

Company Registration No. 04417618 (England and Wales)

**MACNEIL LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 NOVEMBER 2016**

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# MACNEIL LIMITED

## COMPANY INFORMATION

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|--------------------------|-------------------------------------------------------------------------------------------------|
| <b>Director</b>          | Mr N J Lukka                                                                                    |
| <b>Secretary</b>         | Mrs A N Lukka                                                                                   |
| <b>Company number</b>    | 04417618                                                                                        |
| <b>Registered office</b> | 9 Essex Park<br>Finchley Central<br>London<br>N3 1ND                                            |
| <b>Auditor</b>           | H W Fisher & Company<br>Acre House<br>11-15 William Road<br>London<br>NW1 3ER<br>United Kingdom |
| <b>Bankers</b>           | Royal Bank of Scotland<br>5-10 Great Tower Street<br>London<br>EC3P 3HX                         |

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# MACNEIL LIMITED

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# MACNEIL LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 30 NOVEMBER 2016

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The director presents the strategic report for the year ended 30 November 2016.

#### **Fair review of the business**

The group made a pre-tax profit of £2,636,337 (2015: £789,237) for the year on a turnover of £4,308,216 (2015: £3,568,462).

At 30 November 2016 the group had net assets of £9,780,655 (2015: £7,575,013).

Both the level of business and the year end financial position were as expected in the light of current trading conditions and the directors do not anticipate any material changes in the present level of activity.

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

The directors recognise that within the business there are a number of risks which may affect the performance of the group. These risks are subject to regular review and, where appropriate, processes are established to minimise the level of exposure.

Regulatory - the group's nursing home business is regulated by the Care Quality Commission and is exposed to adverse findings that the Commission may raise. The group ensures that the nursing home is run to a high standard and to-date no such adverse findings have been reported.

Financial risk - the company is exposed to financial risk through its assets and liabilities. The key financial risk is that, in the current climate, the proceeds from its assets may not be sufficient to fund the obligations from liabilities as they fall due. The most important components of financial risk are:

- 1) Credit risk - the group continues to minimise commercial credit risk and has not suffered unduly from bad debts.
- 2) Interest rate risk - the group's borrowings are on a variable rate basis and the group is exposed to potential increases in interest rates. The group continues to monitor its interest obligations and its investment portfolio to ensure that future increases in interest rate will not unduly affect the performance of the business.

#### **Key performance indicators**

In the opinion of the director there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

On behalf of the board



Mr N J Lukka

Director

16/8/2017

# MACNEIL LIMITED

## DIRECTOR'S REPORT

**FOR THE YEAR ENDED 30 NOVEMBER 2016**

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The director presents his annual report and financial statements for the year ended 30 November 2016.

### Principal activities

The principal activity of the company continues to be that of property investment and development. In addition the principal activity of the group also includes the provision of nursing home facilities for the elderly.

### Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

Mr N J Lukka

### Results and dividends

The results for the year are set out on page 6.

A final ordinary dividend was declared amounting to £5,000.

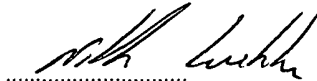
### Auditor

The auditor, H W Fisher & Company, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### 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 auditor of the company and group 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 auditor of the company and group is aware of that information.

On behalf of the board



Mr N J Lukka

Director

.....16/8/2017

# **MACNEIL LIMITED**

## **DIRECTOR'S RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 NOVEMBER 2016***

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The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

# **MACNEIL LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MACNEIL LIMITED**

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We have audited the financial statements of Macneil Limited for the year ended 30 November 2016 set out on pages 6 to 30. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

### **Respective responsibilities of director and auditor**

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the director; 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 group's and the parent company's affairs as at 30 November 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 matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **MACNEIL LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MACNEIL LIMITED**

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



**Naresh Samani (Senior Statutory Auditor)  
for and on behalf of H W Fisher & Company**

**Chartered Accountants  
Statutory Auditor**

Acre House  
11-15 William Road  
London  
NW1 3ER  
United Kingdom

**16/08/2017**  
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# MACNEIL LIMITED

## GROUP STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2016

|                                                      |       | 2016             | 2015             |
|------------------------------------------------------|-------|------------------|------------------|
|                                                      | Notes | £                | as restated<br>£ |
| Turnover                                             | 3     | 4,308,216        | 3,568,462        |
| Cost of sales                                        |       | (2,061,406)      | (1,876,722)      |
| <b>Gross profit</b>                                  |       | <b>2,246,810</b> | <b>1,691,740</b> |
| Administrative expenses                              |       | (662,715)        | (641,110)        |
| <b>Operating profit</b>                              | 4     | <b>1,584,095</b> | <b>1,050,630</b> |
| Interest receivable and similar income               | 7     | 20,690           | 21,087           |
| Interest payable and similar charges                 | 8     | (358,764)        | (282,480)        |
| Fair value gains and losses on investment properties | 12    | 1,390,316        | -                |
| <b>Profit before taxation</b>                        |       | <b>2,636,337</b> | <b>789,237</b>   |
| Taxation                                             | 9     | (465,241)        | (156,525)        |
| <b>Profit for the financial year</b>                 | 24    | <b>2,171,096</b> | <b>632,712</b>   |
| <b>Other comprehensive income</b>                    |       |                  |                  |
| Tax relating to other comprehensive income           |       | 39,546           | 45,492           |
| <b>Total comprehensive income for the year</b>       |       | <b>2,210,642</b> | <b>678,204</b>   |

Total comprehensive income for the year is all attributable to the owners of the parent company.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

