

Company Registration No. 04417618 (England and Wales)

MACNEIL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2017

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MACNEIL LIMITED

COMPANY INFORMATION

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

MACNEIL LIMITED

CONTENTS

	Page
Strategic report	1
Director's report	2
Director's responsibilities statement	3
Independent auditor's report	4 - 5
Group Statement of comprehensive income	6
Group balance sheet	7
Company balance sheet	8
Group statement of changes in equity	9
Company statement of changes in equity	10
Group statement of cash flows	11
Notes to the financial statements	12 - 28

MACNEIL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2017

The director presents the strategic report for the year ended 30 November 2017.

Fair review of the business

The group made a pre-tax profit of £1,601,596 (2016: £2,636,337) for the year on a turnover of £4,612,127 (2016: £4,308,216).

At 30 November 2017 the group had net assets of £11,154,872 (2016: £9,780,655).

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.

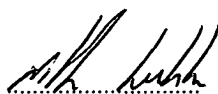
Financial risk - the company is exposed to financial risk through its assets and liabilities. The key financial risk is that, in the current climate, the proceeds from its assets may not be sufficient to fund the obligations from liabilities as they fall due. The most important components of financial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

16/8/18

MACNEIL LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2017

The director presents his annual report and financial statements for the year ended 30 November 2017.

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 nil (2016: £5,000).

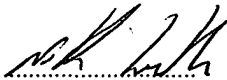
Auditor

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 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 is aware of that information.

On behalf of the board



Mr N J Lukka

Director

Date: 15/12/17

MACNEIL LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2017

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

Opinion

We have audited the financial statements of Macneil Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2017 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- 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; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

MACNEIL LIMITED

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the director's report.

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

- adequate accounting records have not been kept 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.

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

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.



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

16/08/2018

MACNEIL LIMITED

GROUP STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	4,612,127	4,308,216
Cost of sales		(2,322,139)	(2,061,406)
Gross profit		2,289,988	2,246,810
Administrative expenses		(687,957)	(662,715)
Operating profit	4	1,602,031	1,584,095
Interest receivable and similar income	7	43,296	20,690
Interest payable and similar expenses	8	(385,015)	(358,764)
Fair value gains and losses on investment properties	12	341,284	1,390,316
Profit before taxation		1,601,596	2,636,337
Taxation	9	(268,401)	(465,241)
Profit for the financial year	24	1,333,195	2,171,096
Other comprehensive income			
Tax relating to other comprehensive income		41,022	39,546
Total comprehensive income for the year		1,374,217	2,210,642

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 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11	8,331,198		8,562,205	
Investment properties	12	20,438,477		17,353,592	
		<u>28,769,675</u>		<u>25,915,797</u>	
Current assets					
Debtors	16	1,997,261		1,509,282	
Cash at bank and in hand		898,544		1,189,879	
		<u>2,895,805</u>		<u>2,699,161</u>	
Creditors: amounts falling due within one year	17	<u>(3,533,761)</u>		<u>(2,990,498)</u>	
Net current liabilities			<u>(637,956)</u>		<u>(291,337)</u>
Total assets less current liabilities			28,131,719		25,624,460
Creditors: amounts falling due after more than one year	18		(16,383,169)		(15,202,496)
Provisions for liabilities	21		<u>(593,678)</u>		<u>(641,309)</u>
Net assets			<u>11,154,872</u>		<u>9,780,655</u>
Capital and reserves					
Called up share capital	23		100		100
Revaluation reserve	24		3,117,907		3,076,885
Profit and loss reserves	24		<u>8,036,865</u>		<u>6,703,670</u>
Total equity			<u>11,154,872</u>		<u>9,780,655</u>

The financial statements were approved and signed by the director and authorised for issue on 16/08/2018



Mr N J Lukka
Director

MACNEIL LIMITED

COMPANY BALANCE SHEET

AS AT 30 NOVEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11	256,131		8,391,414	
Investment properties	12	20,438,477		17,353,592	
Investments	13	200		200	
		<u>20,694,808</u>		<u>25,745,206</u>	
Current assets					
Debtors	16	8,036,816		1,053,130	
Cash at bank and in hand		206,418		870,952	
		<u>8,243,234</u>		<u>1,924,082</u>	
Creditors: amounts falling due within one year	17	<u>(3,147,937)</u>		<u>(2,633,759)</u>	
Net current assets/(liabilities)		<u>5,095,297</u>		<u>(709,677)</u>	
Total assets less current liabilities		<u>25,790,105</u>		<u>25,035,529</u>	
Creditors: amounts falling due after more than one year	18	(16,386,534)		(16,423,069)	
Provisions for liabilities	21	(346,936)		(626,309)	
Net assets		<u>9,056,635</u>		<u>7,986,151</u>	
Capital and reserves					
Called up share capital	23	100		100	
Revaluation reserve	24	-		3,076,885	
Profit and loss reserves	24	9,056,535		4,909,166	
Total equity		<u>9,056,635</u>		<u>7,986,151</u>	

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 £1,029,462 (2016 - £1,514,075 profit).

