Financial Statements

Spa Nursing Homes Limited

For the Year Ended 30 November 2018

Registered number: NI026058

Company Information

Directors	Mr E S Johnston Mr C Johnston Mrs L H Johnston
Registered number	NI026058
Registered office	18 Orby Link Belfast Co.Antrim BT5 5HW
Independent auditors	Grant Thornton (NI) LLP Chartered Accountants & Statutory Auditors 12-15 Donegall Square West Belfast BT1 6JH
Bankers	Bank of Ireland Belfast BT1 2BA
Solicitors	John McKee & Son 32-38 Linenhall Street Belfast BT2 8BG

Contents

Strategic report
For the Year Ended 30 November 2018

Introduction

The directors present their reports and the financial statements of the company for the year ended 30 November 2018.

Business review

The company's turnover has increased from £6.12m to £6.33m and gross profit has fallen to 19% (2017 - 24%). The directors consider that in the light of prevailing economic and market conditions, both the results for the year and the prospects for the future are satisfactory.

Principal risks and uncertainties

The company uses various financial instruments including bank loans and overdrafts, hire purchase, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide sufficient finance for the company's operations. The directors remain mindful of risks and uncertainties facing the business, such as the impact of Health Trust cuts on occupancy rates, rising costs and fluctuation in the interest rates.

Financial key performance indicators

The director considers the key performance indicator to be turnover and will continue to monitor this.

Other key performance indicators

The directors do not consider any non-financial key performance indicators to be appropriate.

This report was approved by the board on 30th August 2019 and signed on its behalf.

Mr E S Johnston
Director

Directors' report
For the Year Ended 30 November 2018

The directors present their report and the financial statements for the year ended 30 November 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £25,286 (2017 - loss £298,306).

The directors do not propose a dividend for the coming year.

Directors

The directors who served during the year were:

Mr E S Johnston
Mr C Johnston
Mrs L H Johnston

Future developments

The directors do not forsee any major future developments in the forthcoming year outside normal trading.

Directors' report (continued)
For the Year Ended 30 November 2018

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Grant Thornton (NI) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30th August 2019 and signed on its behalf.

Mr E S Johnston
Director

Grant Thornton

Independent auditors' report to the members of Spa Nursing Homes Limited

Opinion

We have audited the financial statements of Spa Nursing Homes Limited, which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity for the financial year ended 30 November 2018, and the related 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Spa Nursing Homes Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Company as at 30 November 2018 and of its financial performance for the year then ended; 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') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor 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 United Kingdom, namely FRC's Ethical Standard concerning the integrity, objectivity and independence of the auditor. We have fulfilled our 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

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

Independent auditors' report to the members of Spa Nursing Homes Limited (continued)

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 in the financial statements, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS102 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, management is 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 management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent auditors' report to the members of Spa Nursing Homes Limited (continued)

Responsibilities of the auditor for the audit of the financial statements

The objectives of an auditor 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 Auditors' 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.

As part of an audit in accordance with ISAs (UK), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

Grant Thornton

Independent auditors' report to the members of Spa Nursing Homes Limited (continued)

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

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

Neal Taylor

Neal Taylor (Senior statutory auditor)
for and on behalf of
Grant Thornton (NI) LLP
Chartered Accountants
Statutory Auditors
Date: 30/08/19

Profit and loss account

For the Year Ended 30 November 2018

	Note	2018 £	2017 £
Turnover	4	**6,333,331**	6,117,924
Cost of sales		**(5,116,479)**	(4,658,927)
Gross profit		**1,216,852**	1,458,997
Administrative expenses		**(1,069,527)**	(1,129,689)
Exceptional administrative expenses		**-**	(485,333)
Other operating income	5	**119,023**	141,883
Operating profit/(loss)	6	**266,348**	(14,142)
Interest payable and similar expenses	9	**(180,319)**	(205,797)
Profit/(loss) before tax		**86,029**	(219,939)
Tax on profit/(loss)	10	**(60,743)**	(78,367)
Profit/(loss) for the financial year		**25,286**	(298,306)

The notes on pages 11 to 26 form part of these financial statements.