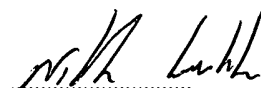
# MACNEIL LIMITED

## GROUP BALANCE SHEET

AS AT 30 NOVEMBER 2016

|                                                                |       | 2016               |                   | 2015<br>as restated |                   |
|----------------------------------------------------------------|-------|--------------------|-------------------|---------------------|-------------------|
|                                                                | Notes | £                  | £                 | £                   | £                 |
| <b>Fixed assets</b>                                            |       |                    |                   |                     |                   |
| Tangible assets                                                | 11    | 8,562,205          |                   | 8,856,910           |                   |
| Investment properties                                          | 12    | 17,353,592         |                   | 13,929,407          |                   |
|                                                                |       | <u>25,915,797</u>  |                   | <u>22,786,317</u>   |                   |
| <b>Current assets</b>                                          |       |                    |                   |                     |                   |
| Debtors                                                        | 16    | 1,509,282          |                   | 1,295,471           |                   |
| Cash at bank and in hand                                       |       | 1,189,879          |                   | 556,425             |                   |
|                                                                |       | <u>2,699,161</u>   |                   | <u>1,851,896</u>    |                   |
| <b>Creditors: amounts falling due within one year</b>          | 17    | <u>(2,990,498)</u> |                   | <u>(2,548,202)</u>  |                   |
| <b>Net current liabilities</b>                                 |       |                    | (291,337)         |                     | (696,306)         |
| <b>Total assets less current liabilities</b>                   |       |                    | <u>25,624,460</u> |                     | <u>22,090,011</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 18    |                    | (15,202,496)      |                     | (14,010,154)      |
| <b>Provisions for liabilities</b>                              | 21    |                    | (641,309)         |                     | (504,844)         |
| <b>Net assets</b>                                              |       |                    | <u>9,780,655</u>  |                     | <u>7,575,013</u>  |
| <b>Capital and reserves</b>                                    |       |                    |                   |                     |                   |
| Called up share capital                                        | 23    |                    | 100               |                     | 100               |
| Revaluation reserve                                            | 24    |                    | 3,076,885         |                     | 3,037,339         |
| Profit and loss reserves                                       | 24    |                    | 6,703,670         |                     | 4,537,574         |
| <b>Total equity</b>                                            |       |                    | <u>9,780,655</u>  |                     | <u>7,575,013</u>  |

The financial statements were approved and signed by the director and authorised for issue on 16/8/2017



Mr N J Lukka  
Director

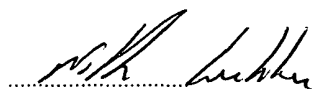
# MACNEIL LIMITED

## COMPANY BALANCE SHEET

AS AT 30 NOVEMBER 2016

|                                                                |       | 2016             |                   | 2015<br>as restated |                   |
|----------------------------------------------------------------|-------|------------------|-------------------|---------------------|-------------------|
|                                                                | Notes | £                | £                 | £                   | £                 |
| <b>Fixed assets</b>                                            |       |                  |                   |                     |                   |
| Tangible assets                                                | 11    |                  | 8,391,414         |                     | 8,692,766         |
| Investment properties                                          | 12    |                  | 17,353,592        |                     | 13,929,407        |
| Investments                                                    | 13    |                  | 200               |                     | 100               |
|                                                                |       |                  | <u>25,745,206</u> |                     | <u>22,622,273</u> |
| <b>Current assets</b>                                          |       |                  |                   |                     |                   |
| Debtors                                                        | 16    | 1,053,130        |                   | 829,668             |                   |
| Cash at bank and in hand                                       |       | 870,952          |                   | 142,060             |                   |
|                                                                |       | <u>1,924,082</u> |                   | <u>971,728</u>      |                   |
| <b>Creditors: amounts falling due within one year</b>          | 17    | (2,633,759)      |                   | (2,233,009)         |                   |
| <b>Net current liabilities</b>                                 |       |                  | (709,677)         |                     | (1,261,281)       |
| <b>Total assets less current liabilities</b>                   |       |                  | <u>25,035,529</u> |                     | <u>21,360,992</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 18    |                  | (16,423,069)      |                     | (14,433,618)      |
| <b>Provisions for liabilities</b>                              | 21    |                  | (626,309)         |                     | (489,844)         |
| <b>Net assets</b>                                              |       |                  | <u>7,986,151</u>  |                     | <u>6,437,530</u>  |
| <b>Capital and reserves</b>                                    |       |                  |                   |                     |                   |
| Called up share capital                                        | 23    |                  | 100               |                     | 100               |
| Revaluation reserve                                            | 24    |                  | 3,076,885         |                     | 3,037,339         |
| Profit and loss reserves                                       | 24    |                  | 4,909,166         |                     | 3,400,091         |
| <b>Total equity</b>                                            |       |                  | <u>7,986,151</u>  |                     | <u>6,437,530</u>  |

The financial statements were approved and signed by the director and authorised for issue on .....16/8/2017



Mr N J Lukka

Director

Company Registration No. 04417618

# MACNEIL LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2016

|                                                           |       | Share capital | Revaluation<br>reserve | Profit and<br>loss reserves | Total       |
|-----------------------------------------------------------|-------|---------------|------------------------|-----------------------------|-------------|
|                                                           | Notes | £             | £                      | £                           | £           |
| <b>As restated for the period ended 30 November 2015:</b> |       |               |                        |                             |             |
| <b>Balance at 1 December 2014</b>                         |       | 100           | 2,991,847              | 5,149,862                   | 8,141,809   |
| <b>Year ended 30 November 2015:</b>                       |       |               |                        |                             |             |
| Profit for the year                                       |       | -             | -                      | 632,712                     | 632,712     |
| Other comprehensive income:                               |       |               |                        |                             |             |
| Tax relating to other comprehensive income                |       | -             | 45,492                 | -                           | 45,492      |
| Total comprehensive income for the year                   |       | -             | 45,492                 | 632,712                     | 678,204     |
| Dividends                                                 | 10    | -             | -                      | (1,245,000)                 | (1,245,000) |
| <b>Balance at 30 November 2015</b>                        |       | 100           | 3,037,339              | 4,537,574                   | 7,575,013   |
| <b>Year ended 30 November 2016:</b>                       |       |               |                        |                             |             |
| Profit for the year                                       |       | -             | -                      | 2,171,096                   | 2,171,096   |
| Other comprehensive income:                               |       |               |                        |                             |             |
| Tax relating to other comprehensive income                |       | -             | 39,546                 | -                           | 39,546      |
| Total comprehensive income for the year                   |       | -             | 39,546                 | 2,171,096                   | 2,210,642   |
| Dividends                                                 | 10    | -             | -                      | (5,000)                     | (5,000)     |
| <b>Balance at 30 November 2016</b>                        |       | 100           | 3,076,885              | 6,703,670                   | 9,780,655   |

