

Company Registration No. 04417618 (England and Wales)

MACNEIL LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2018



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	HW Fisher 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

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MACNEIL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2018

The director presents the strategic report for the year ended 30 November 2018.

Fair review of the business

The group made a pre-tax profit of £1,644,161 (2017: £1,601,596) for the year on a turnover of £5,487,770 (2017: £4,612,127).

At 30 November 2018 the group had net assets of £14,928,563 (2017: £11,154,872).

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.

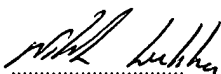
Financial risk - the company is exposed to financial risk through its assets and liabilities. The key financial risk is that, in the current climate, the proceeds from its assets may not be sufficient to fund the obligations from liabilities as they fall due. The most important components of financial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

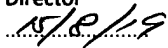
In the opinion of the director there are no Key Performance Indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

On behalf of the board



Mr N J Lukka

Director



MACNEIL LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 NOVEMBER 2018

The director presents his annual report and financial statements for the year ended 30 November 2018.

Principal activities

The principal activity of the company continues to be that of property investment and development. In addition a significant activity of the group 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.

No ordinary dividends were paid. The director does not recommend payment of a further dividend.

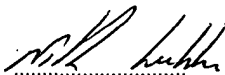
Auditor

The auditor, HW Fisher, 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: 15/12/19

MACNEIL LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 NOVEMBER 2018

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 2018 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 2018 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 intends 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.

H. W. Fisher.

Naresh Samani (Senior Statutory Auditor)
for and on behalf of HW Fisher

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

16/08/2019.

MACNEIL LIMITED

GROUP STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 NOVEMBER 2018

	Notes	2018 £	2017 £
Turnover	3	5,487,770	4,612,127
Cost of sales		(2,545,727)	(2,322,139)
Gross profit		2,942,043	2,289,988
Administrative expenses		(746,280)	(687,957)
Other operating income		1,600	-
Operating profit	4	2,197,363	1,602,031
Interest receivable and similar income	7	19,575	43,296
Interest payable and similar expenses	8	(572,777)	(385,015)
Fair value gains and losses on investment properties	12	-	341,284
Profit before taxation		1,644,161	1,601,596
Taxation	9	(330,224)	(268,401)
Profit for the financial year		1,313,937	1,333,195
Other comprehensive income			
Revaluation of tangible fixed assets		2,807,592	-
Tax relating to other comprehensive income		(347,838)	41,022
Total comprehensive income for the year		3,773,691	1,374,217

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.

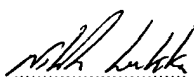
MACNEIL LIMITED

GROUP BALANCE SHEET

AS AT 30 NOVEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	10	10,822,284		8,331,198	
Investment properties	11	25,174,518		20,438,477	
		<u>35,996,802</u>		<u>28,769,675</u>	
Current assets					
Debtors	15	2,439,630		1,997,261	
Cash at bank and in hand		1,488,113		898,544	
		<u>3,927,743</u>		<u>2,895,805</u>	
Creditors: amounts falling due within one year	16	<u>(1,470,330)</u>		<u>(3,533,761)</u>	
Net current assets/(liabilities)		<u>2,457,413</u>		<u>(637,956)</u>	
Total assets less current liabilities		<u>38,454,215</u>		<u>28,131,719</u>	
Creditors: amounts falling due after more than one year	17	(22,610,130)		(16,383,169)	
Provisions for liabilities	19	(915,522)		(593,678)	
Net assets		<u>14,928,563</u>		<u>11,154,872</u>	
Capital and reserves					
Called up share capital	22	100		100	
Revaluation reserve		5,537,646		3,117,907	
Profit and loss reserves	23	9,390,817		8,036,865	
Total equity		<u>14,928,563</u>		<u>11,154,872</u>	

The financial statements were approved and signed by the director and authorised for issue on 15/8/19



Mr N J Lukka
Director

MACNEIL LIMITED

COMPANY BALANCE SHEET

AS AT 30 NOVEMBER 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		217,711		256,131
Investment properties	11		25,174,518		20,438,477
Investments	12		200		200
			<u>25,392,429</u>		<u>20,694,808</u>
Current assets					
Debtors	15	7,698,030		8,036,816	
Cash at bank and in hand		218,477		206,418	
		<u>7,916,507</u>		<u>8,243,234</u>	
Creditors: amounts falling due within one year	16	(944,664)		(3,147,937)	
Net current assets			<u>6,971,843</u>		<u>5,095,297</u>
Total assets less current liabilities			<u>32,364,272</u>		<u>25,790,105</u>
Creditors: amounts falling due after more than one year	17		(22,615,250)		(16,386,534)
Provisions for liabilities	19		(327,027)		(346,936)
Net assets			<u>9,421,995</u>		<u>9,056,635</u>
Capital and reserves					
Called up share capital	22		100		100
Profit and loss reserves	23		9,421,895		9,056,535
Total equity			<u>9,421,995</u>		<u>9,056,635</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 £365,360 (2017 - £1,029,462 profit).