Spa Nursing Homes Limited

Registered number:NI026058

Balance sheet

As at 30 November 2018

	Note		2018 £		2017 £
Fixed assets					
Intangible assets	12		**159,209**		182,752
Tangible assets	13		**5,617,716**		5,806,336
Investment property	14		**375,000**		375,000
			6,151,925		6,364,088
Current assets					
Stocks	15	**780**		780	
Debtors: amounts falling due after more than one year	16	**614,667**		614,667	
Debtors: amounts falling due within one year	16	**1,075,754**		1,193,105	
		1,691,201		1,808,552	
Creditors: amounts falling due within one year	18	**(1,965,699)**		(1,443,358)	
Net current (liabilities)/assets			**(274,498)**		365,194
Total assets less current liabilities			**5,877,427**		6,729,282
Creditors: amounts falling due after more than one year	19		**(3,838,222)**		(4,729,706)
Provisions for liabilities					
Deferred tax	22	**(72,638)**		(58,295)	
			(72,638)		(58,295)
Net assets			**1,966,567**		1,941,281
Capital and reserves					
Called up share capital	23		**1,200**		1,200
Capital redemption reserve	24		**393,333**		393,333
Profit and loss account	24		**1,572,034**		1,546,748
			1,966,567		1,941,281

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30|08|19.

Mr E S Johnston
Director

The notes on pages 11 to 26 form part of these financial statements.

Statement of changes in equity
For the Year Ended 30 November 2018

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 December 2017	1,200	393,333	1,546,748	1,941,281
Comprehensive income for the year				
Profit for the year	-	-	25,286	25,286
At 30 November 2018	1,200	393,333	1,572,034	1,966,567

The notes on pages 11 to 26 form part of these financial statements.

Statement of changes in equity
For the Year Ended 30 November 2017

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 December 2016	1,200	393,333	1,845,054	2,239,587
Comprehensive income for the year				
Loss for the year	-	-	(298,306)	(298,306)
At 30 November 2017	1,200	393,333	1,546,748	1,941,281

The notes on pages 11 to 26 form part of these financial statements.

Notes to the financial statements
For the Year Ended 30 November 2018

1. General information

Spa Nursing Homes Limited is a private company limited by shares and incorporated in Northern Ireland. The registered office is 18 Orby Link, Belfast, BT5 5HW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Mcglez Holdings Limited as at 30 November 2018 and these financial statements may be obtained from 18 Orby Link, Belfast, BT5 5HW.

2.3 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Notes to the financial statements
For the Year Ended 30 November 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of scrviccs

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

2.7 Finance costs

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

Notes to the financial statements
For the Year Ended 30 November 2018

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.11 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

Notes to the financial statements
For the Year Ended 30 November 2018

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Profit and loss account over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Goodwill	-	10 % straight line

2.13 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, both straight line and reducing balance.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Plant and machinery	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and loss account.

Notes to the financial statements

For the Year Ended 30 November 2018

2. Accounting policies (continued)

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first outbasis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.15 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting

Notes to the financial statements

For the Year Ended 30 November 2018

2. Accounting policies (continued)

2.18 Financial instruments (continued)

period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.19 Dividends

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include depreciation of fixed assets.

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when neccessary to reflect current estimates, based on future investments, economic ultilisation and the physical condition of the assets.

4. Turnover

An analysis of turnover by class of business is as follows:

	2018	2017
	£	£
Nursing home income	**6,333,331**	6,117,924
	6,333,331	6,117,924

All turnover arose within the United Kingdom.

