At 1 April 2016	-	-	-	809,522	-	809,522
Movement	-	-	-	-	-	-
At 31 March 2017	-	-	-	809,522	-	809,522
<b>Net book values</b>						
At 31 March 2017	2,003,044	2,355,007	6,164,764	50,578	100	10,573,493
At 31 March 2016	2,003,044	2,355,007	6,164,764	50,578	100	10,573,493

	<b>Subtotal B/fwd £</b>	<b>Hilton Rehabilitation Care Limited £</b>	<b>Daviot Care Limited £</b>	<b>Antonine Care Limited £</b>	<b>Rhindsdale House Limited £</b>	<b>Total £</b>
<b>Cost</b>						
At 1 April 2016	11,383,015	100	5,632,736	1,585,444	100	18,601,395
Additions	-	-	-	-	-	-
At 31 March 2017	11,383,015	100	5,632,736	1,585,444	100	18,601,395
<b>Provisions for diminution in value:</b>						
At 1 April 2016	809,522	-	-	-	-	809,522
Movement	-	-	-	-	-	-
At 31 March 2017	809,522	-	-	-	-	809,522
<b>Net book values</b>						
At 31 March 2017	10,573,493	100	5,632,736	1,585,444	100	17,791,873
At 31 March 2016	10,573,493	100	5,632,736	1,585,444	100	17,791,873

# **Meallmore Limited and Subsidiaries**

## **Notes forming part of the consolidated financial statements for the year ended 31 March 2017**

..... continued

### **11. Investments (continued.....)**

#### **Company**

#### **Investments in subsidiary undertakings**

	<b>Subtotal</b>	<b>Mearns</b>	<b>Culduthel</b>	
	<b>B/fwd</b>	<b>Care Limited</b>	<b>Care Limited</b>	
	<b>£</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
At 1 April 2016	18,601,395	100	-	18,601,495
Additions	-	-	100	100
At 31 March 2017	18,601,395	100	100	18,601,595
<b>Provisions for diminution in value:</b>				
At 1 April 2016	809,522	-	-	809,522
Movement	-	-	-	-
At 31 March 2017	809,522	-	-	809,522
<b>Net book values</b>				
At 31 March 2017	17,791,873	100	100	17,792,073
At 31 March 2016	17,791,873	100	-	17,791,973

Details of the company's subsidiary undertakings are as follows:

Nevisbridge Limited, Airthrey Care Limited, Ganarn Limited, Hilton Rehabilitation Limited, Daviot Care Limited, Antonine Care Limited, Rhindsdale House Limited, Mearns Care Limited and Culduthel Care Limited are 100% subsidiaries of the company. These subsidiaries carry on the trade of nursing home operators in Scotland and are all registered in the UK with a registered office address at Caulfield House, Cradlehall Business Park, Inverness, IV2 5GH.

St. Modans Care Home Limited is a 100% owned subsidiary of Hilton Rehabilitation Limited. St Modans Care Home Limited carries on the trade of nursing home operator in Scotland and is registered in the UK with a registered office address at Caulfield House, Cradlehall Business Park, Inverness, IV2 5GH.

Meallmore (Development Properties) Limited and Hilton Development Properties Limited are 100% owned subsidiaries of the company. These subsidiaries carry on the the trade of building contractors and property developers in Scotland and are registered in the UK with a registered office address at Caulfield House, Cradlehall Business Park, Inverness, IV2 5GH.

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**12. Stocks**

<b>Group</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Consumables	<u>85,060</u>	<u>77,649</u>

Development land stock and construction work in progress amounting to £6,895,675 which was included in stock at 31 March 2016 has been reclassified as freehold land and buildings within tangible fixed assets as the directors believe that this is a more appropriate classification. Comparative figures have been restated accordingly.

<b>Company</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Consumables	<u>760</u>	<u>862</u>

If stocks were stated at replacement cost (latest purchase price) they would not differ materially from the above.

**13. Debtors**

<b>Group</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,700,226	1,675,276
Derivative financial instruments (note 16)	139,165	-
Prepayments and other debtors	<u>307,154</u>	<u>296,231</u>
	<u>2,146,545</u>	<u>1,971,507</u>

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Amounts falling due after more than one year and included in debtors are:		

Derivative financial instruments (note 16)	<u>139,165</u>	<u>-</u>
--	----------------	----------

<b>Company</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Trade debtors	18,935	161,731
Amounts due from subsidiary undertakings	8,810,303	13,392,926
Prepayments and other debtors	<u>48,659</u>	<u>112,974</u>
	<u>8,877,897</u>	<u>13,667,631</u>

# Meallmore Limited and Subsidiaries

## Notes forming part of the consolidated financial statements for the year ended 31 March 2017

..... continued

### 13. Debtors (continued)

	2017	2016
	£	£

Amounts falling due after more than one year and included in debtors are:

Amounts due from subsidiary undertakings	7,555,780	6,770,540
--	-----------	-----------

Repayments of the amounts due from subsidiary undertakings after one year are subordinated to the loan facilities provided by the group's bankers.