# MACNEIL LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2016

|                                                           | Notes | Share capital<br>£ | Revaluation<br>reserve<br>£ | Profit and<br>loss reserves<br>£ | Total<br>£  |
|-----------------------------------------------------------|-------|--------------------|-----------------------------|----------------------------------|-------------|
| <b>As restated for the period ended 30 November 2015:</b> |       |                    |                             |                                  |             |
| <b>Balance at 1 December 2014</b>                         |       | 100                | 2,991,847                   | 4,379,963                        | 7,371,910   |
| <b>Year ended 30 November 2015:</b>                       |       |                    |                             |                                  |             |
| Profit for the year                                       |       | -                  | -                           | 265,128                          | 265,128     |
| Other comprehensive income:                               |       |                    |                             |                                  |             |
| Tax relating to other comprehensive income                |       | -                  | 45,492                      | -                                | 45,492      |
| Total comprehensive income for the year                   |       | -                  | 45,492                      | 265,128                          | 310,620     |
| Dividends                                                 | 10    | -                  | -                           | (1,245,000)                      | (1,245,000) |
| <b>Balance at 30 November 2015</b>                        |       | 100                | 3,037,339                   | 3,400,091                        | 6,437,530   |
| <b>Year ended 30 November 2016:</b>                       |       |                    |                             |                                  |             |
| Profit for the year                                       |       | -                  | -                           | 1,514,075                        | 1,514,075   |
| Other comprehensive income:                               |       |                    |                             |                                  |             |
| Tax relating to other comprehensive income                |       | -                  | 39,546                      | -                                | 39,546      |
| Total comprehensive income for the year                   |       | -                  | 39,546                      | 1,514,075                        | 1,553,621   |
| Dividends                                                 | 10    | -                  | -                           | (5,000)                          | (5,000)     |
| <b>Balance at 30 November 2016</b>                        |       | 100                | 3,076,885                   | 4,909,166                        | 7,986,151   |

# MACNEIL LIMITED

## GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2016

|                                                               | Notes | 2016<br>£               | £ | 2015<br>£             | £ |
|---------------------------------------------------------------|-------|-------------------------|---|-----------------------|---|
| <b>Cash flows from operating activities</b>                   |       |                         |   |                       |   |
| Cash generated from operations                                | 27    | 2,932,458               |   | 4,511,417             |   |
| Interest paid                                                 |       | (358,764)               |   | (282,480)             |   |
| Income taxes paid                                             |       | (260,361)               |   | (168,507)             |   |
| <b>Net cash inflow from operating activities</b>              |       | <u>2,313,333</u>        |   | <u>4,060,430</u>      |   |
| <b>Investing activities</b>                                   |       |                         |   |                       |   |
| Purchase of tangible fixed assets                             |       | (35,812)                |   | (54,222)              |   |
| Purchase of investment property                               |       | (2,033,869)             |   | (3,397,767)           |   |
| Interest received                                             |       | 20,690                  |   | 21,087                |   |
| <b>Net cash used in investing activities</b>                  |       | <u>(2,048,991)</u>      |   | <u>(3,430,902)</u>    |   |
| <b>Financing activities</b>                                   |       |                         |   |                       |   |
| Proceeds of new bank loans                                    |       | 925,003                 |   | 972,625               |   |
| Repayment of bank loans                                       |       | (479,741)               |   | (1,364,034)           |   |
| Dividends paid to equity shareholders                         |       | (76,150)                |   | -                     |   |
| <b>Net cash generated from/(used in) financing activities</b> |       | <u>369,112</u>          |   | <u>(391,409)</u>      |   |
| <b>Net increase in cash and cash equivalents</b>              |       | <u>633,454</u>          |   | <u>238,119</u>        |   |
| Cash and cash equivalents at beginning of year                |       | 556,425                 |   | 318,306               |   |
| <b>Cash and cash equivalents at end of year</b>               |       | <u><u>1,189,879</u></u> |   | <u><u>556,425</u></u> |   |

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 NOVEMBER 2016

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#### 1 Accounting policies

##### Company information

Macneil Limited ("the company") is a private limited company incorporated by shares in England and Wales. The registered office is 9 Essex Park, Finchley Central, London, N3 1ND.

The group consists of Macneil Limited and all of its subsidiaries.

##### 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 financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties at fair value. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 30 November 2016 are the first financial statements of Macneil Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 December 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 28.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £1,514,075 (2015 - £265,128 profit).

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 NOVEMBER 2016**

### **1 Accounting policies**

**(Continued)**

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

The consolidated financial statements incorporate those of Macneil Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 November 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **1.3 Going concern**

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

#### **1.4 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for 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 for the provision of nursing home services is recognised by reference to the occupation and use of the facilities of the nursing home.

Revenue from rental receipts is recognised on an accruals basis and arises from the group's investment properties.

#### **1.5 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 provided on all tangible fixed assets, other than investment properties and freehold land at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

|                                |                                            |
|--------------------------------|--------------------------------------------|
| Land and buildings Freehold    | 2% straight line (excluding freehold land) |
| Fixtures, fittings & equipment | 15% reducing balance                       |
| Leasehold improvement          | Over the term of the lease                 |

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 recognised in the profit and loss account.

On the first-time adoption of FRS102, the director has elected to use the previous GAAP revaluation of the company's land and buildings as the deemed cost at the date of transition. Accordingly the carrying value of land and buildings was revalued as at 1 December 2014. The revaluation is based on a valuation report prepared in June 2015 by Colliers International Healthcare UK LLP, a firm of chartered surveyors. The depreciation charges post 1 December 2014 have also been rebased on the new deemed cost.

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2016

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### 1 Accounting policies

(Continued)

#### 1.6 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.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the group 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.

#### 1.8 Cash and cash equivalents

Cash and cash equivalents 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 group 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 group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

##### *Basic financial assets*

Basic financial assets, which include debtors 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. Financial assets classified as receivable within one year are not amortised.

##### *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.

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2016

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### 1 Accounting policies

(Continued)

#### *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 group 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 group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies, 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. Financial liabilities classified as payable within one year are not amortised.

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. Amounts 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 creditors 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 group's contractual obligations expire or are discharged or cancelled.

### 1.10 Equity instruments

Equity instruments issued by the group 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 group.

### 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 group'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 is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 NOVEMBER 2016**

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### **1 Accounting policies**

**(Continued)**

#### **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.

### **2 Judgements and key sources of estimation uncertainty**

In the application of the group's accounting policies, the director is 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.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### ***Valuation of land and buildings and investment properties***

The group has consulted with external valuers to ascertain the fair value of the land and buildings, which was used to determine the deemed cost of the land and buildings at the date of transition to FRS102, and investment properties. The valuation of the group's land and buildings and investment properties is inherently subjective due to, among other factors, the individual nature, location and condition of the properties. As a result the valuation is subject to a degree of uncertainty.