The financial statements were approved and signed by the director and authorised for issue on 16/08/2018



Mr N J Lukka
Director

Company Registration No. 04417618

MACNEIL LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	Share capital £	Revaluation reserve £	Profit and loss reserves £	Total £
Balance at 1 December 2015		100	3,037,339	4,537,574	7,575,013
Year ended 30 November 2016:					
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)
Balance at 30 November 2016		100	3,076,885	6,703,670	9,780,655
Year ended 30 November 2017:					
Profit for the year		-	-	1,333,195	1,333,195
Other comprehensive income:					
Tax relating to other comprehensive income		-	41,022	-	41,022
Total comprehensive income for the year		-	41,022	1,333,195	1,374,217
Balance at 30 November 2017		100	3,117,907	8,036,865	11,154,872

MACNEIL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2017

		Share capital	Revaluation reserve	Profit and loss reserves	Total
	Notes	£	£	£	£
Balance at 1 December 2015		100	3,037,339	3,400,091	6,437,530
Year ended 30 November 2016:					
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)
Balance at 30 November 2016		100	3,076,885	4,909,166	7,986,151
Year ended 30 November 2017:					
Profit for the year		-	-	1,029,462	1,029,462
Other comprehensive income:					
Tax relating to other comprehensive income		-	41,022	-	41,022
Total comprehensive income for the year		-	41,022	1,029,462	1,070,484
Transfers		-	(3,117,907)	3,117,907	-
Balance at 30 November 2017		100	-	9,056,535	9,056,635

MACNEIL LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	27	2,821,804		4,106,308	
Interest paid		(385,015)		(358,764)	
Income taxes paid		(279,230)		(260,361)	
Net cash inflow from operating activities		2,157,559		3,487,183	
Investing activities					
Purchase of tangible fixed assets		(84,937)		(35,812)	
Purchase of investment property		(2,743,601)		(2,033,869)	
Interest received		43,296		20,690	
Net cash used in investing activities		(2,785,242)		(2,048,991)	
Financing activities					
Proceeds of new bank loans		943,345		925,003	
Repayment of bank loans		(606,997)		(479,741)	
Dividends paid to equity shareholders		-		(1,250,000)	
Net cash generated from/(used in) financing activities		336,348		(804,738)	
Net (decrease)/increase in cash and cash equivalents		(291,335)		633,454	
Cash and cash equivalents at beginning of year		1,189,879		556,425	
Cash and cash equivalents at end of year		898,544		1,189,879	

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2017

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.

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.

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

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 2017. 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.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

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

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

(Continued)

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

1.9 Financial instruments

The 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 balance sheet 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.

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.

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

(Continued)

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.

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.

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

1 Accounting policies

(Continued)

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.

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover		
Nursing home fees	3,657,100	3,478,542
Rental income	955,027	829,674
	<u>4,612,127</u>	<u>4,308,216</u>
Turnover analysed by geographical market		
	2017 £	2016 £
United Kingdom	<u>4,612,127</u>	<u>4,308,216</u>
Other significant revenue		
Interest income	<u>43,296</u>	<u>20,690</u>

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	315,944	330,517

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	7,000	7,000
Audit of the financial statements of the company's subsidiaries	5,410	5,260
	12,410	12,260

6 Employees

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

	2017 Number	2016 Number
Administration and care staff	103	107

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,931,941	1,711,942
Social security costs	166,004	134,770
Pension costs	12,308	9,129
	2,110,253	1,855,841

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest receivable from companies under common control	22,581	18,321
Other interest income	20,715	2,369
Total income	43,296	20,690

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 NOVEMBER 2017

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and loans	189,538	181,685
Interest payable to companies under common control	193,560	172,927
Other interest	1,917	4,152
Total finance costs	385,015	358,764

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

9 Taxation

	2017 £	2016 £
UK corporation tax on profits for the current period	275,010	289,230
Deferred tax		
Origination and reversal of timing differences	(6,609)	176,011
Total tax charge	268,401	465,241

