# Financial Statements

# Spa Nursing Homes Limited

**For the period ended 29 November 2021**





**Registered number: NI026058**

# Company Information

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

Spa Nursing Homes Limited

# Contents

# Strategic report

**For the year ended 29 November 2021**

### Introduction

The directors present their reports and the financial statements of the company for the year ended 29 November 2021.

### Business review

The company's turnover has increased from £7.46m to £8.43m and gross profit has decreased to 26.5% (2020 - 27.1%). Turnover continues to be the key performance indicator for the company. 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.

Management is closely monitoring the evolution of the COVID-19 pandemic, including how it may affect the Group, the economy and the general population. Any long term future financial impacts of these events cannot be determined by management at this time as the directors note that this is a dynamic situation with continuous uncertainties surrounding the duration of the pandemic and disruptions to operations. However, trading levels and cash headroom remains strong, and thus, management are confident that the Group is well placed to withstand potential future challenges in this context.

### 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 27 January 2023 and signed on its behalf.

Mr E S Johnston
Director

# Directors' report

**For the period ended 29 November 2021**

The Directors present their report and the financial statements for the period ended 29 November 2021.

### 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

### Principal activity

The principal activities of the company is the provision of nursing home facilities.

### Results and dividends

The profit for the period, after taxation, amounted to £744,351 (2020: £818,054).

Dividends of £250,000 were paid in the year (2020: £100,000).

### Directors

The Directors who served during the period 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 and the impact of Covid-19 as noted.

# Directors' report (continued)
**For the period ended 29 November 2021**

### Engagement with employees

During the year, the policy of providing employees with information about the Company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

### Disabled employees

The Company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the Company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### Branches outside the United Kingdom

The company does not operate any branches outside of the United Kingdom.

### Matters covered in the Strategic report

Under Schedule 7.1A of "Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008" the company has elected to disclose the following directors report information in the strategic report:

- Business review and future developments;
- Principal risks and uncertainties; and
- Key financial performance indicators

### Post balance sheet events

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

### 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.

### Other matters

On the 11th of March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the company, the economy and the general population. Management have taken a number of steps at this stage to reduce the ongoing costs. At this stage management have not identified any adjustments relating to the carrying value of the assets at the balance sheet date which would require to be made due to the impact of the pandemic.

# Directors' report (continued)

**For the period ended 29 November 2021**

**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 27 January 2023 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 Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity for the financial period ended 29 November 2021, 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 assets, liabilities and financial position of the Company as at 29 November 2021 and of its financial performance for the financial period 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 (UK)') 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 the FRC's Ethical Standard and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances of the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our responsibilities, and the responsibilities of the Directors, with respect to going concern are described in the relevant sections of this report.

Grant Thornton

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

**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 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.

**Opinions 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 period 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.

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

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

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.

Grant Thornton

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

**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.

**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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with Employment Law, Environmental Regulations and Health and safety laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006 and applicable tax laws. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial performance and management bias through judgments and assumptions in significant accounting estimates, in particular in relation to significant one-off or unusual transactions.

GrantThornton

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

**Responsibilites of the auditor for the audit of the financial statements (continued)**

***Evaluate as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)***

We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

In response to these principal risks, our audit procedures included but were not limited to:

- inquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected or alleged fraud;
- inspection of the company's regulatory and legal correspondence and review of minutes of the board of directors meetings during the year to corroborate inquiries made;
- gaining an understanding of the internal controls established to mitigate risk related to fraud;
- discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud, and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit;
- identifying and testing journal entries to address the risk of inappropriate journals and management override of controls;
- designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- challenging assumptions and judgments made by management in their significant accounting estimates, including estimating useful lives of intangible and tangible fixed assets, estimating an allowance for the impairment of stock and estimating an allowance for the impairment of trade debtors; and
- review of the financial statement disclosures to underlying supporting documentation and inquiries of management.