The financial statements were approved and signed by the director and authorised for issue on 15/12/19



Mr N J Lukka
Director

Company Registration No. 04417618

MACNEIL LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2018

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 December 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
Year ended 30 November 2018:				
Profit for the year	-	-	1,313,937	1,313,937
Other comprehensive income:				
Revaluation of tangible fixed assets	-	2,807,592	-	2,807,592
Tax relating to other comprehensive income	-	(347,838)	-	(347,838)
Total comprehensive income for the year	-	2,459,754	1,313,937	3,773,691
Transfers	-	(40,015)	40,015	-
Balance at 30 November 2018	100	5,537,646	9,390,817	14,928,563

MACNEIL LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 NOVEMBER 2018

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 December 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
Year ended 30 November 2018:				
Profit and total comprehensive income for the year	-	-	365,360	365,360
Balance at 30 November 2018	100	-	9,421,895	9,421,995

MACNEIL LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 NOVEMBER 2018

		2018	2017
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	26	6,918,814	2,821,804
Interest paid		(572,777)	(385,015)
Income taxes paid		(379,779)	(279,230)
Net cash inflow from operating activities		5,966,258	2,157,559
Investing activities			
Purchase of tangible fixed assets		(23,475)	(84,937)
Purchase of investment property		(4,736,041)	(2,743,601)
Interest received		19,575	43,296
Net cash used in investing activities		(4,739,941)	(2,785,242)
Financing activities			
Proceeds of new bank loans		-	943,345
Repayment of bank loans		(636,748)	(606,997)
Net cash (used in)/generated from financing activities		(636,748)	336,348
Net increase/(decrease) in cash and cash equivalents		589,569	(291,335)
Cash and cash equivalents at beginning of year		898,544	1,189,879
Cash and cash equivalents at end of year		1,488,113	898,544

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2018

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.

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 2018. 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.

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies

(Continued)

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.

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

The excess depreciation between revalued land and buildings and historical cost is transferred between the profit and loss reserve and revaluation reserve.

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.

1.7 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 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.

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies

(Continued)

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' 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.

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

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.

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.

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

1 Accounting policies

(Continued)

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.

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

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 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. The land element of the land and buildings is also a subjective judgement. 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 2018

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
Nursing home fees	4,199,861	3,657,100
Rental income	1,287,909	955,027
	<u>5,487,770</u>	<u>4,612,127</u>

	2018 £	2017 £
Other significant revenue		
Interest income	19,575	43,296
	<u>19,575</u>	<u>43,296</u>

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	339,981	315,944
	<u>339,981</u>	<u>315,944</u>

5 Auditor's remuneration

	2018 £	2017 £
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	5,620	5,410
	<u>12,620</u>	<u>12,410</u>

6 Employees

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

	2018 Number	2017 Number
Administration and care staff	97	103
	<u>97</u>	<u>103</u>

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

6	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2018	2017
		£	£
	Wages and salaries	2,106,078	1,931,941
	Social security costs	184,446	166,004
	Pension costs	23,277	12,308
		<u>2,313,801</u>	<u>2,110,253</u>
7	Interest receivable and similar income		
		2018	2017
		£	£
	Interest income		
	Interest receivable from companies under common control	19,555	22,581
	Other interest income	20	20,715
		<u>19,575</u>	<u>43,296</u>
8	Interest payable and similar expenses		
		2018	2017
		£	£
	Interest on bank overdrafts and loans	207,894	189,538
	Interest payable to companies under common control	362,919	193,560
	Other interest	1,964	1,917
		<u>572,777</u>	<u>385,015</u>
9	Taxation		
		2018	2017
		£	£
	UK corporation tax on profits for the current period	356,218	275,010
		<u>356,218</u>	<u>275,010</u>
	Deferred tax		
	Origination and reversal of timing differences	(25,994)	(6,609)
		<u>(25,994)</u>	<u>(6,609)</u>
	Total tax charge	<u>330,224</u>	<u>268,401</u>

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

9 Taxation

(Continued)