Notes to the financial statements

For the Year Ended 30 November 2018

5. Other operating income

	2018	2017
	£	£
Other operating income	-	20,250
Net rents receivable	**52,005**	49,683
Government grants receivable	**67,018**	71,950
	119,023	141,883

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2018	2017
	£	£
Depreciation of tangible fixed assets	**248,625**	262,245
Amortisation of intangible assets, including goodwill	**23,543**	20,306
Audit fee	**5,250**	5,000
Other operating lease rentals	**23,037**	19,602
Defined contribution pension cost	**38,454**	20,330

Notes to the financial statements
For the Year Ended 30 November 2018

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	**4,615,094**	4,277,975
Social security costs	**263,232**	239,719
Cost of defined contribution scheme	**38,454**	20,329
	4,916,780	4,538,023

The average monthly number of employees, including the directors, during the year was as follows:

	2018 No.	2017 No.
Management Staff	**4**	4
Administration Staff	**3**	3
Nursing Staff	**281**	260
	288	267

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	**3,952**	62,466
	3,952	62,466

9. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	**138,378**	160,072
Other loan interest payable	**41,941**	44,066
Preference share dividends	**-**	1,659
	180,319	205,797

Notes to the financial statements

For the Year Ended 30 November 2018

10. Taxation

	2018	2017
	£	£
Corporation tax		
Current tax on profits for the year	**46,400**	83,653
	46,400	83,653
Total current tax	**46,400**	83,653
Deferred tax		
Origination and reversal of timing differences	**9,865**	(5,286)
Adjustment in respect of prior periods	**4,478**	-
Total deferred tax	**14,343**	(5,286)
Taxation on profit on ordinary activities	**60,743**	78,367

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 19.33%). The differences are explained below:

	2018	2017
	£	£
Profit/(loss) on ordinary activities before tax	**86,028**	(219,939)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.33%)	**16,345**	(42,514)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**39,069**	98,068
Capital allowances for year in excess of depreciation	-	22,091
Adjustments to tax charge in respect of prior periods	**4,478**	-
Deferred tax recognised at different rate	**851**	-
Changes in tax rates	-	722
Total tax charge for the year	**60,743**	78,367

11. Exceptional items

	2018	2017
	£	£
Waiver of loan notes	-	485,333
	-	485,333

12. Intangible assets

	Goodwill
	£
Cost	
At 1 December 2017	**235,430**
At 30 November 2018	**235,430**
Amortisation	
At 1 December 2017	**52,678**
Charge for the year	**23,543**
At 30 November 2018	**76,221**
Net book value	
At 30 November 2018	**159,209**
At 30 November 2017	182,752

Notes to the financial statements

For the Year Ended 30 November 2018

13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 December 2017	6,224,114	1,898,189	683,626	8,805,929
Additions	-	-	70,025	70,025
Disposals	(10,020)	-	-	(10,020)
At 30 November 2018	6,214,094	1,898,189	753,651	8,865,934
Depreciation				
At 1 December 2017	1,282,416	1,270,943	446,234	2,999,593
Charge for the year on owned assets	114,270	90,737	43,618	248,625
At 30 November 2018	1,396,686	1,361,680	489,852	3,248,218
Net book value				
At 30 November 2018	4,817,408	536,509	263,799	5,617,716
At 30 November 2017	4,941,698	627,246	237,392	5,806,336

14. Investment property

	Investment property £
Valuation	
At 1 December 2017	375,000
At 30 November 2018	375,000

The 2018 valuations were made by the directors based on valuations undertaken by external valuer, DTZ McCombe Pierce LLP in 2015, on an open market value for existing use basis.

Notes to the financial statements
For the Year Ended 30 November 2018

15. Stocks

	2018 £	2017 £
Raw materials and consumables	**780**	780
	780	780

16. Debtors

	2018 £	2017 £
Due after more than one year		
Amounts owed by group undertakings	**614,667**	614,667
	614,667	614,667

	2018 £	2017 £
Due within one year		
Trade debtors	**76,116**	75,034
Amounts owed by group undertakings	**820,619**	977,052
Amounts owed by related parties	**92,901**	79,436
Other debtors	**43,388**	27,348
Prepayments and accrued income	**42,730**	34,235
	1,075,754	1,193,105

17. Cash and cash equivalents

	2018 £	2017 £
Bank overdrafts	**(48,535)**	(71,344)
	(48,535)	(71,344)