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2016

### 3 Turnover and other revenue

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

|                   | 2016<br>£        | 2015<br>£        |
|-------------------|------------------|------------------|
| <b>Turnover</b>   |                  |                  |
| Nursing home fees | 3,478,542        | 2,920,386        |
| Rental income     | 829,674          | 648,076          |
|                   | <u>4,308,216</u> | <u>3,568,462</u> |

#### Turnover analysed by geographical market

|                | 2016<br>£        | 2015<br>£        |
|----------------|------------------|------------------|
| United Kingdom | <u>4,308,216</u> | <u>3,568,462</u> |

#### Other significant revenue

|                 |               |               |
|-----------------|---------------|---------------|
| Interest income | <u>20,690</u> | <u>21,087</u> |
|-----------------|---------------|---------------|

### 4 Operating profit

|                                                                     | 2016<br>£      | 2015<br>£      |
|---------------------------------------------------------------------|----------------|----------------|
| Operating profit for the year is stated after charging/(crediting): |                |                |
| Depreciation of owned tangible fixed assets                         | <u>330,517</u> | <u>355,616</u> |

### 5 Auditor's remuneration

|                                                            | 2016<br>£     | 2015<br>£     |
|------------------------------------------------------------|---------------|---------------|
| Fees payable to the company's auditor and associates:      |               |               |
| <b>For audit services</b>                                  |               |               |
| Audit of the financial statements of the group and company | 7,000         | 7,000         |
| Audit of the company's subsidiaries                        | 5,260         | 4,914         |
|                                                            | <u>12,260</u> | <u>11,914</u> |

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2016

### 6 Employees

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

|                               | 2016<br>Number | 2015<br>Number |
|-------------------------------|----------------|----------------|
| Administration and care staff | 106            | 106            |

Their aggregate remuneration comprised:

|                       | 2016<br>£        | 2015<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,711,942        | 1,528,651        |
| Social security costs | 134,770          | 112,784          |
| Pension costs         | 9,129            | 7,954            |
|                       | <u>1,855,841</u> | <u>1,649,389</u> |

### 7 Interest receivable and similar income

|                                                         | 2016<br>£     | 2015<br>£     |
|---------------------------------------------------------|---------------|---------------|
| <b>Interest income</b>                                  |               |               |
| Interest receivable from companies under common control | 18,321        | 18,473        |
| Other interest income                                   | 2,369         | 2,614         |
|                                                         | <u>20,690</u> | <u>21,087</u> |

### 8 Interest payable and similar charges

|                                                                      | 2016<br>£      | 2015<br>£      |
|----------------------------------------------------------------------|----------------|----------------|
| <b>Interest on financial liabilities measured at amortised cost:</b> |                |                |
| Interest on bank overdrafts and loans                                | 181,685        | 162,418        |
| Interest payable to companies under common control                   | 172,927        | 116,519        |
|                                                                      | <u>354,612</u> | <u>278,937</u> |
| <b>Other finance costs:</b>                                          |                |                |
| Other interest                                                       | 4,152          | 3,543          |
|                                                                      | <u>358,764</u> | <u>282,480</u> |

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2016

### 9 Taxation

|                                                      | 2016<br>£ | 2015<br>£ |
|------------------------------------------------------|-----------|-----------|
| UK corporation tax on profits for the current period | 289,230   | 197,298   |
| <b>Deferred tax</b>                                  |           |           |
| Origination and reversal of timing differences       | 176,011   | (40,773)  |
| Total tax charge                                     | 465,241   | 156,525   |

The charge for the year can be reconciled to the loss per the profit and loss account as follows:

|                                                                                                      | 2016<br>£ | 2015<br>£ |
|------------------------------------------------------------------------------------------------------|-----------|-----------|
| Profit before taxation                                                                               | 2,636,337 | 789,237   |
| Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.33%) | 527,267   | 160,452   |
| Tax effect of expenses that are not deductible in determining taxable profit                         | 816       | 51        |
| Tax effect of income not taxable in determining taxable profit                                       | (278,063) | -         |
| Depreciation on assets not qualifying for tax allowances                                             | 66,103    | 72,297    |
| Deferred tax adjustments in respect of prior years                                                   | 176,011   | (40,773)  |
| Capital allowances                                                                                   | (26,893)  | (35,502)  |
| Tax expense for the year                                                                             | 465,241   | 156,525   |

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

|                          | 2016<br>£ | 2015<br>£ |
|--------------------------|-----------|-----------|
| Deferred tax arising on: |           |           |
| Revaluation of property  | (39,546)  | (45,492)  |

### 10 Dividends

|                | 2016<br>£ | 2015<br>£ |
|----------------|-----------|-----------|
| Ordinary final | 5,000     | 1,245,000 |

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2016

### 11 Tangible fixed assets

| Group                              | Land and buildings<br>Freehold | Fixtures, fittings<br>& equipment | Leasehold<br>improvement | Total      |
|------------------------------------|--------------------------------|-----------------------------------|--------------------------|------------|
|                                    | £                              | £                                 | £                        | £          |
| <b>Cost or valuation</b>           |                                |                                   |                          |            |
| At 1 December 2015                 | 7,794,614                      | 2,669,328                         | 427                      | 10,464,369 |
| Additions                          | -                              | 29,689                            | 6,123                    | 35,812     |
| At 30 November 2016                | 7,794,614                      | 2,699,017                         | 6,550                    | 10,500,181 |
| <b>Depreciation and impairment</b> |                                |                                   |                          |            |
| At 1 December 2015                 | 144,739                        | 1,462,629                         | 91                       | 1,607,459  |
| Depreciation charged in the year   | 144,739                        | 185,638                           | 140                      | 330,517    |
| At 30 November 2016                | 289,478                        | 1,648,267                         | 231                      | 1,937,976  |
| <b>Carrying amount</b>             |                                |                                   |                          |            |
| At 30 November 2016                | 7,505,136                      | 1,050,750                         | 6,319                    | 8,562,205  |
| At 30 November 2015                | 7,649,875                      | 1,206,699                         | 336                      | 8,856,910  |

| Company                                 | Land and buildings<br>Freehold | Fixtures, fittings<br>& equipment | Total      |
|-----------------------------------------|--------------------------------|-----------------------------------|------------|
|                                         | £                              | £                                 | £          |
| <b>Cost or valuation</b>                |                                |                                   |            |
| At 1 December 2015 and 30 November 2016 | 7,794,614                      | 2,322,149                         | 10,116,763 |
| <b>Depreciation and impairment</b>      |                                |                                   |            |
| At 1 December 2015                      | 144,739                        | 1,279,258                         | 1,423,997  |
| Depreciation charged in the year        | 144,739                        | 156,613                           | 301,352    |
| At 30 November 2016                     | 289,478                        | 1,435,871                         | 1,725,349  |
| <b>Carrying amount</b>                  |                                |                                   |            |
| At 30 November 2016                     | 7,505,136                      | 886,278                           | 8,391,414  |
| At 30 November 2015                     | 7,649,875                      | 1,042,891                         | 8,692,766  |