The primary responsibility for the prevention and detection of irregularities including fraud rests with those charged with governance and management. As with any audit, there remains a risk of non-detection or irregularities,

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
Belfast

Date: 27/1/23

# Statement of comprehensive income

**For the period ended 29 November 2021**

| | Note | 2021<br>£ | 2020<br>£ |
|---|---|---|---|
| Turnover | 4 | **8,425,738** | 7,458,834 |
| Cost of sales | | **(6,189,966)** | (5,440,146) |
| **Gross profit** | | **2,235,772** | 2,018,688 |
| Administrative expenses | | **(1,664,329)** | (1,131,400) |
| Other operating income | 5 | **414,065** | 138,030 |
| **Operating profit** | 6 | **985,508** | 1,025,318 |
| Interest payable and similar expenses | 8 | **(109,564)** | (115,552) |
| **Profit before tax** | | **875,944** | 909,766 |
| Tax on profit | 9 | **(131,593)** | (91,712) |
| **Profit for the financial period** | | **744,351** | 818,054 |

All amounts relate to continuing operations.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 14 to 29 form part of these financial statements.

**Spa Nursing Homes Limited**

# Registered number:NI026058

# Statement of financial position

**As at 29 November 2021**

| | Note | | 29 November 2021 £ | | 30 November 2020 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 11 | | **97,080** | | 112,123 |
| Tangible assets | 12 | | **5,359,002** | | 5,341,770 |
| Investment property | 13 | | **500,000** | | 500,000 |
| | | | **5,956,082** | | 5,953,893 |
| **Current assets** | | | | | |
| Stocks | 14 | **1,780** | | 780 | |
| Debtors: amounts falling due after more than one year | 15 | **614,667** | | 614,667 | |
| Debtors: amounts falling due within one year | 15 | **1,601,574** | | 1,322,801 | |
| Cash at bank and in hand | 16 | **978,095** | | - | |
| | | **3,196,116** | | 1,938,248 | |
| Creditors: amounts falling due within one year | 17 | **(1,896,971)** | | (976,276) | |
| **Net current assets** | | | **1,299,145** | | 961,972 |
| **Total assets less current liabilities** | | | **7,255,227** | | 6,915,865 |
| Creditors: amounts falling due after more than one year | 18 | | **(3,662,789)** | | (3,868,262) |
| **Provisions for liabilities** | | | | | |
| Deferred tax | 20 | **(169,769)** | | (119,285) | |
| | | | **(169,769)** | | (119,285) |
| **Net assets** | | | **3,422,669** | | 2,928,318 |
| **Capital and reserves** | | | | | |
| Called up share capital | 21 | | **1,200** | | 1,200 |
| Capital redemption reserve | 22 | | **393,333** | | 393,333 |
| Profit and loss account | 22 | | **3,028,136** | | 2,533,785 |
| | | | **3,422,669** | | 2,928,318 |

# Statement of financial position (continued)
**As at 29 November 2021**

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 January 2023.

**Mr E S Johnston**
**Director**

The notes on pages 14 to 29 form part of these financial statements.

# Statement of changes in equity
**For the period ended 29 November 2021**

| | Called up share capital | Capital redemption reserve | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 December 2020 | 1,200 | 393,333 | 2,533,785 | 2,928,318 |
| Profit for the period | - | - | 744,351 | 744,351 |
| Dividends: Equity capital | - | - | (250,000) | (250,000) |
| **At 29 November 2021** | 1,200 | 393,333 | 3,028,136 | 3,422,669 |

The notes on pages 14 to 29 form part of these financial statements.

# Statement of changes in equity
**For the period ended 30 November 2020**

| | Called up share capital | Capital redemption reserve | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 December 2019 | 1,200 | 393,333 | 1,815,731 | 2,210,264 |
| Profit for the year | - | - | 818,054 | 818,054 |
| Dividends: Equity capital | - | - | (100,000) | (100,000) |
| **At 30 November 2020** | 1,200 | 393,333 | 2,533,785 | 2,928,318 |

The notes on pages 14 to 29 form part of these financial statements.

# Notes to the financial statements
**For the period ended 29 November 2021**

## 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. The principal activity of the company is the operation of nursing homes.

## 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 judgement 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 11.42, 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 Mclegz Holdings Limited as at 30 November 2020 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. In making this assessment the directors have considered the ongoing COVID-19 pandemic. Whilst the future financial impact of the outbreak is unknown at present the directors do not consider that there has been any significant detrimental impact to the business at this time.

