Company Registration No. NI029742 (Northern Ireland)

MERIT RETAIL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

MERIT RETAIL LIMITED

CONTENTS

MERIT RETAIL LIMITED

COMPANY INFORMATION

Directors	Mr J Conway Mrs M Conway Ms O Conway
Secretary	Mrs M Conway
Company number	NI029742
Registered office	58 Moneymore Road Magherafelt County Londonderry BT45 6HG
Auditor	*Moore Stephens* (NI) LLP 4th Floor Donegall House Donegall Square North Belfast BT1 5GB
Bankers	DANSKE BANK 14 Broad Street Magherafelt Co. Londonderry BT45 6EA
Solicitors	MKB Law 14 Great Victoria Street Belfast BT2 7BA

The directors present the strategic report and financial statements for the year ended 31 December 2015.

Principal activities
The principal activities of the company are those of the operation of residential nursing homes.

Review of business
The company's turnover has increased due to an increase in occupancy rates. The directors consider the results for the period to be satisfactory. The company will continue to seek every opportunity to increase profitable turnover.

Risks and uncertainties
The company's operations expose it to a variety of financial risks that include price risk, foreign exchange risk, credit risk, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Given the size of the company, the directors have assumed responsibility for the monitoring of financial riskmanagement.

Price risk
The company is exposed to commodity price risk. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will keep this policy under review having regard to the company's operations and any change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk
The company does not have any exposure to foreign exchange risk in the normal course of business and therefore there is no exposure to foreign exchange risk.

Credit risk
The company is exposed to credit risk due to its policy of giving credit to residents. However given the nature of the company's activities, the exposure to credit risk is minimal.

Liquidity risk
The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

Interest rate cash flow risk
The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets are held in cash deposits, all of which earn interest at a fixed rate. The company has a policy of monitoring its debt finance to ensure certainty of future interest cash flows. The directors will revisit this policy should the company's operations change in size or nature or otherwise be deemed necessary.

Key performance indicators
Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

FRS 102 transition

These financial statements for the year ended 31 December 2015 are the first financial statements of Merit Retail Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

On behalf of the board

Mrs M Conway
Director
26 September 2016

MERIT RETAIL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their annual report and financial statements for the year ended 31 December 2015.

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

Mr J Conway
Mrs M Conway
Ms O Conway

Results and dividends
The results for the year are set out on page 8.

No interim dividends were paid. The directors do not recommend payment of a final dividend.

Auditor
The auditors, Moore Stephens (NI) LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

MERIT RETAIL LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2015

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

Post balance sheet events
On 16th May 2016 Mrs Matilda Conway transferred her shares to Brooklands Healthcare Limited so that 100% of the share capital is now owned by Brooklands Healthcare Limited. Full details are disclosed in note 25.

On behalf of the board

Mrs M Conway
Director
26 September 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERIT RETAIL LIMITED

We have audited the financial statements of Merit Retail Limited for the year ended 31 December 2015 which comprise the Statement of Total Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the 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 Financial Reporting Standard 102, 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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 annual 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 financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its 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 the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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, 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.

Steven Lindsay

Steven Lindsay FCA (Senior Statutory Auditor)
for and on behalf of Moore Stephens (NI) LLP

26 September 2016

Chartered Accountants
Statutory Auditor

4th Floor Donegall House
Donegall Square North
Belfast
BT1 5GB

MERIT RETAIL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Turnover	3	**3,554,914**	3,296,675
Cost of sales		**41,662**	(145,716)
Gross profit		**3,596,576**	3,150,959
Administrative expenses		**(2,545,694)**	(2,542,707)
Other operating income		**237,528**	232,030
Operating profit	4	**1,288,410**	840,282
Interest receivable and similar income	6	**4,896**	11,481
Interest payable and similar charges	7	**(135,874)**	(141,624)
Profit on ordinary activities before taxation		**1,157,432**	710,139
Taxation on profit on ordinary activities	8	**(31,092)**	(137,021)
Profit for the financial year		**1,126,340**	573,118
Other comprehensive income		**-**	-
Total comprehensive income for the year		**1,126,340**	573,118

The notes on pages 12 - 27 form part of these financial statements and should be read in conjunction therewith.