On the first-time adoption of FRS102, the director has elected to use the previous GAAP revaluation of the company's land and buildings as the deemed cost at the date of transition. Accordingly the carrying value of land and buildings was revalued as at 1 December 2014. The revaluation is based on a valuation report prepared in June 2015 by Colliers International Healthcare UK LLP, a firm of chartered surveyors. The historical cost of these land and buildings is as follows:

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 NOVEMBER 2016

#### 11 Tangible fixed assets

(Continued)

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

|                          | Group<br>2016<br>£ | 2015<br>£        | Company<br>2016<br>£ | 2015<br>£        |
|--------------------------|--------------------|------------------|----------------------|------------------|
| Cost                     | 4,858,554          | 4,858,554        | 4,858,554            | 4,858,554        |
| Accumulated depreciation | 576,957            | 486,738          | 576,957              | 486,738          |
| Carrying value           | <u>4,281,597</u>   | <u>4,371,816</u> | <u>4,281,597</u>     | <u>4,371,816</u> |

#### 12 Investment property

|                                                    | Group<br>2016<br>£ | Company<br>2016<br>£ |
|----------------------------------------------------|--------------------|----------------------|
| <b>Fair value</b>                                  |                    |                      |
| At 30 November 2016                                | 13,929,407         | 13,929,407           |
| Additions through external acquisition             | 2,033,869          | 2,033,869            |
| Net gains or losses through fair value adjustments | 1,390,316          | 1,390,316            |
| At 30 November 2016                                | <u>17,353,592</u>  | <u>17,353,592</u>    |

At 30 November 2016, the comparable historic cost of investment properties included at valuation was £13,280,062 (2015: £11,246,193).

#### 13 Fixed asset investments

|                             | Notes | Group<br>2016<br>£ | 2015<br>£ | Company<br>2016<br>£ | 2015<br>£ |
|-----------------------------|-------|--------------------|-----------|----------------------|-----------|
| Investments in subsidiaries | 14    | -                  | -         | 200                  | 100       |

#### 14 Subsidiaries

Details of the company's subsidiaries at 30 November 2016 are as follows:

| Name of undertaking and country of incorporation or residency | Nature of business                       | Class of shareholding | % Held<br>Direct Indirect |
|---------------------------------------------------------------|------------------------------------------|-----------------------|---------------------------|
| Lukka Care Homes (2010) Limited                               | England and Wales<br>Residential Care    | Ordinary              | 100.00                    |
| MacNeil Properties Limited                                    | England and Wales<br>Investment Property | Ordinary              | 100.00                    |

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2016

### 15 Financial instruments

|                                                 | Group<br>2016<br>£ | 2015<br>£  | Company<br>2016<br>£ | 2015<br>£  |
|-------------------------------------------------|--------------------|------------|----------------------|------------|
| <b>Carrying amount of financial assets</b>      |                    |            |                      |            |
| Debt instruments measured at amortised cost     | 1,458,020          | 1,238,873  | 1,045,967            | 825,648    |
| <b>Carrying amount of financial liabilities</b> |                    |            |                      |            |
| Measured at amortised cost                      | 17,902,001         | 16,301,815 | 18,895,360           | 16,530,495 |

### 16 Debtors

|                                                 | Group<br>2016<br>£ | 2015<br>£        | Company<br>2016<br>£ | 2015<br>£      |
|-------------------------------------------------|--------------------|------------------|----------------------|----------------|
| <b>Amounts falling due within one year:</b>     |                    |                  |                      |                |
| Trade debtors                                   | 285,148            | 283,454          | 46,572               | 47,774         |
| Other debtors                                   | 483                | 8,446            | 483                  | 3,111          |
| Prepayments and accrued income                  | 51,262             | 56,598           | 7,163                | 4,020          |
|                                                 | 336,893            | 348,498          | 54,218               | 54,905         |
| <b>Amounts falling due after one year:</b>      |                    |                  |                      |                |
| Amounts due from companies under common control | 1,144,513          | 917,179          | 971,036              | 747,499        |
| Other debtors                                   | 27,876             | 29,794           | 27,876               | 27,264         |
|                                                 | 1,172,389          | 946,973          | 998,912              | 774,763        |
| <b>Total debtors</b>                            | <b>1,509,282</b>   | <b>1,295,471</b> | <b>1,053,130</b>     | <b>829,668</b> |

### 17 Creditors: amounts falling due within one year

|                                    | Notes | Group<br>2016<br>£ | 2015<br>£ | Company<br>2016<br>£ | 2015<br>£ |
|------------------------------------|-------|--------------------|-----------|----------------------|-----------|
| Bank loans and overdrafts          | 19    | 504,699            | 570,627   | 504,699              | 570,627   |
| Trade creditors                    |       | 123,033            | 34,271    | 71,647               | -         |
| Corporation tax payable            |       | 225,228            | 196,359   | 128,875              | 104,392   |
| Other taxation and social security |       | 65,765             | 60,182    | 32,593               | 31,740    |
| Dividends payable                  |       | 1,173,850          | 1,245,000 | 1,173,850            | 1,245,000 |
| Other creditors                    |       | 566,000            | 226,626   | 423,204              | 89,755    |
| Accruals and deferred income       |       | 331,923            | 215,137   | 298,891              | 191,495   |
|                                    |       | 2,990,498          | 2,548,202 | 2,633,759            | 2,233,009 |

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2016

### 18 Creditors: amounts falling due after more than one year

|                                               | Notes | Group<br>2016<br>£ | 2015<br>£         | Company<br>2016<br>£ | 2015<br>£         |
|-----------------------------------------------|-------|--------------------|-------------------|----------------------|-------------------|
| Bank loans and overdrafts                     | 19    | 6,977,369          | 6,466,179         | 6,977,369            | 6,466,179         |
| Amounts due to group undertakings             |       | -                  | -                 | 1,152,617            | 396,882           |
| Amounts due to companies under common control |       | 8,225,127          | 7,543,975         | 8,293,083            | 7,570,557         |
|                                               |       | <u>15,202,496</u>  | <u>14,010,154</u> | <u>16,423,069</u>    | <u>14,433,618</u> |

