

Company Registration No. 08083751 (England and Wales)

ST MATTHEWS (MORETON CENTRE) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

WEDNESDAY



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COMPANIES HOUSE

ST MATTHEWS (MORETON CENTRE) LIMITED

COMPANY INFORMATION

Directors Chet Khera
Nisharn Singh Sidhu-Brar

Secretary Jan Floyd

Company number 08083751

Registered office The Moreton Centre
Boscobel Road
St Leonards On Sea
East Sussex
TN38 0LX
United Kingdom

Auditor H W Fisher & Company
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

Business address The Moreton Centre
Boscobel Road
St Leonards On Sea
East Sussex
TN38 0LX
United Kingdom

ST MATTHEWS (MORETON CENTRE) LIMITED

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ST MATTHEWS (MORETON CENTRE) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors present the strategic report for the year ended 31 August 2016.

Fair review of the business

The company has generated a profit in the year following an increase in turnover, largely due to higher occupancy levels.

Principal risks and uncertainties

The principal risks and uncertainties facing the company relate to adverse findings by the Care Quality Commission. However, the company ensures that its care home is run to a very high standard.

Another risk facing the industry as a whole is the use of agency staff to meet employment demands. The company aims to minimise the reliance placed on agency staff by ensuring the care home has sufficient staff available.

The directors continually review risks and uncertainties throughout the period and believe that they have the management and systems in place to deal with changing situations.

Key performance indicators

In the opinion of the directors the Key Performance Indicators of the company include gross profit margin and occupancy levels of the care home, which are closely monitored by the directors. The current occupancy levels are in line with directors expectations.

On behalf of the board



Chet Khera

Director

31/05/2017

ST MATTHEWS (MORETON CENTRE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

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

Principal activities

The principal activity of the company continues to be the provision of care home services at the Moreton Centre in St Leonards On Sea.

Directors

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

Chet Khera

Nisham Singh Sidhu-Brar

Results and dividends

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

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

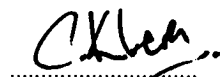
Auditor

The auditor, H W Fisher & Company, is 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 company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Chet Khera

Director

31/05/2017

ST MATTHEWS (MORETON CENTRE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

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

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

ST MATTHEWS (MORETON CENTRE) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ST MATTHEWS (MORETON CENTRE) LIMITED

We have audited the financial statements of St Matthews (Moreton Centre) Limited for the year ended 31 August 2016 set out on pages 20 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

ST MATTHEWS (MORETON CENTRE) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ST MATTHEWS (MORETON CENTRE) LIMITED

Matters on which we are required to report by exception

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

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

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

31/05/2017.

ST MATTHEWS (MORETON CENTRE) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	2015 £
Turnover	3	2,803,828	1,940,943
Cost of sales		(1,774,283)	(1,620,848)
Gross profit		1,029,545	320,095
Administrative expenses		(436,681)	(323,710)
Operating profit/(loss)	4	592,864	(3,615)
Interest payable and similar charges	6	(140,288)	(173,939)
Profit/(loss) before taxation		452,576	(177,554)
Taxation	7	(21,988)	-
Profit/(loss) for the financial year		430,588	(177,554)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

ST MATTHEWS (MORETON CENTRE) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2016

	2016	2015
	£	£
Profit/(loss) for the year	430,588	(177,554)
Other comprehensive income		
Revaluation of tangible fixed assets	2,442,220	-
Tax relating to other comprehensive income	(393,509)	25,724
Other comprehensive income for the year	2,048,711	25,724
Total comprehensive income for the year	2,479,299	(151,830)

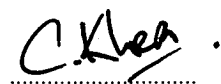
ST MATTHEWS (MORETON CENTRE) LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	8		7,290,000		4,946,274
Current assets					
Stocks	10	21,990		-	
Debtors	11	1,804,518		1,437,548	
Cash at bank and in hand		358,201		226,421	
		<u>2,184,709</u>		<u>1,663,969</u>	
Creditors: amounts falling due within one year	12	<u>(1,344,729)</u>		<u>(1,237,747)</u>	
Net current assets			839,980		426,222
Total assets less current liabilities			8,129,980		5,372,496
Creditors: amounts falling due after more than one year	13		(4,761,187)		(4,898,499)
Provisions for liabilities	16		(595,341)		(179,844)
Net assets			<u>2,773,452</u>		<u>294,153</u>
Capital and reserves					
Called up share capital	17		1		1
Revaluation reserve			2,954,888		924,105
Profit and loss reserves			(181,437)		(629,953)
Total equity			<u>2,773,452</u>		<u>294,153</u>