MERIT RETAIL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2015

		2015		2014 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		5,580,595		5,394,756
Investment properties	11		1,039,174		1,039,174
			6,619,769		6,433,930
Current assets					
Stocks	13	1,000		1,000	
Debtors	14	9,060,185		8,853,796	
Cash at bank and in hand		190,883		1,089,924	
		9,252,068		9,944,720	
Creditors: amounts falling due within one year	15	(3,731,576)		(5,243,529)	
Net current assets			5,520,492		4,701,191
Total assets less current liabilities			12,140,261		11,135,121
Creditors: amounts falling due after more than one year	16		(4,075,821)		(4,225,051)
Provisions for liabilities	20		(204,680)		(176,650)
Net assets			7,859,760		6,733,420
Capital and reserves					
Called up share capital	22		100,000		100,000
Profit and loss reserves			7,759,760		6,633,420
Total equity			7,859,760		6,733,420

The financial statements were approved by the board of directors and authorised for issue on 26 September 2016 and are signed on its behalf by:

Mr J Conway Gerard P. Conway
Director

Mrs M Conway
Director

Company Registration No. NI029742

The notes on pages 12 - 27 form part of these financial statements and should be read in conjunction therewith.

MERIT RETAIL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2014 (as previously reported)		100,000	5,720,579	5,820,579
Prior year adjustment		-	339,723	339,723
At 1 January 2014 (as restated)		100,000	6,060,302	6,160,302
Year ended 31 December 2014:				
Profit and total comprehensive income for the year		-	573,118	573,118
Balance at 31 December 2014		100,000	6,633,420	6,733,420
Year ended 31 December 2015:				
Profit and total comprehensive income for the year		-	1,126,340	1,126,340
Balance at 31 December 2015		**100,000**	**7,759,760**	**7,859,760**

MERIT RETAIL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2015 £	2014 £	2014 £
Cash flows from operating activities					
Cash absorbed by operations	26		**(216,395)**		(463,090)
Interest paid			**(135,874)**		(141,624)
Corporation tax paid			**(93,419)**		(115,244)
Net cash outflow from operating activities			**(445,688)**		(719,958)
Investing activities					
Purchase of tangible fixed assets		**(268,975)**		(5,610)	
Interest received		**4,896**		11,481	
Net cash (used in)/generated from investing activities			**(264,079)**		5,871
Financing activities					
Repayment of borrowings		**-**		(13,248)	
Repayment of bank loans		**(197,995)**		(155,937)	
Payment of finance leases obligations		**8,721**		-	
Net cash used in financing activities			**(189,274)**		(169,185)
Net decrease in cash and cash equivalents			**(899,041)**		(883,272)
Cash and cash equivalents at beginning of year			**1,089,924**		1,973,196
Cash and cash equivalents at end of year			**190,883**		1,089,924

1 Accounting policies

Company information

Merit Retail Limited is a private company limited by shares domiciled and incorporated in Northern Ireland. The registered office is 58 Moneymore Road, Magherafelt, County Londonderry, BT45 6HG.