### 19 Loans and overdrafts

|                         | Group<br>2016<br>£ | 2015<br>£        | Company<br>2016<br>£ | 2015<br>£        |
|-------------------------|--------------------|------------------|----------------------|------------------|
| Bank loans              | <u>7,482,068</u>   | <u>7,036,806</u> | <u>7,482,068</u>     | <u>7,036,806</u> |
| Payable within one year | 504,699            | 570,627          | 504,699              | 570,627          |
| Payable after one year  | <u>6,977,369</u>   | <u>6,466,179</u> | <u>6,977,369</u>     | <u>6,466,179</u> |
|                         | <u>7,482,068</u>   | <u>7,036,806</u> | <u>7,482,068</u>     | <u>7,036,806</u> |

Amounts included above which fall due after five years:

|                        |                  |                  |                  |                  |
|------------------------|------------------|------------------|------------------|------------------|
| Payable by instalments | <u>3,552,975</u> | <u>3,450,288</u> | <u>3,552,975</u> | <u>3,450,288</u> |
|------------------------|------------------|------------------|------------------|------------------|

Included within bank loans is £1,494,250 repayable on a monthly basis and subject to interest of base rate + 3%; £382,229 repayable on a monthly basis and subject to interest of base rate + 2.75%; £667,308 repayable on a monthly basis and subject to interest of base rate + 1.25%; £748,730 repayable on a monthly basis and subject to interest of base rate + 1.4%; and £4,189,551 repayable on a monthly basis and subject to interest of base rate + 1.87%.

Bank loans are secured by a legal charge over the assets of the company, as well as by a cross-guarantee given by the other companies under common control of the shareholders and a guarantee of £600,000 with N J Lukka.

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2016

### 20 Provisions for liabilities

|                          | Notes | Group<br>2016<br>£ | 2015<br>£ | Company<br>2016<br>£ | 2015<br>£ |
|--------------------------|-------|--------------------|-----------|----------------------|-----------|
| Deferred tax liabilities | 21    | 641,309            | 504,844   | 626,309              | 489,844   |

### 21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

| Group                                | Liabilities<br>2016<br>£ | Liabilities<br>2015<br>£ |
|--------------------------------------|--------------------------|--------------------------|
| Accelerated capital allowances       | 31,001                   | 44,000                   |
| Revaluations                         | 255,694                  | 295,240                  |
| Investment property                  | 354,614                  | 165,604                  |
|                                      | <u>641,309</u>           | <u>504,844</u>           |
|                                      |                          |                          |
|                                      | Liabilities<br>2016<br>£ | Liabilities<br>2015<br>£ |
| Company                              |                          |                          |
| Accelerated capital allowances       | 16,001                   | 29,000                   |
| Revaluations                         | 255,694                  | 295,240                  |
| Investment property                  | 354,614                  | 165,604                  |
|                                      | <u>626,309</u>           | <u>489,844</u>           |
|                                      |                          |                          |
|                                      | Group<br>2016<br>£       | Company<br>2016<br>£     |
| Movements in the year:               |                          |                          |
| Liability at 1 December 2015         | 504,844                  | 489,844                  |
| Charge to profit or loss             | 176,011                  | 176,011                  |
| Credit to other comprehensive income | (39,546)                 | (39,546)                 |
|                                      | <u>641,309</u>           | <u>626,309</u>           |

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2016

### 22 Retirement benefit schemes

|                                                                      | 2016  | 2015  |
|----------------------------------------------------------------------|-------|-------|
| Defined contribution schemes                                         | £     | £     |
| Charge to profit and loss in respect of defined contribution schemes | 9,129 | 7,954 |

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

### 23 Share capital

|                                | Group and company |      |
|--------------------------------|-------------------|------|
|                                | 2016              | 2015 |
| Ordinary share capital         | £                 | £    |
| Issued and fully paid          |                   |      |
| 100 Ordinary shares of £1 each | 100               | 100  |

### 24 Reserves

#### Profit and loss reserves

Profit and loss reserves include £4,092,185 in respect of unrealised gains arising on investment properties.

### 25 Operating lease commitments

#### Lessor

The group's operating leasing arrangements as a lessor arise in respect of its investment properties which are held for rental purposes.

At the reporting end date the group and the company had contracted with tenants for the following minimum lease payments:

|                            | Group            |                  | Company           |                   |
|----------------------------|------------------|------------------|-------------------|-------------------|
|                            | 2016             | 2015             | 2016              | 2015              |
|                            | £                | £                | £                 | £                 |
| Within one year            | 480,570          | 455,327          | 930,570           | 905,327           |
| Between two and five years | 1,029,214        | 944,671          | 2,829,214         | 2,744,671         |
| In over five years         | 366,918          | 584,786          | 6,484,452         | 7,153,553         |
|                            | <u>1,876,702</u> | <u>1,984,784</u> | <u>10,244,236</u> | <u>10,803,551</u> |

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2016

### 26 Related party transactions

#### Transactions with related parties

At 30 November 2016 the group was owed £1,144,513 by companies under common control (2015: £917,179). During the year, the group charged interest of £18,321 on this balance (2015: £18,473).

At 30 November 2016 the group owed £8,225,127 to companies under common control (2015: £7,543,975). During the year, the group was charged interest of £172,927 on this balance (2015: £116,519).

All of the above companies are related parties by virtue of the significant interest in the share capital of each by Mr N J Lukka and members of his close family, and the balances arose from loans made to/received from the above companies.

The assets of the companies are subject to a cross-guarantee given in relation to the borrowings of other companies under the control of the shareholders.

At the year end the group owed £4,030 to Mr N J Lukka (2015: £68,067).

### 27 Cash generated from group operations

|                                                      | 2016<br>£        | 2015<br>£        |
|------------------------------------------------------|------------------|------------------|
| Profit for the year after tax                        | 2,171,096        | 632,712          |
| Adjustments for:                                     |                  |                  |
| Taxation charged                                     | 465,241          | 156,525          |
| Finance costs                                        | 358,764          | 282,480          |
| Investment income                                    | (20,690)         | (21,087)         |
| Fair value gains and losses on investment properties | (1,390,316)      | -                |
| Depreciation and impairment of tangible fixed assets | 330,517          | 355,616          |
| Movements in working capital:                        |                  |                  |
| (Increase) in debtors                                | (213,811)        | (67,753)         |
| Increase in creditors                                | 1,231,657        | 3,172,924        |
| <b>Cash generated from operations</b>                | <b>2,932,458</b> | <b>4,511,417</b> |