The financial statements were approved by the board of directors and authorised for issue on 31/05/17 and are signed on its behalf by:



Chet Khera
Director

Company Registration No. 08083751

ST MATTHEWS (MORETON CENTRE) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2016

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 September 2014	1	1,121,877	(470,327)	651,551
Effect of transition to FRS 102	-	(205,568)	-	(205,568)
As restated	1	916,309	(470,327)	445,983
Year ended 31 August 2015:				
Loss for the year	-	-	(177,554)	(177,554)
Other comprehensive income:				
Tax relating to other comprehensive income	-	25,724	-	25,724
Total comprehensive income for the year	-	25,724	(177,554)	(151,830)
Transfers	-	(17,928)	17,928	-
Balance at 31 August 2015	1	924,105	(629,953)	294,153
Year ended 31 August 2016:				
Profit for the year	-	-	430,588	430,588
Other comprehensive income:				
Revaluation of tangible fixed assets	-	2,442,220	-	2,442,220
Tax relating to other comprehensive income	-	(393,509)	-	(393,509)
Total comprehensive income for the year	-	2,048,711	430,588	2,479,299
Transfers	-	(17,928)	17,928	-
Balance at 31 August 2016	1	2,954,888	(181,437)	2,773,452

ST MATTHEWS (MORETON CENTRE) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	£	2015 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	21	277,214		(186,152)	
Interest paid		(140,288)		(173,939)	
Net cash inflow/(outflow) from operating activities		136,926		(360,091)	
Investing activities					
Purchase of tangible fixed assets		(27,799)		(5,862)	
Proceeds on disposal of tangible fixed assets		-		6,951	
Net cash (used in)/generated from investing activities		(27,799)		1,089	
Financing activities					
Proceeds of new bank loans		5,100,000		-	
Repayment of bank loans		(5,027,296)		324,815	
Net cash generated from financing activities		72,704		324,815	
Net increase/(decrease) in cash and cash equivalents		181,831		(34,187)	
Cash and cash equivalents at beginning of year		176,370		210,557	
Cash and cash equivalents at end of year		358,201		176,370	
Relating to:					
Cash at bank and in hand		358,201		226,421	
Bank overdrafts included in creditors payable within one year		-		(50,051)	

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

Company information

St Matthews (Moreton Centre) Limited is a company limited by shares incorporated in England and Wales. The registered office is The Moreton Centre, Boscobel Road, St Leonards On Sea, East Sussex, TN38 0LX, United Kingdom.

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 under the historical cost convention, modified to include the revaluation of leasehold properties. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 August 2016 are the first financial statements of St Matthews (Moreton Centre) Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 22.

1.2 Going concern

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

The validity of the going concern assumption is dependent on the company continuing to receive financial support from the company's directors.

1.3 Turnover

Turnover represents the invoiced value of services provided.

1.4 Tangible fixed assets

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

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

Leasehold property	2% Straight line
Office equipment	25% Straight line
Fixtures, fittings & equipment	25% Straight line

Freehold land is not depreciated.

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

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

1.5 Impairment of fixed assets

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

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

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

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

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash and cash equivalents

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

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

1.8 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

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 company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. 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 company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

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

1.10 Taxation

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

Current tax

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

Deferred tax

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

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

1.11 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.

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

2 Judgements and key sources of estimation uncertainty

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

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

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.

Revaluation of leasehold land and buildings

The company carries its property, used in the business, at fair value, with changes in fair value being recognised through other comprehensive income. The company engaged independent valuation specialists to determine the fair value of the care home. The valuation was based on an estimate of the maintainable level of trade and future profitability a competent operator of a business conducted on the premises acting in an efficient manner would expect to achieve. As with all properties valued by reference to trading potential, valuations are vulnerable to external influences and the introduction of competition. The trading valuation is inextricably linked to the performance of the national economy. The carrying value of the property at 31 August 2016 is £7,260,840.

Deferred tax has been recognised on revalued property based on the estimated fair value at the year-end date.

