Company Registration No. NI029742 (Northern Ireland)

MERIT RETAIL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

MERIT RETAIL LIMITED

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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 7 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

MERIT RETAIL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report and financial statements for the year ended 31 December 2016.

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 rates charged. 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, 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.

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.

On behalf of the board

Mrs M Conway
Director
30 June 2017

The directors present their annual report and financial statements for the year ended 31 December 2016.

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 7.

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.

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

On behalf of the board

Mrs M Conway
Director
30 June 2017

MERIT RETAIL LIMITED

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 2016 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 2016 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, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MERIT RETAIL LIMITED

Matters on which we are required to report by exception

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

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

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

Steven Lindsay

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

30 June 2017

Chartered Accountants
Statutory Auditor

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

MERIT RETAIL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
Turnover	3	**3,857,213**	3,554,914
Cost of sales		**(141,258)**	41,662
Gross profit		**3,715,955**	3,596,576
Administrative expenses		**(2,647,131)**	(2,545,694)
Other operating income		**281,238**	237,528
Operating profit	4	**1,350,062**	1,288,410
Interest receivable and similar income	6	**-**	4,896
Interest payable and similar expenses	7	**(125,227)**	(135,874)
Profit on ordinary activities before taxation		**1,224,835**	1,157,432
Taxation on profit on ordinary activities	8	**(244,944)**	(31,092)
Profit for the financial year		**979,891**	1,126,340
Other comprehensive income		**-**	-
Total comprehensive income for the year		**979,891**	1,126,340

The notes on pages 11 - 24 form part of these financial statements and should be read in conjunction therewith.

MERIT RETAIL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	10		**5,563,492**		5,580,595
Investment properties	11		**1,039,174**		1,039,174
			6,602,666		6,619,769
Current assets					
Stocks	13	**1,000**		1,000	
Debtors	14	**9,598,779**		9,060,185	
Cash at bank and in hand		**459,888**		190,883	
		10,059,667		9,252,068	
Creditors: amounts falling due within one year	15	**(3,803,226)**		(3,731,576)	
Net current assets			**6,256,441**		5,520,492
Total assets less current liabilities			**12,859,107**		12,140,261
Creditors: amounts falling due after more than one year	16		**(3,791,733)**		(4,075,821)
Provisions for liabilities	19		**(227,723)**		(204,680)
Net assets			**8,839,651**		7,859,760
Capital and reserves					
Called up share capital	22		**100,000**		100,000
Profit and loss reserves			**8,739,651**		7,759,760
Total equity			**8,839,651**		7,859,760

The financial statements were approved by the board of directors and authorised for issue on 30 June 2017 and are signed on its behalf by:

Mrs M Conway
Director

Company Registration No. NI029742

The notes on pages 11 - 24 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 2016

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 January 2015		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
Year ended 31 December 2016:				
Profit and total comprehensive income for the year		-	979,891	979,891
Balance at 31 December 2016		**100,000**	**8,739,651**	**8,839,651**

MERIT RETAIL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

		2016		2015	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	26		**722,375**		(216,395)
Interest paid			**(125,227)**		(135,874)
Corporation tax paid			**(74,055)**		(93,419)
Net cash inflow/(outflow) from operating activities			**523,093**		(445,688)
Investing activities					
Purchase of tangible fixed assets		**(13,157)**		(268,975)	
Interest received		**-**		4,896	
Net cash used in investing activities			**(13,157)**		(264,079)
Financing activities					
Repayment of bank loans		**(237,941)**		(197,995)	
Payment of finance leases obligations		**(2,990)**		8,721	
Net cash used in financing activities			**(240,931)**		(189,274)
Net increase/(decrease) in cash and cash equivalents			**269,005**		(899,041)
Cash and cash equivalents at beginning of year			**190,883**		1,089,924
Cash and cash equivalents at end of year			**459,888**		190,883

1 Accounting policies

Company information

Merit Retail Limited is a private company limited by shares 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.

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.

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 initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at 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 is estimated to be less than its carrying amount, the carrying amount of the asset 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 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 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 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.

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.

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 creditors 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.

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 Accounting policies **(Continued)**

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.