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2016

### 28 Reconciliations on adoption of FRS 102

#### Reconciliation of equity - group

|                                       |       | At 1 December 2014  |                         |                     | At 30 November 2015 |                         |                     |
|---------------------------------------|-------|---------------------|-------------------------|---------------------|---------------------|-------------------------|---------------------|
|                                       |       | Previous UK<br>GAAP | Effect of<br>transition | FRS 102             | Previous UK<br>GAAP | Effect of<br>transition | FRS 102             |
|                                       | Notes | £                   | £                       | £                   | £                   | £                       | £                   |
| <b>Fixed assets</b>                   |       |                     |                         |                     |                     |                         |                     |
| Tangible assets                       | 1     | 5,825,725           | 3,332,579               | 9,158,304           | 5,578,851           | 3,278,059               | 8,856,910           |
| Investment properties                 |       | 10,531,640          | -                       | 10,531,640          | 13,929,407          | -                       | 13,929,407          |
|                                       |       | <u>16,357,365</u>   | <u>3,332,579</u>        | <u>19,689,944</u>   | <u>19,508,258</u>   | <u>3,278,059</u>        | <u>22,786,317</u>   |
| <b>Current assets</b>                 |       |                     |                         |                     |                     |                         |                     |
| Debtors                               |       | 1,227,718           | -                       | 1,227,718           | 1,295,471           | -                       | 1,295,471           |
| Bank and cash                         |       | 318,306             | -                       | 318,306             | 556,425             | -                       | 556,425             |
|                                       |       | <u>1,546,024</u>    | <u>-</u>                | <u>1,546,024</u>    | <u>1,851,896</u>    | <u>-</u>                | <u>1,851,896</u>    |
| <b>Creditors due within one year</b>  |       |                     |                         |                     |                     |                         |                     |
| Loans and overdrafts                  |       | (822,955)           | -                       | (822,955)           | (638,694)           | -                       | (638,694)           |
| Taxation                              |       | (209,387)           | -                       | (209,387)           | (256,541)           | -                       | (256,541)           |
| Other creditors                       |       | (431,836)           | -                       | (431,836)           | (1,652,967)         | -                       | (1,652,967)         |
|                                       |       | <u>(1,464,178)</u>  | <u>-</u>                | <u>(1,464,178)</u>  | <u>(2,548,202)</u>  | <u>-</u>                | <u>(2,548,202)</u>  |
| Net current assets/(liabilities)      |       | <u>81,846</u>       | <u>-</u>                | <u>81,846</u>       | <u>(696,306)</u>    | <u>-</u>                | <u>(696,306)</u>    |
| Total assets less current liabilities |       | <u>16,439,211</u>   | <u>3,332,579</u>        | <u>19,771,790</u>   | <u>18,811,952</u>   | <u>3,278,059</u>        | <u>22,090,011</u>   |
| <b>Creditors due after one year</b>   |       |                     |                         |                     |                     |                         |                     |
| Loans and overdrafts                  |       | (6,726,088)         | -                       | (6,726,088)         | (6,466,179)         | -                       | (6,466,179)         |
| Other creditors                       |       | (4,312,784)         | -                       | (4,312,784)         | (7,543,975)         | -                       | (7,543,975)         |
|                                       |       | <u>(11,038,872)</u> | <u>-</u>                | <u>(11,038,872)</u> | <u>(14,010,154)</u> | <u>-</u>                | <u>(14,010,154)</u> |
| <b>Provisions for liabilities</b>     |       |                     |                         |                     |                     |                         |                     |
| Deferred tax                          | 1, 2  | (56,000)            | (535,109)               | (591,109)           | (44,000)            | (460,844)               | (504,844)           |
| Net assets                            |       | <u>5,344,339</u>    | <u>2,797,470</u>        | <u>8,141,809</u>    | <u>4,757,798</u>    | <u>2,817,215</u>        | <u>7,575,013</u>    |
| <b>Capital and reserves</b>           |       |                     |                         |                     |                     |                         |                     |
| Share capital                         |       | 100                 | -                       | 100                 | 100                 | -                       | 100                 |
| Revaluation reserve                   | 1     | 3,056,483           | (64,636)                | 2,991,847           | 3,056,483           | (19,144)                | 3,037,339           |
| Profit and loss                       | 1, 2  | 2,287,756           | 2,862,106               | 5,149,862           | 1,701,215           | 2,836,359               | 4,537,574           |
| Total equity                          |       | <u>5,344,339</u>    | <u>2,797,470</u>        | <u>8,141,809</u>    | <u>4,757,798</u>    | <u>2,817,215</u>        | <u>7,575,013</u>    |

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2016

### 28 Reconciliations on adoption of FRS 102

(Continued)

#### Reconciliation of profit or loss for the year - group

|                                        | Notes | Year ended 30 November 2015 |                              |              |
|----------------------------------------|-------|-----------------------------|------------------------------|--------------|
|                                        |       | Previous UK<br>GAAP<br>£    | Effect of<br>transition<br>£ | FRS 102<br>£ |
| Turnover                               |       | 3,568,462                   | -                            | 3,568,462    |
| Cost of sales                          |       | (1,876,722)                 | -                            | (1,876,722)  |
| Gross loss                             |       | 1,691,740                   | -                            | 1,691,740    |
| Administrative expenses                | 1     | (586,590)                   | (54,520)                     | (641,110)    |
| Interest receivable and similar income |       | 21,087                      | -                            | 21,087       |
| Interest payable and similar charges   |       | (282,480)                   | -                            | (282,480)    |
| Profit before taxation                 |       | 843,757                     | (54,520)                     | 789,237      |
| Taxation                               | 1     | (185,298)                   | 28,773                       | (156,525)    |
| Profit for the financial period        |       | 658,459                     | (25,747)                     | 632,712      |

#### Notes to reconciliations on adoption of FRS 102 - group

##### Note 1 - Valuation of land and buildings

On the first-time adoption of FRS102, the director has elected to use the previous GAAP revaluation of the company's land and buildings as the deemed cost at the date of transition. Accordingly the carrying value of land and buildings was revalued as at 1 December 2014. The revaluation is based on a valuation report prepared in June 2015 by Colliers International Healthcare UK LLP, a firm of chartered surveyors. The depreciation charges post 1 December 2014 have also been rebased on the new deemed cost and provision for deferred tax recognised.

##### Note 2 - Deferred tax on fair value gains on investment properties

On the first-time adoption of FRS102, the company has recognised deferred tax arising on fair value gains on investment properties.