### 14. Creditors: amounts falling due within one year

Group	2017	2016
	£	£
Bank overdraft (note 16)	17,701	-
Bank loans (note 16)	3,074,641	2,599,782
Net obligations under hire purchase contracts (note 16)	81,539	52,160
Trade creditors	2,547,312	2,563,301
Corporation tax	293,495	332,556
PAYE and social security costs	448,218	402,646
VAT	11,222	32,703
Other creditors	16,268	7,726
Accruals	2,168,608	2,742,341
Derivative financial instruments (note 16)	456,565	409,436
Dividends	-	560
	9,115,569	9,143,211

Creditors above include:

Secured liabilities (note 16)	3,630,446	3,061,378
-------------------------------	-----------	-----------

Company	2017	2016
	£	£
Trade creditors	154,049	256,168
Amounts due to subsidiary undertakings	9,689,651	7,645,948
PAYE and social security costs	93,380	110,888
Other creditors	-	5,156
VAT	2,631	26,383
Accruals	213,613	282,555
Dividends	-	560
	10,153,324	8,327,658



**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**15. Creditors: amounts falling due after more than one year**

<b>Group</b>	<b>2017 £</b>	<b>2016 £</b>
Bank loans (note 16)	64,480,706	57,209,751
Derivative financial instruments (note 16)	1,125,594	1,069,608
Net obligations under hire purchase contracts (note 16)	177,587	136,177
	<u>65,783,887</u>	<u>58,415,536</u>
Creditors above include:		
Secured liabilities (note 16)	<u>65,783,887</u>	<u>58,415,536</u>
Amounts repayable by instalments after more than five years	<u>35,547,247</u>	<u>15,913,970</u>

## **Meallmore Limited and Subsidiaries**

### **Notes forming part of the consolidated financial statements for the year ended 31 March 2017**

..... continued

#### **16. Borrowings and securities**

##### **Securities**

As security for certain of the group's bank loans Santander Plc holds a first ranking floating charge over all of the assets of Hilton Rehabilitation Limited, Nevisbridge Limited, Airthrey Care Limited, Ganarn Limited, St. Modans Care Home Limited and Culduthel Care Limited together with a fixed charge over all of the property assets of these companies.

Meallmore Limited has provided Santander Plc with share pledges over its respective shareholdings in Hilton Rehabilitation Limited, Nevisbridge Limited, Airthrey Care Limited, Ganarn Limited and Culduthel Care Limited. Hilton Rehabilitation Limited has provided Santander Plc with a share pledge over its share holding in St. Modans Care Home Limited.

As security for certain of the group's bank loans, Bank of Scotland holds a first ranking floating charge over all of the assets of Daviot Care Limited together with a fixed charge over all of the property assets of Daviot Care Limited.

As security for certain of the group's bank loans, HSBC Bank plc holds a first ranking floating charge over all of the assets of Antonine Care Limited together with a fixed charge over all of the property assets of Antonine Care Limited.

As security for certain of the group's bank loans, Coutts & Co holds a first ranking floating charge over all of the assets of Rhindsdale House Limited together with a fixed charge over all the property assets of Rhindsdale House Limited. Coutts & Co also held the following security which was released on 16 April 2017:

- First ranking floating charge over all the assets of Meallmore (Development Properties) Limited, together with a fixed charge over the development property asset of Meallmore (Development Properties) Limited;
- Cross guarantees between Rhindsdale House Limited and Meallmore (Development Properties) Limited;
- Limited fill-up guarantee from Meallmore Limited.

As security for certain of the group's bank loans, Clydesdale Bank plc holds a first ranking floating charge over all the assets of Mearns Care Limited together with a fixed charge over all of the assets of Mearns Care Limited. Meallmore Limited has provided Clydesdale Bank plc with a limited fill-up guarantee. Clydesdale Bank plc also held the following security which was released on 11 April 2017:

- First ranking floating charge over all the assets of Hilton Development Properties Limited, together with a fixed charge over the development property asset of Hilton Development Properties Limited;
- Cross guarantees between Mearns Care Limited and Hilton Development Properties Limited.