# Notes to the financial statements
**For the period ended 29 November 2021**

## 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 services

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 profit or loss 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 profit or loss 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 Statement of comprehensive income in the same period as the related expenditure.

### 2.7 Finance costs

Finance costs are charged to profit or loss 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 profit or loss in the period in which they are incurred.

# Notes to the financial statements

**For the period ended 29 November 2021**

## 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. 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 period comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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 reporting 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 reporting date.

# Notes to the financial statements
**For the period ended 29 November 2021**

## 2. Accounting policies (continued)

### 2.11 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 Statement of comprehensive income 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 |

### 2.12 Tangible fixed assets

Tangible fixed assets under the cost model 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 profit or loss.

### 2.13 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

# Notes to the financial statements
**For the period ended 29 November 2021**

## 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 out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. 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.

### 2.17 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.

### 2.18 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting 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 Statement of financial position.

### 2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

# Notes to the financial statements

**For the period ended 29 November 2021**

## 3. Judgements 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:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Nursing home income | **8,425,738** | 7,458,834 |
| | **8,425,738** | 7,458,834 |

All turnover arose within the United Kingdom.

## 5. Other operating income

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Net rents receivable | **11,632** | 28,298 |
| Government grants receivable | **402,433** | 109,732 |
| | **414,065** | 138,030 |

## 6. Operating profit

The operating profit is stated after charging:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Depreciation of tangible fixed assets | **263,476** | 241,701 |
| Amortisation of intangible assets, including goodwill | **25,043** | 23,543 |
| Audit fee | **5,250** | 5,250 |
| Other operating lease rentals | **3,348** | 8,863 |
| Defined contribution pension cost | **162,937** | 89,938 |

# Notes to the financial statements
**For the period ended 29 November 2021**

## 7. Employees

Staff costs were as follows:

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Wages and salaries | 5,585,799 | 4,850,004 |
| Social security costs | 365,515 | 346,171 |
| Cost of defined contribution scheme | 162,937 | 83,938 |
| | 6,114,251 | 5,280,113 |

The average monthly number of employees, including the Directors, during the period was as follows:

| | 2021 | 2020 |
|---|---|---|
| | No. | No. |
| Management Staff | 4 | 4 |
| Administration Staff | 3 | 3 |
| Nursing Staff | 279 | 267 |
| | 286 | 274 |

## 8. Interest payable and similar expenses

| | 2021 | 2020 |
|---|---|---|
| | £ | £ |
| Bank interest payable | 109,564 | 115,552 |
| | 109,564 | 115,552 |

# Notes to the financial statements
**For the period ended 29 November 2021**

## 9. Taxation

| | 2021 £ | 2020 £ |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | 165,208 | 104,729 |
| Adjustments in respect of previous periods | (84,099) | (14,242) |
| | 81,109 | 90,487 |
| **Total current tax** | 81,109 | 90,487 |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 12,815 | 1,225 |
| Changes to tax rates | 37,669 | - |
| **Total deferred tax** | 50,484 | 1,225 |
| **Taxation on profit on ordinary activities** | 131,593 | 91,712 |

**Factors affecting tax charge for the period/year**

The tax assessed for the period/year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

| | 2021 £ | 2020 £ |
|---|---|---|
| Profit on ordinary activities before tax | 875,944 | 909,766 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%) | 166,429 | 172,856 |
| **Effects of:** | | |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment | - | 4,473 |
| Capital allowances for period/year in excess of depreciation | 33,820 | 21,713 |
| Remeasurement of defered tax | 40,745 | - |
| Adjustments to tax charge in respect of prior periods | (84,099) | (14,242) |
| Other timing differences leading to an increase (decrease) in taxation | - | 4,472 |
| Group relief | (25,302) | (97,560) |
| **Total tax charge for the period/year** | 131,593 | 91,712 |

# Notes to the financial statements
**For the period ended 29 November 2021**

### 10. Dividends

| | 29 November 2021 £ | 30 November 2020 £ |
|---|---|---|
| Dividends paid | **250,000** | 100,000 |
| | **250,000** | 100,000 |