Notes to the financial statements

For the Year Ended 30 November 2018

18. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Bank overdrafts	**48,535**	71,344
Bank loans	**594,744**	637,028
Other loans	**-**	11,060
Trade creditors	**270,949**	188,682
Amounts owed to group undertakings	**570,044**	80,829
Corporation tax	**32,610**	123,758
Other taxation and social security	**71,977**	3,367
Obligations under finance lease and hire purchase contracts	**38,752**	29,752
Other creditors	**66,609**	59,158
Accruals and deferred income	**271,479**	238,380
	1,965,699	1,443,358

19. Creditors: Amounts falling due after more than one year

	2018	2017
	£	£
Bank loans	**3,720,428**	3,989,396
Other loans	**-**	590,000
Net obligations under finance leases and hire purchase contracts	**41,127**	73,643
Share capital treated as debt	**76,667**	76,667
	3,838,222	4,729,706

Secured loans

Bank loans and overdraft are secured by way of legal charge over the properties and a debenture over all properties and assets of the company.

Bank loans which fall due for repayment after more than 5 years from the balance sheet date are repayable by monthly installments unti 31 March 2025, with the remaining balance due for repayment on that date. The loans are subject to interest rates based on LIBOR plus a margin of 2.75%.

Notes to the financial statements
For the Year Ended 30 November 2018

20. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Bank loans	**594,744**	637,028
Other loans	**-**	11,060
	594,744	648,088
Amounts falling due 1-2 years		
Bank loans	**594,744**	637,029
	594,744	637,029
Amounts falling due 2-5 years		
Bank loans	**1,570,556**	1,683,704
	1,570,556	1,683,704
Amounts falling due after more than 5 years		
Bank loans	**1,555,128**	1,668,663
Other loans	**-**	590,000
	1,555,128	2,258,663
	4,315,172	5,227,484

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2018 £	2017 £
Within one year	**38,752**	29,752
Between 1-5 years	**41,127**	32,515
Over 5 years	**-**	41,127
	79,879	103,394

Notes to the financial statements
For the Year Ended 30 November 2018

22. Deferred taxation

	2018 £	2017 £
At beginning of year	**(58,295)**	(63,581)
Charged to profit or loss	**(14,343)**	5,286
At end of year	**(72,638)**	(58,295)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	**72,638**	58,295
	72,638	58,295

23. Share capital

	2018 £	2017 £
Shares classified as equity		
Allotted, called up and fully paid		
1,200 (2017 - 1,200) Ordinary shares of £1.00 each	**1,200**	1,200

	2018 £	2017 £
Shares classified as debt		
Allotted, called up and fully paid		
76,667 (2017 - 76,667) Preference shares of £1.00 each	**76,667**	76,667

24. Reserves

Capital redemption reserve

Includes all prior period retained profits and losses.

Profit and loss account

Includes all current and prior period retained profits and losses.

Notes to the financial statements
For the Year Ended 30 November 2018

25. Pension commitments

The company operates two defined contribution pension schemes. The assets of the scheme are held separately from those of the company in indepently administered funds. The pension cost charge represents contributions payable by the company to the finads and amounted to £38,454 (2017 - £20,330). Contributions of £nil were payable at the balance sheet date (2017 - £1,947).

26. Commitments under operating leases

The Company had no commitments under the non-cancellable operating leases as at the balance sheet date.

27. Related party transactions

The company has availed of the exemption under FRS102 which allows non disclosure of transactions with other group companies, provided that any subsidiary of that group is a wholly owned member.

During the year the company had the following transactions with related parties:

	2018	2017
	£	£
Amounts owed by group companies	-	977,052
Amounts owed to group companies	-	(80,829)
Amounts owed by companies under common control	**92,901**	79,436
Loan notes due from shareholders	**614,667**	614,667
Amounts owed to directors	-	(590,000)

28. Controlling party

The immediate and ultimate parent is Mcglez Holdings Limited, a company incorporated in Northern Ireland. The results of the company will be consolidated in the accounts of Mcglez Holdings Limited. Copies of the group accounts are available at the following address:

18 Orby Link
Belfast
BT5 5HW