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

	2017 £	2016 £
Profit before taxation	1,601,596	2,636,337
Expected tax charge based on the standard rate of corporation tax in the UK of 19.33% (2016: 20.00%)	309,612	527,267
Tax effect of expenses that are not deductible in determining taxable profit	(197)	816
Tax effect of income not taxable in determining taxable profit	(65,975)	(278,063)
Change in unrecognised deferred tax assets	2,423	-
Depreciation on assets not qualifying for tax allowances	60,948	66,103
Origination and reversal of timing differences	(6,609)	176,011
Capital allowances	(31,801)	(26,893)
Tax expense for the year	268,401	465,241

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:

	2017 £	2016 £
Deferred tax arising on:		
Revaluation of property	(41,022)	(39,546)

10 Dividends

	2017 £	2016 £
Ordinary final	-	5,000

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

11 Tangible fixed assets

Group	Land and buildings Freehold	Fixtures, fittings & equipment	Total
	£	£	£
Cost or valuation			
At 1 December 2016	7,801,164	2,699,017	10,500,181
Additions	7,468	77,469	84,937
At 30 November 2017	7,808,632	2,776,486	10,585,118
Depreciation and impairment			
At 1 December 2016	289,709	1,648,267	1,937,976
Depreciation charged in the year	145,028	170,916	315,944
At 30 November 2017	434,737	1,819,183	2,253,920
Carrying amount			
At 30 November 2017	7,373,895	957,303	8,331,198
At 30 November 2016	7,511,455	1,050,750	8,562,205
Company			
	Land and buildings Freehold	Fixtures, fittings & equipment	Total
	£	£	£
Cost or valuation			
At 1 December 2016	7,794,614	2,322,149	10,116,763
Additions	-	22,182	22,182
Disposals	(7,794,614)	(1,403,626)	(9,198,240)
At 30 November 2017	-	940,705	940,705
Depreciation and impairment			
At 1 December 2016	289,478	1,435,871	1,725,349
Depreciation charged in the year	144,739	137,952	282,691
Eliminated in respect of disposals	(434,217)	(889,249)	(1,323,466)
At 30 November 2017	-	684,574	684,574
Carrying amount			
At 30 November 2017	-	256,131	256,131
At 30 November 2016	7,505,136	886,278	8,391,414

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

11 Tangible fixed assets

(Continued)

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:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Cost	4,872,776	4,858,554	-	4,858,554
Accumulated depreciation	(667,460)	(576,957)	-	(576,957)
Carrying value	4,205,316	4,281,597	-	4,281,597

12 Investment property

	Group 2017 £	Company 2017 £
Fair value		
At 1 December 2016	17,353,592	17,353,592
Additions through external acquisition	2,743,601	2,743,601
Net gains or losses through fair value adjustments	341,284	341,284
At 30 November 2017	20,438,477	20,438,477

At 30 November 2017, the comparable historic cost of investment properties included at valuation was £16,023,663 (2016: £13,280,062).

13 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	14	-	-	200	200

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

13 Fixed asset investments (Continued)

Movements in fixed asset investments	Shares in group undertakings
Company	£
Cost or valuation	
At 1 December 2016 and 30 November 2017	200
Carrying amount	
At 30 November 2017	200
At 30 November 2016	200

14 Subsidiaries

Details of the company's subsidiaries at 30 November 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Lukka Care Homes (2010) Ltd	England and Wales	Residential Care	Ordinary	100.00
MacNeil Properties Ltd	England and Wales	Investment Property	Ordinary	100.00

15 Financial instruments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	1,945,774	1,458,020	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	19,612,215	17,902,001	n/a	n/a

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

16 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	411,073	285,148	64,254	46,572
Other debtors	-	483	-	483
Prepayments and accrued income	51,487	51,262	11,399	7,163
	<u>462,560</u>	<u>336,893</u>	<u>75,653</u>	<u>54,218</u>
Amounts falling due after one year:				
Amounts due from group undertakings	-	-	6,426,462	-
Amounts due from companies under common control	586,110	1,144,513	586,110	971,036
Other debtors	948,591	27,876	948,591	27,876
	<u>1,534,701</u>	<u>1,172,389</u>	<u>7,961,163</u>	<u>998,912</u>
Total debtors	<u>1,997,261</u>	<u>1,509,282</u>	<u>8,036,816</u>	<u>1,053,130</u>