### 11. Intangible assets

| | Goodwill £ |
|---|---|
| **Cost** | |
| At 1 December 2020 | 235,430 |
| Additions | 10,000 |
| At 29 November 2021 | 245,430 |
| **Amortisation** | |
| At 1 December 2020 | 123,307 |
| Charge for the period on owned assets | 25,043 |
| At 29 November 2021 | 148,350 |
| **Net book value** | |
| At 29 November 2021 | 97,080 |
| At 30 November 2020 | 112,123 |

# Notes to the financial statements

**For the period ended 29 November 2021**

## 12. Tangible fixed assets

| | Freehold property £ | Plant and machinery £ | Fixtures and fittings £ | Total £ |
|---|---|---|---|---|
| **Cost or valuation** | | | | |
| At 1 December 2020 | 6,214,094 | 1,894,846 | 970,367 | 9,079,307 |
| Additions | - | - | 280,716 | 280,716 |
| At 29 November 2021 | 6,214,094 | 1,894,846 | 1,251,083 | 9,360,023 |
| **Depreciation** | | | | |
| At 1 December 2020 | 1,625,239 | 1,509,617 | 602,681 | 3,737,537 |
| Charge for the period on owned assets | 124,281 | 57,793 | 81,410 | 263,484 |
| At 29 November 2021 | 1,749,520 | 1,567,410 | 684,091 | 4,001,021 |
| **Net book value** | | | | |
| At 29 November 2021 | 4,464,574 | 327,436 | 566,992 | 5,359,002 |
| At 30 November 2020 | 4,588,855 | 385,229 | 367,686 | 5,341,770 |

## 13. Investment property

| | Investment property £ |
|---|---|
| **Valuation** | |
| At 1 December 2020 | 500,000 |
| At 29 November 2021 | 500,000 |

The 2021 valuations were made by McConnell Chartered Surveyors and Property Consultants on 28th June 2019, on an open market value for existing use basis.

# Notes to the financial statements
**For the period ended 29 November 2021**

## 14. Stocks

| | 29 November 2021 £ | 30 November 2020 £ |
|---|---|---|
| Raw materials and consumables | **1,780** | 780 |
| | **1,780** | 780 |

## 15. Debtors

| | 29 November 2021 £ | 30 November 2020 £ |
|---|---|---|
| **Due after more than one year** | | |
| Amounts owed by group undertakings | **614,667** | 614,667 |
| | **614,667** | 614,667 |

| | 29 November 2021 £ | 30 November 2020 £ |
|---|---|---|
| **Due within one year** | | |
| Trade debtors | **82,521** | 96,359 |
| Amounts owed by group undertakings | **1,518,648** | 1,178,099 |
| Other debtors | **405** | 401 |
| Prepayments and accrued income | **-** | 29,605 |
| Grants receivable | **-** | 18,337 |
| | **1,601,574** | 1,322,801 |

## 16. Cash and cash equivalents

| | 29 November 2021 £ | 30 November 2020 £ |
|---|---|---|
| Cash at bank and in hand | **978,095** | - |
| Less: bank overdrafts | **-** | (157,548) |
| | **978,095** | (157,548) |

# Notes to the financial statements

**For the period ended 29 November 2021**

## 17. Creditors: Amounts falling due within one year

| | 29 November 2021 £ | 30 November 2020 £ |
|---|---|---|
| Bank overdrafts | - | 157,548 |
| Bank loans | **677,145** | 359,000 |
| Trade creditors | **323,560** | 112,218 |
| Amounts owed to group undertakings | **54** | - |
| Amounts owed to related parties | **161,000** | - |
| Corporation tax | **165,208** | 46,064 |
| Other taxation and social security | **110,989** | 19,496 |
| Obligations under finance lease and hire purchase contracts | **13** | 13 |
| Other creditors | **82,160** | 73,109 |
| Accruals and deferred income | **376,842** | 208,828 |
| | **1,896,971** | 976,276 |

Disclosure of the terms and conditions attached to the non-equity shares is made in note 21.

Amounts owed to fellow subsidiary undertakings are unsecured, interest free and are repayable on demand.