Lombard North Central Plc hold specific charges over assets held under hire purchase contracts.

## **Meallmore Limited and Subsidiaries**

### **Notes forming part of the consolidated financial statements for the year ended 31 March 2017**

..... continued

#### **16. Borrowings and securities (continued)**

##### **Borrowing terms**

###### **Santander Plc**

The Santander Plc term loan is repayable by way of 40 quarterly interest and capital repayments commencing in April 2016 and ending in March 2026. The continued provision of banking facilities is subject to ongoing compliance with financial covenants.

###### **Bank of Scotland**

The Bank of Scotland term loan is repayable by way of 42 quarterly interest and capital repayments commencing in February 2011 and ending in April 2021. The continued provision of banking facilities is subject to ongoing compliance with financial covenants.

###### **HSBC Bank plc**

The HSBC Bank plc term loan is repayable by way of 40 quarterly interest and capital repayments commencing in August 2016 and ending in May 2026. The continued provision of banking facilities is subject to ongoing compliance with financial covenants.

###### **Coutts & Co**

The Coutts & Co term loan is repayable by way of 10 quarterly interest and capital repayments commencing in April 2016 and ending in September 2018. The continued provision of banking facilities is subject to ongoing compliance with financial covenants.

###### **Clydesdale Bank plc**

The Clydesdale Bank plc term loan is repayable by way of 26 quarterly interest and capital repayments commencing in October 2017 and ending in January 2024. The continued provision of banking facilities is subject to ongoing compliance with financial covenants.

##### **Derivative financial instruments**

The group uses interest rate swaps to manage its exposure to changes in interest rates. The interest rate swap has fixed rates ranging from 0.81% to 1.94% (plus margin) and expires between 2019 and 2026. In accordance with the group's accounting policy, the fair value of these derivative instruments is recognised at the reporting date.

##### **Arrangement fees**

Loan arrangement fees are capitalised and in accordance with the group's accounting policy, the fees are being amortised over the period of the loan at a constant rate of the carrying amount. The unamortised costs at 2017 were £282,632 (2016 : £188,736).

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**17. Provision for liabilities**

**Deferred taxation**

<b>Group</b>	<b>2017 £</b>	<b>2016 £</b>
Accelerated capital allowances	1,102,493	1,012,445
On derivative financial instruments recognised at fair value	(171,785)	(157,677)
Other timing differences (note 8 (d))	39,047	41,344
Capitalised interest	139,025	137,249
	<u>1,108,780</u>	<u>1,033,361</u>

Movements on the provision for deferred taxation are:

	<b>2017 £</b>	<b>2016 £</b>
<b>At 1 April</b>	1,033,361	949,242
Transferred from profit and loss account (note 8 (a))	89,526	124,283
Transferred to hedging reserve (note 8 (b))	(14,107)	(40,164)
<b>At 31 March</b>	<u>1,108,780</u>	<u>1,033,361</u>

**18. Share capital**

<b>Group and Company</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Allotted, called up and fully paid share capital</b>		
1,000 ordinary shares of £1 each	1,000	1,000
4,000 "A" ordinary shares of £1 each	4,000	4,000
	<u>5,000</u>	<u>5,000</u>

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**19. Reserves**

**Group and Company**

**Profit and loss account**

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

The company has availed of the exemption under Section 408 of the Companies Act 2006 not to present the company Statement of Income and Retained Earnings. The loss for the company for the year was £1,280,050 (2016 loss - £1,361,157).

**Group**

**Hedging reserve**

The hedging reserve is used to record transactions arising from the group's cash flow hedging arrangements.

**20. Dividends**

<b>Group and Company</b>	<b>2017 £</b>	<b>2016 £</b>
<b>Dividends on ordinary shares:</b>		
Dividend of £50 per ordinary share (2016 : £nil per ordinary share)	<u>50,000</u>	<u>-</u>
<b>Dividends on "A" ordinary shares:</b>		
Dividend of £0.0975 per "A" ordinary share (2016 : £0.14 per "A" ordinary share)	<u>390</u>	<u>560</u>

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**21. Reconciliation of profit to cash inflow from operating activities**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	2,884,855	2,642,242
Net loss/(gain) on derivative financial instruments recognised at fair value	143,436	(35,849)
Profit on sale of an operation	-	(75,573)
Interest payable and similar charges	2,176,828	2,329,913
Interest receivable and similar income	(7,988)	(7,795)
Tax on profit on ordinary activities	808,317	642,102
Operating profit	<u>6,005,448</u>	<u>5,495,040</u>
Depreciation	1,621,583	1,615,439
Amortisation of goodwill	126,773	131,849
(Profit)/loss on disposal of fixed assets	(1,808)	1,973
(Increase)/decrease in stocks	(7,411)	2,590,169
Increase in debtors	(175,038)	(309,967)
(Decrease)/increase in creditors	<u>(574,382)</u>	<u>694,321</u>
Cash inflow from operating activities	<u><u>6,995,165</u></u>	<u><u>10,218,824</u></u>

**22. Capital commitments**

At the reporting date the group had no capital commitments (2016 : £0.1m).