1.1 Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2015 are the first financial statements of Merit Retail Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 January 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

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

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its nursing home services, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings Freehold	Depreciation is provided on the asset value within property cost, which qualifies for capital allowances on a straight line basis of 10% per annum
Plant and machinery	15% straight line
Fixtures, fittings & equipment	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies **(Continued)**

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.8 Cash and cash equivalents

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

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1 Accounting policies **(Continued)**

1.13 Retirement benefits

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

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2015	2014
	£	£
Turnover		
Sales	**3,554,914**	3,296,675
Other significant revenue		
Interest income	**4,896**	11,481

Turnover analysed by geographical market

	2015	2014
	£	£
United Kingdom	**3,554,914**	3,296,675

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2015 £	2014 £
Fees payable to the company's auditor for the audit of the company's financial statements	**6,000**	13,200
Depreciation of owned tangible fixed assets	**82,372**	110,346
Depreciation of tangible fixed assets held under finance leases	**764**	-

5 Employees

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

	2015 Number	2014 Number
	140	143

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	**2,056,874**	1,863,144
Social security costs	**119,493**	105,460
Pension costs	**14,824**	6,638
	2,191,191	1,975,242

6 Interest receivable and similar income

	2015 £	2014 £
Interest income		
Interest on bank deposits	**4,896**	11,481

7 Interest payable and similar charges

	2015 £	2014 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	**133,412**	141,624
Interest on finance leases and hire purchase contracts	**227**	-
	133,639	141,624
Other finance costs:		
Other interest	**2,235**	-
	135,874	141,624

8 Taxation

	2015 £	2014 £
Current tax		
UK corporation tax on profits for the current period	-	135,322
Adjustments in respect of prior periods	3,062	-
Total current tax	3,062	135,322
Deferred tax		
Origination and reversal of timing differences	28,030	1,699
Total tax charge	31,092	137,021

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

	2015 £	2014 £
Profit before taxation	1,157,432	710,139
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2014: 21.00%)	231,486	149,129
Adjustments in respect of prior years	3,062	-
Effect of change in corporation tax rate	-	3,105
Permanent capital allowances in excess of depreciation	(36,442)	(16,912)
Deferred tax charge	28,030	1,699
Group relief	(262,989)	-
Prior year adjustment	67,945	-
Tax expense for the year	31,092	137,021

9 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2015 and 31 December 2015	500,000
Amortisation and impairment	
At 1 January 2015 and 31 December 2015	500,000
Carrying amount	
At 31 December 2015	-
At 31 December 2014	-

10 Tangible fixed assets (as restated)

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2015	5,312,365	311,261	448,856	6,072,482
Additions	160,000	1,860	107,115	268,975
At 31 December 2015	**5,472,365**	**313,121**	**555,971**	**6,341,457**
Depreciation and impairment				
At 1 January 2015	-	311,064	366,662	677,726
Depreciation charged in the year	-	406	82,730	83,136
At 31 December 2015	**-**	**311,470**	**449,392**	**760,862**
Carrying amount				
At 31 December 2015	**5,472,365**	**1,651**	**106,579**	**5,580,595**
At 31 December 2014	5,312,365	197	82,194	5,394,756

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

	2015	2014
	£	£
Fixtures, fittings & equipment	**11,461**	-
Depreciation charge for the year in respect of leased assets	**764**	-

Freehold land and buildings with a carrying amount of £5,472,365(2014 - £5,312,365) have been pledged to secure borrowings of the company.

11 Investment property

	2015
	£
Cost	
At 1 January 2015 and 31 December 2015	**1,039,174**

Investment property comprises land and buildings held to earn rental income. The directors deem initial cost to be a fair reflection of market value, based on market evidence of transaction prices for similar properties.

12 Financial instruments

	2015	2014
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	**9,051,700**	8,843,569
Carrying amount of financial liabilities		
Measured at amortised cost	**7,713,235**	9,262,696

13 Stocks

	2015	2014
	£	£
Finished goods and goods for resale	**1,000**	1,000

14 Debtors

	2015	2014
Amounts falling due within one year:	£	£
Trade debtors	**13,604**	53,253
P J Conway Contractors Limited	**8,498,498**	8,379,360
Hillhead Building Supplies	**85,775**	85,156
Ravencross Developments Limited	**114,100**	67,100
Glenbrook Stud Limited	**139,023**	95,000
Merit Homes Limited	**66,700**	38,700
Merit Holdings Limited	**134,000**	125,000
Prepayments and accrued income	**8,485**	10,227
	9,060,185	8,853,796