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:

	2018 £	2017 £
Profit before taxation	1,644,161	1,601,596
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.33%)	312,391	309,612
Tax effect of expenses that are not deductible in determining taxable profit	5,105	(197)
Tax effect of income not taxable in determining taxable profit	-	(65,975)
Change in unrecognised deferred tax assets	(2,111)	2,423
Depreciation on assets not qualifying for tax allowances	-	60,948
Origination and reversal of timing differences	(19,909)	(6,609)
Deferred tax movements	(6,085)	-
Depreciation add back	57,166	-
Capital allowances	(16,333)	(31,801)
Tax expense for the year	330,224	268,401

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:

	2018 £	2017 £
Deferred tax arising on:		
Revaluation of property	347,838	(41,022)

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

10 Tangible fixed assets

Group	Land and buildings Freehold	Fixtures, fittings & equipment	Total
	£	£	£
Cost or valuation			
At 1 December 2017	7,808,632	2,776,486	10,585,118
Additions	-	23,475	23,475
Revaluation	1,460,404	-	1,460,404
Transfers	798,476	(798,476)	-
At 30 November 2018	10,067,512	2,001,485	12,068,997
Depreciation and impairment			
At 1 December 2017	434,737	1,819,183	2,253,920
Depreciation charged in the year	179,248	160,733	339,981
Revaluation	(1,347,188)	-	(1,347,188)
Transfers	889,249	(889,249)	-
At 30 November 2018	156,046	1,090,667	1,246,713
Carrying amount			
At 30 November 2018	9,911,466	910,818	10,822,284
At 30 November 2017	7,373,895	957,303	8,331,198
Company		Fixtures, fittings & equipment	
		£	
Cost or valuation			
At 1 December 2017 and 30 November 2018			940,705
Depreciation and impairment			
At 1 December 2017			684,574
Depreciation charged in the year			38,420
At 30 November 2018			722,994
Carrying amount			
At 30 November 2018			217,711
At 30 November 2017			256,131

The carrying value of land and buildings was revalued as at 31 January 2018. The revaluation is based on a valuation report prepared on 23 January 2018 by Colliers International Property Consultants Limited, a firm of property consultants. Their valuation is based on the special assumption that the land and buildings are fully equipped as operational entities and valued having regard to trading potential, as at the date of valuation. As at 30 November 2018 the director believes that the fair value of the land and buildings after the depreciation charge for the year correctly reflect the market value.

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

10 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 2018 £	2017 £	Company 2018 £	2017 £
Cost	4,872,776	4,872,776	-	-
Accumulated depreciation	(757,968)	(667,460)	-	-
Carrying value	4,114,808	4,205,316	-	-

11 Investment property

	Group 2018 £	Company 2018 £
Fair value		
At 1 December 2017	20,438,477	20,438,477
Additions through external acquisition	4,736,041	4,736,041
At 30 November 2018	25,174,518	25,174,518

At 30 November 2018, the comparable historic cost of investment properties included at valuation was £20,759,704 (2017: £16,023,663).

12 Fixed asset investments

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Investments in subsidiaries	13	-	-	200	200

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 December 2017 and 30 November 2018	200
Carrying amount	
At 30 November 2018	200
At 30 November 2017	200

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

13 Subsidiaries

Details of the company's subsidiaries at 30 November 2018 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

The outstanding liabilities at the balance sheet date of Macneil Properties Ltd, one of the company's subsidiary undertakings, have been guaranteed by Macneil Limited pursuant to s479A to s479C of the Companies Act 2006.

14 Financial instruments

	Group 2018 £	2017 £	Company 2018 £	2017 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	2,377,970	1,945,774	n/a	n/a
Carrying amount of financial liabilities				
Measured at amortised cost	23,787,098	19,612,215	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.

15 Debtors

	Group 2018 £	2017 £	Company 2018 £	2017 £
Amounts falling due within one year:				
Trade debtors	499,109	411,073	113,421	64,254
Other debtors	2,738	-	2,738	-
Prepayments and accrued income	61,660	51,487	20,292	11,399
	563,507	462,560	136,451	75,653
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	5,685,456	6,426,462
Amount owed by companies under common control	956,035	586,110	956,035	586,110
Other debtors	920,088	948,591	920,088	948,591
	1,876,123	1,534,701	7,561,579	7,961,163
Total debtors	2,439,630	1,997,261	7,698,030	8,036,816