3 Turnover and other revenue

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

	2016 £	2015 £
Turnover		
Care home services	2,803,828	1,940,943

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	2,803,828	1,940,943

4 Operating profit/(loss)

	2016 £	2015 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	9,162	6,250
Depreciation of owned tangible fixed assets	126,293	114,463
Profit on disposal of tangible fixed assets	-	(6,951)
Cost of stocks recognised as an expense	47,847	68,121
Operating lease charges	-	1,475

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

5 Employees

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

	2016 Number	2015 Number
Healthcare/Domestic	77	74
Administrative	3	3
	<u>80</u>	<u>77</u>

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	1,368,888	1,218,955
Social security costs	96,060	89,412
	<u>1,464,948</u>	<u>1,308,367</u>

6 Interest payable and similar charges

	2016 £	2015 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	<u>140,288</u>	<u>173,939</u>

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

7 Taxation

	2016 £	2015 £
Deferred tax		
Origination and reversal of timing differences	21,988	-

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:

	2016 £	2015 £
Profit/(loss) before taxation	452,576	(177,554)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	90,515	(35,511)
Tax effect of utilisation of tax losses not previously recognised	(80,489)	-
Unutilised tax losses carried forward	-	49,783
Permanent capital allowances in excess of depreciation	(10,026)	(14,272)
Deferred tax adjustments	21,988	-
Tax expense for the year	21,988	-

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

	2016 £	2015 £
Deferred tax arising on:		
Revaluation of property	393,509	(25,724)

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

8 Tangible fixed assets

	Leasehold land and buildings £	Office fixtures, fittings equipment £	& equipment £	Total £
Cost or valuation				
At 1 September 2015	4,988,142	10,094	108,711	5,106,947
Additions	-	18,747	9,052	27,799
Revaluation	2,272,698	-	-	2,272,698
At 31 August 2016	7,260,840	28,841	117,763	7,407,444
Depreciation and impairment				
At 1 September 2015	84,761	4,384	71,528	160,673
Depreciation charged in the year	84,761	13,532	28,000	126,293
Revaluation	(169,522)	-	-	(169,522)
At 31 August 2016	-	17,916	99,528	117,444
Carrying amount				
At 31 August 2016	7,260,840	10,925	18,235	7,290,000
At 31 August 2015	4,903,381	5,710	37,183	4,946,274

The Moreton Centre care home was revalued on 1 May 2015 at £7,290,000 by CBRE Limited, Chartered Surveyors, independent valuers not connected with the company on the basis of the existing market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The valuation has been reflected in the financial statements at 31 August 2016, as the directors believe this to be a true reflection of the fair value at that date based on the level of trade.

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:

	2016 £	2015 £
Cost	3,933,098	3,933,098
Accumulated depreciation	200,499	133,666
Carrying value	3,732,599	3,799,432

9 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,804,342	1,437,372
Carrying amount of financial liabilities		
Measured at amortised cost	6,082,285	6,069,467

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

10 Stocks

	2016 £	2015 £
Consumables	21,990	-

11 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	201,974	68,765
Amounts due from fellow group undertakings	1,600,705	1,362,190
Other debtors	1,663	6,417
Prepayments and accrued income	176	176
	<u>1,804,518</u>	<u>1,437,548</u>

12 Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	210,016	50,051
Trade creditors	76,069	56,927
Other taxation and social security	23,631	66,779
Other creditors	1,003,912	1,003,913
Accruals and deferred income	31,101	60,077
	<u>1,344,729</u>	<u>1,237,747</u>

13 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Bank loans	14	4,761,187	4,898,499

14 Loans and overdrafts

	2016 £	2015 £
Bank loans	4,971,203	4,898,499
Bank overdrafts	-	50,051
	<u>4,971,203</u>	<u>4,948,550</u>
Payable within one year	210,016	50,051
Payable after one year	4,761,187	4,898,499

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

14 Loans and overdrafts

(Continued)

The bank loans are repayable in monthly instalments of £27,658, with a lump sum payable at the end of the 5 year term. Interest is payable at a rate of 2.25% above base rate per annum.

The bank loan is secured by way of a fixed and floating charge over all of the assets of the company including a legal charge over the leasehold property, which is held within tangible fixed assets.

15 Provisions for liabilities

		2016 £	2015 £
Deferred tax liabilities	16	595,341	179,844
		<u>595,341</u>	<u>179,844</u>

16 Deferred taxation

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

	Liabilities 2016 £	Liabilities 2015 £
Balances:		
Accelerated capital allowances	76,289	-
Tax losses	(54,301)	-
Revaluations	573,353	179,844
	<u>595,341</u>	<u>179,844</u>
		2016 £
Movements in the year:		
Liability at 1 September 2015		179,844
Charge to profit or loss		21,988
Charge to other comprehensive income		393,509
		<u>595,341</u>
Liability at 31 August 2016		

17 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

18 Financial commitments, guarantees and contingent liabilities

The company forms part of a cross company guarantee securing the bank borrowings of St Matthews (Moreton Centre) Limited and its fellow group companies: St Matthews Group (UK) Limited, I-Con Design and Build Limited, St Matthews (Dunsmore) Limited and St Matthews (Broad Lane) Limited. At 31 August 2016 these borrowings amounted to £8,456,203.