1.13 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:

	2016	2015
	£	£
Turnover		
Rendering of services	**3,857,213**	3,554,914
Other significant revenue		
Interest income	**-**	4,896

Turnover analysed by geographical market

	2016	2015
	£	£
United Kingdom	**3,857,213**	3,554,914

4 Operating profit

	2016	2015
Operating profit for the year is stated after charging/(crediting):	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	**6,000**	6,000
Depreciation of owned tangible fixed assets	**27,204**	82,372
Depreciation of tangible fixed assets held under finance leases	**3,056**	764

5 Employees

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

	2016	2015
	Number	Number
	154	140

5 Employees (Continued)

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	**2,204,905**	2,056,874
Social security costs	**131,243**	119,493
Pension costs	**16,135**	14,824
	2,352,283	2,191,191

6 Interest receivable and similar income

	2016	2015
	£	£
Interest income		
Interest on bank deposits	**-**	4,896

7 Interest payable and similar expenses

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	**124,438**	133,412
Interest on finance leases and hire purchase contracts	**789**	227
	125,227	133,639
Other finance costs:		
Other interest	**-**	2,235
	125,227	135,874

8 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	**221,924**	-
Adjustments in respect of prior periods	**(23)**	3,062
Total current tax	**221,901**	3,062
Deferred tax		
Origination and reversal of timing differences	**23,043**	28,030
Total tax charge	**244,944**	31,092

8 *Taxation* *(Continued)*

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

	2016	2015
	£	£
Profit before taxation	**1,224,835**	1,157,432
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	**244,967**	231,486
Adjustments in respect of prior years	**(23)**	3,062
Permanent capital allowances in excess of depreciation	**(23,043)**	(36,442)
Deferred tax charge	**23,043**	28,030
Group relief	**-**	(262,989)
Prior year adjustment	**-**	67,945
Taxation charge for the year	**244,944**	31,092

9 Intangible fixed assets

	Goodwill
	£
Cost	
At 1 January 2016 and 31 December 2016	**500,000**
Amortisation and impairment	
At 1 January 2016 and 31 December 2016	**500,000**
Carrying amount	
At 31 December 2016	**-**
At 31 December 2015	-

10 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2016	5,472,365	313,121	555,971	6,341,457
Additions	-	-	13,158	13,158
At 31 December 2016	**5,472,365**	**313,121**	**569,129**	**6,354,615**
Depreciation and impairment				
At 1 January 2016	-	311,470	449,393	760,863
Depreciation charged in the year	-	279	29,981	30,260
At 31 December 2016	**-**	**311,749**	**479,374**	**791,123**
Carrying amount				
At 31 December 2016	**5,472,365**	**1,372**	**89,755**	**5,563,492**
At 31 December 2015	5,472,365	1,651	106,579	5,580,595

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

	2016	2015
	£	£
Fixtures, fittings & equipment	**8,405**	11,461
Depreciation charge for the year in respect of leased assets	**3,056**	764

Freehold land and buildings with a carrying amount of £5,472,365(2015 - £5,472,365) have been pledged to secure borrowings of the company.

11 Investment property

	2016
	£
Cost	
At 1 January 2016 and 31 December 2016	**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

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	**9,573,867**	9,051,700
Carrying amount of financial liabilities		
Measured at amortised cost	**7,335,822**	7,713,235

13 Stocks

	2016	2015
	£	£
Finished goods and goods for resale	**1,000**	1,000

14 Debtors

	2016	2015
Amounts falling due within one year:	£	£
Trade debtors	**8,119**	13,604
P J Conway Contractors Limited	**8,827,625**	8,498,498
Hillhead Building Supplies	**125,775**	85,775
Ravencross Developments Limited	**161,100**	114,100
Glenbrook Stud Limited	**139,023**	139,023
Merit Homes Limited	**143,700**	66,700
Merit Holdings Limited	**168,525**	134,000
Prepayments and accrued income	**24,912**	8,485
	9,598,779	9,060,185