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

16 Creditors: amounts falling due within one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	18	537,850	539,992	537,850	539,992
Trade creditors		88,856	54,390	20,144	9,100
Corporation tax payable		197,447	221,008	37,250	160,782
Other taxation and social security		95,915	83,707	49,376	39,846
Other creditors		339,354	2,388,497	151,980	2,222,871
Accruals and deferred income		210,908	246,167	148,064	175,346
		<u>1,470,330</u>	<u>3,533,761</u>	<u>944,664</u>	<u>3,147,937</u>

17 Creditors: amounts falling due after more than one year

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans and overdrafts	18	6,643,818	7,278,424	6,643,818	7,278,424
Amounts due to companies under common control		15,966,312	9,104,745	15,971,432	9,108,110
		<u>22,610,130</u>	<u>16,383,169</u>	<u>22,615,250</u>	<u>16,386,534</u>

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

18 Loans and overdrafts

	Group 2018 £	2017 £	Company 2018 £	2017 £
Bank loans	7,181,668	7,818,416	7,181,668	7,818,416
Payable within one year	537,850	539,992	537,850	539,992
Payable after one year	6,643,818	7,278,424	6,643,818	7,278,424
	7,181,668	7,818,416	7,181,668	7,818,416
Amounts included above which fall due after five years:				
Payable by instalments	3,130,139	3,704,828	3,130,139	3,704,828

Included within bank loans is £2,244,729 repayable on a monthly basis and subject to interest of base rate + 3%; £312,208 repayable on a monthly basis and subject to interest of base rate + 2.75%; £386,252 repayable on a monthly basis and subject to interest of base rate + 1.25%; £537,885 repayable on a monthly basis and subject to interest of base rate + 1.4%; and £3,700,595 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 amounting to £13,797,769 along with a guarantee of £600,000 from N J Lukka.

19 Provisions for liabilities

	Notes	Group 2018 £	2017 £	Company 2018 £	2017 £
Deferred tax liabilities	20	915,522	593,678	327,027	346,936

20 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:

	Liabilities 2018 £	Liabilities 2017 £
Group		
Accelerated capital allowances	37,206	47,078
Revaluations	562,472	214,634
Investment property	315,844	331,966
	915,522	593,678

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

20 Deferred taxation

(Continued)

	Liabilities 2018 £	Liabilities 2017 £
Company		
Accelerated capital allowances	11,183	14,970
Investment property	315,844	331,966
	<u>327,027</u>	<u>346,936</u>
	Group	Company
	2018	2018
	£	£
Movements in the year:		
Liability at 1 December 2017	593,678	346,936
Credit to profit or loss	(25,994)	(19,909)
Charge to other comprehensive income	347,838	-
	<u>915,522</u>	<u>327,027</u>

21 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	<u>23,277</u>	<u>12,308</u>

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.

22 Share capital

	Group and company 2018 £	2017 £
Ordinary share capital		
Issued and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

23 Reserves

Profit and loss reserves

Profit and loss reserves include £4,098,970 (2017: £4,082,848) in respect of unrealised gains arising on investment properties.

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

24 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 2018 £	2017 £	Company 2018 £	2017 £
Within one year	904,702	691,015	1,124,702	911,015
Between two and five years	1,761,391	927,584	2,641,391	1,807,584
In over five years	1,505,064	236,918	5,430,708	4,382,562
	<u>4,171,157</u>	<u>1,855,517</u>	<u>9,196,801</u>	<u>7,101,161</u>

25 Related party transactions

Transactions with related parties

At 30 November 2018 the group was owed £956,035 by companies under common control (2017: £586,110). During the year, the group charged interest of £23,869 on this balance (2017: £21,828).

At 30 November 2018 the group owed £15,966,312 to companies under common control (2017: £9,104,745). During the year, the group was charged interest of £367,232 on this balance (2017: £192,809).

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 group 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 £123,667 for Mr N J Lukka which was repaid from available credits on his loan account.

At the year end the group owed £96,207 to Mr N J Lukka (2017: £218,873).

MACNEIL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 NOVEMBER 2018

26 Cash generated from group operations

	2018	2017
	£	£
Profit for the year after tax	1,313,937	1,333,195
Adjustments for:		
Taxation charged	330,224	268,401
Finance costs	572,777	385,015
Investment income	(19,575)	(43,296)
Fair value gains and losses on investment properties	-	(341,284)
Depreciation and impairment of tangible fixed assets	339,981	315,944
Movements in working capital:		
(Increase) in debtors	(442,369)	(487,979)
Increase in creditors	4,823,839	1,391,808
Cash generated from operations	6,918,814	2,821,804