15 Creditors: amounts falling due within one year

	Notes	2015 £	2014 as restated £
Bank loans	17	**237,943**	231,552
Obligations under finance leases	18	**2,990**	-
Trade creditors		**122,550**	179,892
Merit Construction NI Limited		**354,734**	325,735
Brooklands Healthcare Limited		**337,709**	591,796
Spencer Properties Limited		**13,000**	12,000
Merit Investments and Properties Limited		**-**	2,295,440
P. J. (Conway) Developments N.I Limited		**2,397,639**	326,325
Corporation tax		**74,078**	164,435
Other taxation and social security		**20,084**	41,449
Other loans		**35,760**	-
Accruals and deferred income		**135,089**	1,074,905
		3,731,576	5,243,529

The bank borrowings are secured as follows:-
- A fixed charge over book debts

- A floating charge

- Mortgages on the following properties:-

Saintfield Road, Belfast (also pledged in favour of P J Contractors Limited)
Cottage Nursing Home - Lodge Park, Coleraine
Kilwee Nursing Home - Cloona Park, Belfast

Security has also been provided by Brooklands Nursing Home.

16 Creditors: amounts falling due after more than one year

	Notes	2015 £	2014 £
Bank loans and overdrafts	17	**4,020,665**	4,225,051
Obligations under finance leases	18	**5,731**	-
Other loans		**49,425**	-
		4,075,821	4,225,051

Refer to note 15 for security details.

17 Loans and overdrafts

	2015	2014
	£	£
Bank loans	4,258,608	4,456,603
Payable within one year	237,943	231,552
Payable after one year	4,020,665	4,225,051

Refer to note 15 for security details.

The bank loans are repaid quarterly. The bank term loan facilities are due to be renegotiated during the year ended 31st December 2018 and as such is therefore shown as being fully repayable within 5 years.

18 Finance lease obligations

	2015	2014
Future minimum lease payments due under finance leases:	£	£
Within one year	3,552	-
In two to five years	6,808	-
	10,360	-
Less: future finance charges	(1,639)	-
	8,721	-

Finance lease payments represent rentals payable by the company for certain items of fixtures and fittings. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Provisions for liabilities

		2015	2014
		£	£
Deferred tax liabilities	20	204,680	176,650
		204,680	176,650

20 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Balances:	Liabilities 2015 £	Liabilities 2014 £
Accelerated capital allowances	**204,680**	176,650

Movements in the year:	2015 £
Liability at 1 January 2015	**176,650**
Charge to profit or loss	**28,030**
Liability at 31 December 2015	**204,680**

The net deferred tax liability expected to reverse in 12 months is £20,406. This primarily relates to the reversal of tax timing differences on capital allowances.

21 Retirement benefit schemes

Defined contribution schemes	2015 £	2014 £
Charge to profit or loss in respect of defined contribution schemes	**14,824**	6,638

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

The charge to profit or loss in respect of defined contribution schemes was £14,824 (2014 - £6,638).

22 Share capital

	2015 £	2014 £
Ordinary share capital		
Issued and fully paid		
100,000 Ordinary shares of £1 each	**100,000**	100,000

The company has one class of ordinary shares which carry full voting rights, entitles the holders to full rights to participate in dividends as voted and entitles holders to full rights to participate in a distribution.

23 Financial commitments, guarantees and contingent liabilities

The company has an intercompany cross guarantee in favour of P J Conway Contractors Limited.

24 Related party transactions

24 Related party transactions **(Continued)**

The company has taken advantage of the exemption not to disclose related party transactions with other members of the group under FRS 102 - Related Party Disclosures. The members of the group are:

- P J Conway (Contractors) Limited
- Merit Investment & Properties Limited
- P J Conway Developments (NI) Limited
- McAuley Property Developments Limited (dormant company)
- Brooklands Healthcare Limited
- Merit Retail Limited
- Merit Construction (NI) Limited

Mr Jarlath Conway, who is director in the company, and Mrs Matilda Conway, is director and shareholder in the company, are also directors in the following companies with whom there were transactions during the period, or balances outstanding, and on that basis these companies are considered to be a related party as defined by FRS102 "Related Party Disclosures".