Trade and other creditors are payable at various dates over the coming months in accordance with the suppliers' usual and customary credit terms.

The company's total bank loans at 29 November 2021 were £4,263,267 (2020: £4,150,595), representing borrowings drawn down under the company's loans.

## 18. Creditors: Amounts falling due after more than one year

| | 29 November 2021 £ | 30 November 2020 £ |
|---|---|---|
| Bank loans | **3,586,122** | 3,791,595 |
| Share capital treated as debt | **76,667** | 76,667 |
| | **3,662,789** | 3,868,262 |

# Notes to the financial statements
**For the period ended 29 November 2021**

## 19. Loans

Analysis of the maturity of loans is given below:

| | 29 November 2021 £ | 30 November 2020 £ |
|---|---|---|
| **Amounts falling due within one year** | | |
| Bank loans | 677,145 | 359,000 |
| | 677,145 | 359,000 |
| **Amounts falling due 1-2 years** | | |
| Bank loans | 502,140 | 420,703 |
| | 502,140 | 420,703 |
| **Amounts falling due 2-5 years** | | |
| Bank loans | 1,450,665 | 1,341,573 |
| | 1,450,665 | 1,341,573 |
| **Amounts falling due after more than 5 years** | | |
| Bank loans | 1,633,317 | 2,029,319 |
| | 1,633,317 | 2,029,319 |
| | 4,263,267 | 4,150,595 |

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 until 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%.

During the prior year the company entered into a new loan agreement in relation to the Coronavirus Business Interruption Loan Scheme (CBIL scheme).

Under the Coronavirus Business Interruption Loan Scheme, the UK government may provide a guarantee, to Funding Circle in the event of non-payment by the company, in respect of the company's obligations in respect of the Loan on the terms agreed between the Bank, the British Business Bank and the UK Government subject to the eligibility criteria. The loan has a rate of interest of 8.9%.

# Notes to the financial statements
**For the period ended 29 November 2021**

## 20. Deferred taxation

| | 2021<br>£ | 2020<br>£ |
|---|---|---|
| At beginning of year | **(119,285)** | (118,060) |
| Charged to profit or loss | **(50,484)** | (1,225) |
| **At end of year** | **(169,769)** | (119,285) |

The provision for deferred taxation is made up as follows:

| | 29 November 2021<br>£ | 30 November 2020<br>£ |
|---|---|---|
| Accelerated capital allowances | **(140,743)** | (95,535) |
| Revaluation of investment property | **(31,250)** | (23,750) |
| Short term timing difference | **2,224** | - |
| | **(169,769)** | (119,285) |

## 21. Share capital

| | 29 November 2021<br>£ | 30 November 2020<br>£ |
|---|---|---|
| **Shares classified as equity** | | |
| **Allotted, called up and fully paid** | | |
| 1,200 (2020 - 1,200) Ordinary shares of £1.00 each | **1,200** | 1,200 |

| | 29 November 2021<br>£ | 30 November 2020<br>£ |
|---|---|---|
| **Shares classified as debt** | | |
| **Allotted, called up and fully paid** | | |
| 76,667 (2020 - 76,667) Preference shares of £1.00 each | **76,667** | 76,667 |

# Notes to the financial statements
**For the period ended 29 November 2021**

## 22. 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.

## 23. Pension commitments

The company operates two defined contribution pension schemes. The assets of the scheme are held separately from those of the company in independtly administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £162,937 (2020: £83,938). Contributions of £20,760 were payable at the balance sheet date (2020: £15,255).

## 24. Commitments under operating leases

The Company had no commitments under non-cancellable operating leases at the reporting date.

## 25. 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:

| | 29 November 2021 £ | 30 November 2020 £ |
|---|---|---|
| Amounts owed to companies under common control | **161,000** | - |
| Loan notes due from shareholders | **614,667** | 614,667 |
| Amounts owed by directors | **400** | 401 |
| | **776,067** | 615,068 |

## 26. Other matters

There are no events imacting the company since the year end except for the continuing monitoring of the impact of COVID-19 as referred to in the Director's report.

# Notes to the financial statements
**For the period ended 29 November 2021**

## 27. Controlling party

The immediate and ultimate parent is McLegz 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