17 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	19	539,992	504,699	539,992	504,699
Trade creditors		54,390	123,033	9,100	71,647
Corporation tax payable		221,008	225,228	160,782	128,875
Other taxation and social security		83,707	65,765	39,846	32,593
Other creditors		2,388,497	1,739,850	2,222,871	1,597,054
Accruals and deferred income		246,167	331,923	175,346	298,891
		<u>3,533,761</u>	<u>2,990,498</u>	<u>3,147,937</u>	<u>2,633,759</u>

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

18 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans and overdrafts	19	7,278,424	6,977,369	7,278,424	6,977,369
Amounts due to group undertakings		-	-	-	1,152,617
Amounts due to companies under common control		9,104,745	8,225,127	9,108,110	8,293,083
		<u>16,383,169</u>	<u>15,202,496</u>	<u>16,386,534</u>	<u>16,423,069</u>

19 Loans and overdrafts

	Group 2017 £	2016 £	Company 2017 £	2016 £
Bank loans	<u>7,818,416</u>	<u>7,482,068</u>	<u>7,818,416</u>	<u>7,482,068</u>
Payable within one year	539,992	504,699	539,992	504,699
Payable after one year	<u>7,278,424</u>	<u>6,977,369</u>	<u>7,278,424</u>	<u>6,977,369</u>
	<u>7,818,416</u>	<u>7,482,068</u>	<u>7,818,416</u>	<u>7,482,068</u>

Amounts included above which fall due after five years:

Payable by instalments	<u>3,704,828</u>	<u>3,552,975</u>	<u>3,704,828</u>	<u>3,552,975</u>
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Included within bank loans is £2,352,995 repayable on a monthly basis and subject to interest of base rate + 3%; £349,551 repayable on a monthly basis and subject to interest of base rate + 2.75%; £527,253 repayable on a monthly basis and subject to interest of base rate + 1.25%; £640,390 repayable on a monthly basis and subject to interest of base rate + 1.4%; and £3,948,228 repayable on a monthly basis and subject to interest of Libor 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 2017

20 Provisions for liabilities

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Deferred tax liabilities	21	593,678	641,309	346,936	626,309

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 2017 £	Liabilities 2016 £
ACAs	47,078	31,001
Revaluations	214,634	255,694
Investment property	331,966	354,614
	<u>593,678</u>	<u>641,309</u>
Company	Liabilities 2017 £	Liabilities 2016 £
ACAs	14,970	16,001
Revaluations	-	255,694
Investment property	331,966	354,614
	<u>346,936</u>	<u>626,309</u>

22 Retirement benefit schemes

Defined contribution schemes	2017 £	2016 £
Charge to profit or loss in respect of defined contribution schemes	12,308	9,129

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.

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

23 Share capital

	Group and company	
	2017	2016
	£	£
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 £4,410,823 (2016: £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	
	2017	2016	2017	2016
	£	£	£	£
Within one year	691,015	607,080	911,015	1,057,080
Between two and five years	927,584	1,029,214	1,807,584	2,829,214
In over five years	236,918	366,918	4,382,562	6,484,452
	<u>1,855,517</u>	<u>2,003,212</u>	<u>7,101,161</u>	<u>10,370,746</u>

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

26 Related party transactions

Transactions with related parties

At 30 November 2017 the group was owed £586,110 by companies under common control (2016: £1,144,513). During the year, the group charged interest of £21,828 on this balance (2016: £18,321).

At 30 November 2017 the group owed £9,104,745 to companies under common control (2016: £8,225,127). During the year, the group was charged interest of £192,809 on this balance (2016: £172,927).

On 28 November 2017 Macneil Limited transferred a freehold property including fixtures and fittings to its subsidiary for £8,110,286. The deferred tax liability in relation to the freehold property of £214,672 was also transferred to the subsidiary.

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.

The company made payments of £906,985 for Mr N J Lukka which was repaid from available credits on his loan account.

At the year end the group owed £218,873 to Mr N J Lukka (2016: £1,177,880).

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2017

27 Cash generated from group operations

	2017	2016
	£	£
Profit for the year after tax	1,333,195	2,171,096
Adjustments for:		
Taxation charged	268,401	465,241
Finance costs	385,015	358,764
Investment income	(43,296)	(20,690)
Fair value gains and losses on investment properties	(341,284)	(1,390,316)
Depreciation and impairment of tangible fixed assets	315,944	330,517
Movements in working capital:		
(Increase) in debtors	(487,979)	(213,811)
Increase in creditors	1,391,808	2,405,507
Cash generated from operations	<u><u>2,821,804</u></u>	<u><u>4,106,308</u></u>