- Merit Holdings Limited
- Merit Homes Limited
- Ravenscross Developments Limited
- Spencer Properties Limited

In addition to the above, Mrs Matilda Conway, who is a director and shareholder in the company, is also a director in the following companies with whom there were transactions during the period, or balances outstanding, and on that basis these companies are considered to be a related party as defined by FRS102 "Related Party Disclosures".

- Glenbrook Stud Limited

Mr Patrick Conway, who is a shareholder in P J Conway (Contractors) Limited, also operates an unincorporated business, Hillhead Building Supplies with whom there were transactions during the period, or balances outstanding, and on that basis it is considered to be a related party as defined by FRS102 "Related Party Disclosures".

The transactions during the year with these related undertakings and the amounts owed by/(to) these related undertakings at the start and end of the year are analysed as follows:

24 Related party transactions **(Continued)**

	At 1 January 2015	Loan repayment/ (advance)	Other transactions	At 31 December 2015
Merit Homes Limited	38,700	28,000		66,700
Ravencross Developments Limited	67,100	47,000		114,100
Glenbrook Stud Limited	95,000	44,023		139,023
Hillhead Building Supplies	85,156	1,000	(381)	85,775
Merit Holdings Limited	125,000	9,000		134,000
	372,256	101,023	(381)	472,898
Spencer Properties Limited	(12,000)	(1,000)		(13,000)
	(12,000)	(1,000)	-	(13,000)

Interest has not been charged on outstanding balances.

25 Controlling party

At the balance sheet date 90% of the company's share capital was owned by Brooklands Healthcare Limited, 58 Moneymore Road, Magherafelt, BT45 6HG.

On 16th May 2016 Mrs Matilda Conway transferred her shares to Brooklands Healthcare Limited so that 100% of the share capital is now owned by Brooklands Healtcare Limited.

The Conway family are the ultimate controlling party.

26 Cash generated from operations

	2015	2014
	£	£
Profit for the year after tax	**1,126,340**	573,118
Adjustments for:		
Taxation charged	**31,092**	137,021
Finance costs	**135,874**	141,624
Investment income	**(4,896)**	(11,481)
Depreciation and impairment of tangible fixed assets	**83,136**	110,346
Movements in working capital:		
(Increase) in debtors	**(206,389)**	(5,300,709)
(Decrease)/increase in creditors	**(1,381,552)**	3,886,991
Cash absorbed by operations	**(216,395)**	(463,090)

27 Prior period adjustment

The financial statements have been restated to incorporate the impact of a misstatement of amounts due to and from related party companies.

The financial statements have also been restated to reflect the reclassification of land and buildings previously included in fixed assets to now be included as investment properties. This adjustment has no impact on the reported reserves at 1 January 2014.

Changes to the balance sheet

	At 31 December 2014		
	As previously reported	Adjustment	As restated
	£	£	£
Fixed assets			
Tangible assets	6,433,930	(1,039,174)	5,394,756
Investment properties	-	1,039,174	1,039,174
Current assets			
Debtors due within one year	8,775,464	78,332	8,853,796
Creditors due within one year			
Other creditors	(5,067,484)	261,391	(4,806,093)
Net assets	6,393,697	339,723	6,733,420
Capital and reserves			
Profit and loss	6,293,697	339,723	6,633,420

27 Prior period adjustment **(Continued)**

Changes to the profit and loss account

	Period ended 31 December 2014		
	As previously reported	**Adjustment**	**As restated**
	£	**£**	**£**
Profit for the financial period	573,118	-	573,118