At the reporting date the company had no capital commitments (2016 : £nil).

**23. Operating lease commitments**

The total future minimum lease payments under non-cancellable operating leases are as follows:-

**Group and company**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Not later than 1 year	353,896	381,235
Later than 1 year and not later than 5 years	437,634	398,946
Later than 5 years	600,000	675,000
	<u><u>1,391,530</u></u>	<u><u>1,455,181</u></u>

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**24. Related party transactions and control**

The ultimate controlling parties of Meallmore Limited are Aidan Hennessey and Gerard Hennessey.

Key management personnel compensation in the year totalled £1,500,928 (2016 : £1,272,273)

Information about related party transactions and outstanding balances is outlined below:

	Transaction value		Balance owed by/ (owed to) related parties	
	2017	2016	2017	2016
	£	£	£	£
<b>Key management personnel of the company</b>				
Rent paid to directors and close family members	<u>256,567</u>	<u>259,212</u>	<u>-</u>	<u>-</u>

**25. Parent undertaking**

The largest group in which the results of the company are consolidated is that headed by the company. No other group financial statements include the results of the company. The consolidated financial statements of Meallmore Limited are available to the public and may be obtained from Companies House, Fourth Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.

**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**26. Financial instruments**

**Group**

The carrying amounts of the group's financial instruments are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade debtors (note 13)	1,700,226	1,675,276
Cash at bank and in hand	9,476,777	3,242,724
	<u>11,177,003</u>	<u>4,918,000</u>
<b>Financial assets measured at fair value</b>		
Derivative financial instruments (note 13)	<u>139,165</u>	<u>-</u>
<b>Financial liabilities measured at amortised cost</b>		
Bank loan (notes 14 and 15)	67,555,347	59,809,533
Trade creditors (note 14)	2,547,312	2,563,301
Net obligations under hire purchase contracts (notes 14 and 15)	259,126	188,337
	<u>70,361,785</u>	<u>62,561,171</u>
<b>Financial liabilities measured at fair value</b>		
Derivative financial instruments (notes 14 and 15)	<u>1,582,159</u>	<u>1,479,044</u>

The income, expenses, net gains and net losses attributable to the group's financial instruments are summarised as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Income/(expenses)</b>		
Financial assets measured at amortised cost	7,988	7,795
Financial liabilities measured at amortised cost	<u>(2,176,828)</u>	<u>(2,329,913)</u>

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through the Statement of Income was £7,988 (2016 - £7,795) and £2,176,827 (2016 - £2,329,913) respectively.

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Net gains/(losses) (including changes in fair value)</b>		
Financial liabilities measured at fair value		
- Hedging (loss)/gain recognised in the Statement of Income	(143,436)	35,849
- Hedging loss recognised in other comprehensive income	<u>(134,514)</u>	<u>(288,418)</u>



**Meallmore Limited and Subsidiaries**

**Notes forming part of the consolidated financial statements  
for the year ended 31 March 2017**

..... continued

**26. Financial instruments (continued)**

**Group continued**

The derivative financial instruments relate to interest rate swaps which the group uses to manage changes in interest rates. The fair values are determined by calculating the present value of the estimated future cash flows based on observable yield curves.

**Company**

The carrying amounts of the company's financial instruments are as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Trade debtors (note 13)	18,935	161,731
Amounts due from subsidiary undertakings (note 13)	8,810,303	13,392,926
Cash at bank and in hand	6,570,703	1,116,376
	<u>15,399,941</u>	<u>14,671,033</u>
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors (note 14)	154,049	256,168
Amounts due to subsidiary undertakings (note 14)	9,689,651	7,645,948
	<u>9,843,700</u>	<u>7,902,116</u>

The income, expenses, net gains and net losses attributable to the company's financial instruments are summarised as follows:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Income/(expenses)</b>		
Financial assets measured at amortised cost	1,434	194,081
Financial liabilities measured at amortised cost	<u>(156,095)</u>	<u>(239,817)</u>

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through the Statement of Income and Retained Earnings was £1,434 (2016 - £194,081) and £156,095 (2016 - £239,817) respectively.