15 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans	17	**245,571**	237,943
Obligations under finance leases	18	**2,990**	2,990
Trade creditors		**57,586**	122,550
Merit Construction NI Limited		**354,734**	354,734
Brooklands Healthcare Limited		**267,591**	337,709
Spencer Properties Limited		**13,000**	13,000
P. J. (Conway) Developments N.I Limited		**2,360,587**	2,397,639
Corporation tax		**221,924**	74,078
Other taxation and social security		**37,213**	20,084
Other loans		**35,488**	35,760
Accruals and deferred income		**206,542**	135,089
		3,803,226	3,731,576

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

- A floating charge

- Mortgages on the following properties:-

Cottage Nursing Home - Lodge Park, Coleraine
Kilwee Nursing Home - Cloona Park, Belfast

Security has also been provided by Brooklands Healthcare Limited.

16 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	17	**3,775,096**	4,020,665
Obligations under finance leases	18	**2,741**	5,731
Other loans		**13,896**	49,425
		3,791,733	4,075,821

Refer to note 15 for security details.

17 Loans and overdrafts

	2016	2015
	£	£
Bank loans	**4,020,667**	4,258,608
Payable within one year	**245,571**	237,943
Payable after one year	**3,775,096**	4,020,665

Refer to note 15 for security details.

Included in bank loans is an amount of £1,522,441 which is payable in quarterly instalments. The lending margin applicable to the loan is 2.35%. The bank term loan facility is due to be renegotiated during the year ended 31st December 2018 and as such is therefore shown as being fully repayable within 5 years.

Included in bank loans is an amount of £1,645,850 which is payable in quarterly instalments. The lending margin applicable to the loan is 2.35%. The bank term loan facility is due to be renegotiated during the year ended 31st December 2018 and as such is therefore shown as being fully repayable within 5 years.

Included in bank loans is an amount of £852,376 which is payable in quarterly instalments. The lending margin applicable to the loan is 3.0%. The bank term loan facility is 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

	2016	2015
Future minimum lease payments due under finance leases:	£	£
Within one year	**3,552**	3,552
In two to five years	**3,256**	6,808
	6,808	10,360
Less: future finance charges	**(1,077)**	(1,639)
	5,731	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

		2016	2015
	Notes	£	£
Deferred tax liabilities	20	**227,723**	204,680
		227,723	204,680

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:

	Liabilities 2016	Liabilities 2015
Balances:	**£**	**£**
Accelerated capital allowances	**227,723**	204,680

There were no deferred tax movements in the year.

The net deferred tax liability expected to reverse in 12 months is £25,065. This primarily relates to the reversal of tax timing differences on capital allowances.

21 Retirement benefit schemes

	2016	2015
Defined contribution schemes	**£**	**£**
Charge to profit or loss in respect of defined contribution schemes	**16,135**	14,824

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.

22 Share capital

	2016	2015
	£	**£**
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

The company has taken advantage of the exemption not to disclose related party transactions with wholly owned 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 2016	Loan repayment/ (advance)	Other transactions	At 31 December 2016
Merit Homes Limited	66,700	77,000	-	143,700
Ravencross Developments Limited	114,100	47,000	-	161,100
Glenbrook Stud Limited	139,023	-	-	139,023
Hillhead Building Supplies	85,775	40,000	-	125,775
Merit Holdings Limited	134,000	34,525	-	168,525
	472,898	121,525	-	594,423
Spencer Properties Limited	(13,000)	-	-	(13,000)
	(13,000)	-	-	(13,000)

Interest has not been charged on outstanding balances.

25 Controlling party

At the balance sheet date 100% of the company's share capital was owned by Brooklands Healthcare Limited, 58 Moneymore Road, Magherafelt, BT45 6HG.

The Conway family are the ultimate controlling party.

26 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	**979,891**	1,126,340
Adjustments for:		
Taxation charged	**244,944**	31,092
Finance costs	**125,227**	135,874
Investment income	**-**	(4,896)
Depreciation and impairment of tangible fixed assets	**30,260**	83,136
Movements in working capital:		
(Increase) in debtors	**(538,594)**	(206,389)
(Decrease) in creditors	**(119,353)**	(1,381,552)
Cash generated from/(absorbed by) operations	**722,375**	(216,395)