19 Related party transactions

At the year-end, the company owed £455,508 (2015: £455,508) to Chet Khera, a director of the company, in respect of amounts loaned for working capital.

At the year-end, the company owed £548,404 (2015: £548,405) to St Matthews Limited, a company which is under the ultimate control of Nisharn Singh Sidhu-Brar, a director of St Matthews (Moreton Centre) Limited. This amount has been loaned for working capital.

20 Controlling party

The company's immediate parent company is St Matthews Group (UK) Limited, a company registered in England and Wales (Registered office: The Moreton Centre, Boscobel Road, St Leonards On Sea, East Sussex TN38 0LX) and its ultimate controlling parties are the directors. The results of St Matthews (Moreton Centre) Limited are incorporated within the consolidated financial statements of St Matthews Group (UK) Limited, which can be obtained from Companies House.

21 Cash generated from operations

	2016 £	2015 £
Profit/(loss) for the year after tax	430,588	(177,554)
Adjustments for:		
Taxation charged	21,988	-
Finance costs	140,288	173,939
Gain on disposal of tangible fixed assets	-	(6,951)
Depreciation and impairment of tangible fixed assets	126,293	114,463
Movements in working capital:		
(Increase) in stocks	(21,990)	-
(Increase) in debtors	(366,970)	(338,623)
(Decrease)/increase in creditors	(52,983)	48,574
Cash generated from/(absorbed by) operations	277,214	(186,152)

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Reconciliations on adoption of FRS 102

Reconciliation of equity

	Notes	At 1 September 2014			At 31 August 2015		
		Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Fixed assets							
Tangible assets		5,054,875	-	5,054,875	4,946,274	-	4,946,274
Current assets							
Debtors		1,098,925	-	1,098,925	1,437,548	-	1,437,548
Bank and cash		210,557	-	210,557	226,421	-	226,421
		1,309,482	-	1,309,482	1,663,969	-	1,663,969
Creditors due within one year							
Loans and overdrafts		(456,040)	-	(456,040)	(505,559)	-	(505,559)
Taxation		(24,317)	-	(24,317)	(66,779)	-	(66,779)
Other creditors		(658,765)	-	(658,765)	(665,409)	-	(665,409)
		(1,139,122)	-	(1,139,122)	(1,237,747)	-	(1,237,747)
Net current assets		170,360	-	170,360	426,222	-	426,222
Total assets less current liabilities		5,225,235	-	5,225,235	5,372,496	-	5,372,496
Creditors due after one year							
Loans and overdrafts		(4,573,684)	-	(4,573,684)	(4,898,499)	-	(4,898,499)
Provisions for liabilities							
Deferred tax	1	-	(205,568)	(205,568)	-	(179,844)	(179,844)
Net assets		651,551	(205,568)	445,983	473,997	(179,844)	294,153
Capital and reserves							
Share capital		1	-	1	1	-	1
Revaluation reserve	1	1,121,877	(205,568)	916,309	1,103,949	(179,844)	924,105
Profit and loss		(470,327)	-	(470,327)	(629,953)	-	(629,953)
Total equity		651,551	(205,568)	445,983	473,997	(179,844)	294,153

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2016

22 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of loss for the financial period

	Notes	Year ended 31 August 2015		FRS 102
		Previous UK GAAP £	Effect of transition £	
Turnover		1,940,943	-	1,940,943
Cost of sales		(1,620,848)	-	(1,620,848)
Gross profit		320,095	-	320,095
Administrative expenses		(323,710)	-	(323,710)
Interest payable and similar charges		(173,939)	-	(173,939)
Taxation		-	-	-
Loss for the financial period		(177,554)	-	(177,554)

Notes to reconciliations on adoption of FRS 102

(1) Deferred taxation

FRS 102 requires deferred tax to be provided for on the difference between the cost and the fair value of land and buildings held at valuation, with movements passing through other comprehensive income. Deferred tax of £205,568 has been provided for at the transition date, 1 September 2014 with a reduction of £25,724 up to 31 August 2015. Previously under UK GAAP, deferred tax was not recognised on revaluation gains and losses where there was no indication or commitment to sell the property at the balance sheet date.