#### Reconciliation of equity - company

|                       | Notes | At 1 December 2014       |                              |              | At 30 November 2015      |                              |              |
|-----------------------|-------|--------------------------|------------------------------|--------------|--------------------------|------------------------------|--------------|
|                       |       | Previous UK<br>GAAP<br>£ | Effect of<br>transition<br>£ | FRS 102<br>£ | Previous UK<br>GAAP<br>£ | Effect of<br>transition<br>£ | FRS 102<br>£ |
| <b>Fixed assets</b>   |       |                          |                              |              |                          |                              |              |
| Tangible assets       | 1     | 5,651,022                | 3,332,579                    | 8,983,601    | 5,414,707                | 3,278,059                    | 8,692,766    |
| Investment properties |       | 10,531,640               | -                            | 10,531,640   | 13,929,407               | -                            | 13,929,407   |
| Investments           |       | 100                      | -                            | 100          | 100                      | -                            | 100          |
|                       |       | 16,182,762               | 3,332,579                    | 19,515,341   | 19,344,214               | 3,278,059                    | 22,622,273   |

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2016

### 28 Reconciliations on adoption of FRS 102

(Continued)

|                                       | Notes | At 1 December 2014       |                              |                     | At 30 November 2015      |                              |                     |
|---------------------------------------|-------|--------------------------|------------------------------|---------------------|--------------------------|------------------------------|---------------------|
|                                       |       | Previous UK<br>GAAP<br>£ | Effect of<br>transition<br>£ | FRS 102<br>£        | Previous UK<br>GAAP<br>£ | Effect of<br>transition<br>£ | FRS 102<br>£        |
| <b>Current assets</b>                 |       |                          |                              |                     |                          |                              |                     |
| Debtors                               |       | 715,616                  | -                            | 715,616             | 829,668                  | -                            | 829,668             |
| Bank and cash                         |       | 142,474                  | -                            | 142,474             | 142,060                  | -                            | 142,060             |
|                                       |       | <u>858,090</u>           | <u>-</u>                     | <u>858,090</u>      | <u>971,728</u>           | <u>-</u>                     | <u>971,728</u>      |
| <b>Creditors due within one year</b>  |       |                          |                              |                     |                          |                              |                     |
| Loans and overdrafts                  |       | (821,132)                | -                            | (821,132)           | (638,694)                | -                            | (638,694)           |
| Taxation                              |       | (114,409)                | -                            | (114,409)           | (136,132)                | -                            | (136,132)           |
| Other creditors                       |       | (232,039)                | -                            | (232,039)           | (1,458,183)              | -                            | (1,458,183)         |
|                                       |       | <u>(1,167,580)</u>       | <u>-</u>                     | <u>(1,167,580)</u>  | <u>(2,233,009)</u>       | <u>-</u>                     | <u>(2,233,009)</u>  |
| Net current liabilities               |       | <u>(309,490)</u>         | <u>-</u>                     | <u>(309,490)</u>    | <u>(1,261,281)</u>       | <u>-</u>                     | <u>(1,261,281)</u>  |
| Total assets less current liabilities |       | <u>15,873,272</u>        | <u>3,332,579</u>             | <u>19,205,851</u>   | <u>18,082,933</u>        | <u>3,278,059</u>             | <u>21,360,992</u>   |
| <b>Creditors due after one year</b>   |       |                          |                              |                     |                          |                              |                     |
| Loans and overdrafts                  |       | (6,726,088)              | -                            | (6,726,088)         | (6,466,179)              | -                            | (6,466,179)         |
| Other creditors                       |       | (4,531,744)              | -                            | (4,531,744)         | (7,967,439)              | -                            | (7,967,439)         |
|                                       |       | <u>(11,257,832)</u>      | <u>-</u>                     | <u>(11,257,832)</u> | <u>(14,433,618)</u>      | <u>-</u>                     | <u>(14,433,618)</u> |
| <b>Provisions for liabilities</b>     |       |                          |                              |                     |                          |                              |                     |
| Deferred tax                          | 1, 2  | (41,000)                 | (535,109)                    | (576,109)           | (29,000)                 | (460,844)                    | (489,844)           |
| Net assets                            |       | <u>4,574,440</u>         | <u>2,797,470</u>             | <u>7,371,910</u>    | <u>3,620,315</u>         | <u>2,817,215</u>             | <u>6,437,530</u>    |
| <b>Capital and reserves</b>           |       |                          |                              |                     |                          |                              |                     |
| Share capital                         |       | 100                      | -                            | 100                 | 100                      | -                            | 100                 |
| Revaluation reserve                   | 1     | 3,056,483                | (64,636)                     | 2,991,847           | 3,056,483                | (19,144)                     | 3,037,339           |
| Profit and loss                       | 1, 2  | 1,517,857                | 2,862,106                    | 4,379,963           | 563,732                  | 2,836,359                    | 3,400,091           |
| Total equity                          |       | <u>4,574,440</u>         | <u>2,797,470</u>             | <u>7,371,910</u>    | <u>3,620,315</u>         | <u>2,817,215</u>             | <u>6,437,530</u>    |

# MACNEIL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2016

### 28 Reconciliations on adoption of FRS 102

(Continued)

#### Reconciliation of profit or loss for the year - company

|                                        | Notes | Year ended 30 November 2015 |                              |              |
|----------------------------------------|-------|-----------------------------|------------------------------|--------------|
|                                        |       | Previous UK<br>GAAP<br>£    | Effect of<br>transition<br>£ | FRS 102<br>£ |
| Turnover                               |       | 1,098,076                   | -                            | 1,098,076    |
| Administrative expenses                | 1     | (447,920)                   | (54,520)                     | (502,440)    |
| Interest receivable and similar income |       | 15,368                      | -                            | 15,368       |
| Interest payable and similar charges   |       | (282,259)                   | -                            | (282,259)    |
| Profit before taxation                 |       | 383,265                     | (54,520)                     | 328,745      |
| Taxation                               | 1     | (92,390)                    | 28,773                       | (63,617)     |
| Profit for the financial period        |       | 290,875                     | (25,747)                     | 265,128      |

#### Notes to reconciliations on adoption of FRS 102 - company

##### Note 1 - Valuation of land and buildings

On the first-time adoption of FRS102, the director has elected to use the previous GAAP revaluation of the company's land and buildings as the deemed cost at the date of transition. Accordingly the carrying value of land and buildings was revalued as at 1 December 2014. The revaluation is based on a valuation report prepared in June 2015 by Colliers International Healthcare UK LLP, a firm of chartered surveyors. The depreciation charges post 1 December 2014 have also been rebased on the new deemed cost and provision for deferred tax recognised.

##### Note 2 - Deferred tax on fair value gains on investment properties

On the first-time adoption of FRS102, the company has recognised deferred tax arising on fair value gains on investment properties.