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ST MATTHEWS (MORETON CENTRE) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2017

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ST MATTHEWS (MORETON CENTRE) LIMITED

COMPANY INFORMATION

Directors Chet Khera
Nisham 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

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Directors' responsibilities statement	4
Independent auditor's report	5 - 6
Profit and loss account	7
Statement of comprehensive income	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11 - 21

ST MATTHEWS (MORETON CENTRE) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The directors present the strategic report for the year ended 31 August 2017.

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.

Overall profitability has fallen due to increase in staff costs following increase in national minimum wage and higher property repairs required during the year.

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.

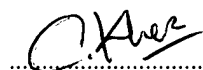
Development and performance

Company has generated a profit after tax of £216,921 (2016: £430,588). Gross profit of 29% (2016: 37%) was achieved during the year. Reduction in profitability is a result of increase in wages and repairs required at the centre in order to provide the high quality services.

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

28.2.18

ST MATTHEWS (MORETON CENTRE) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 2017

The directors present their annual report and financial statements for the year ended 31 August 2017.

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

Nisharn Singh Sidhu-Brar

Results and dividends

The results for the year are set out on page 7.

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

Financial instruments

Financial risk management

The company's financial instruments comprise cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operation. The main financial risks arising from these financial instruments are liquidity and credit risk.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on floating rate deposits, bank overdrafts and loans.

Credit risk

Investments of cash surpluses, borrowings and derivative instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board.

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Future developments

Company is aiming to further improve the quality of services provided to its residents and to continue to trade at full capacity.

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

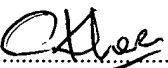
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to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

ST MATTHEWS (MORETON CENTRE) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

On behalf of the board



Chet Khera

Director

Date: 28.2.18

ST MATTHEWS (MORETON CENTRE) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2017

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

Opinion

We have audited the financial statements of St Matthews (Moreton Centre) Limited (the 'company') for the year ended 31 August 2017 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 company's affairs as at 31 August 2017 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.

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors are 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 directors are responsible for assessing the 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 directors either intend to liquidate the 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.

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

26/02/2018

ST MATTHEWS (MORETON CENTRE) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2017

	Notes	2017 £	2016 £
Turnover	3	3,087,746	2,803,828
Cost of sales		(2,192,449)	(1,774,283)
Gross profit		895,297	1,029,545
Administrative expenses		(490,733)	(436,681)
Operating profit	4	404,564	592,864
Interest payable and similar expenses	6	(121,885)	(140,288)
Profit before taxation		282,679	452,576
Tax on profit	7	(64,745)	(21,988)
Profit for the financial year		217,934	430,588

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 2017

	2017	2016
	£	£
Profit for the year	217,934	430,588
	<u> </u>	<u> </u>
Other comprehensive income		
Revaluation of tangible fixed assets	-	2,442,220
Tax relating to other comprehensive income	80,495	(393,509)
	<u> </u>	<u> </u>
Other comprehensive income for the year	80,495	2,048,711
	<u> </u>	<u> </u>
Total comprehensive income for the year	298,429	2,479,299
	<u> </u>	<u> </u>

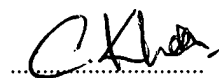
ST MATTHEWS (MORETON CENTRE) LIMITED

BALANCE SHEET

AS AT 31 AUGUST 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	8		7,187,059		7,290,000
Current assets					
Stocks	9	23,090		21,990	
Debtors	10	2,204,491		1,804,518	
Cash at bank and in hand		145,575		358,201	
			2,373,156		2,184,709
Creditors: amounts falling due within one year	11	(1,354,110)		(1,344,729)	
Net current assets			1,019,046		839,980
Total assets less current liabilities			8,206,105		8,129,980
Creditors: amounts falling due after more than one year	12		(4,554,633)		(4,761,187)
Provisions for liabilities	14		(579,591)		(595,341)
Net assets			3,071,881		2,773,452
Capital and reserves					
Called up share capital	17		1		1
Revaluation reserve			2,973,995		2,954,888
Profit and loss reserves			97,885		(181,437)
Total equity			3,071,881		2,773,452

The financial statements were approved by the board of directors and authorised for issue on 28.2.18 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 2017

	Share capital	Revaluation reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 September 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
Year ended 31 August 2017:				
Profit for the year	-	-	217,934	217,934
Other comprehensive income:				
Tax relating to other comprehensive income	-	80,495	-	80,495
Total comprehensive income for the year	-	80,495	217,934	298,429
Transfers	-	(61,388)	61,388	-
Balance at 31 August 2017	1	2,973,995	97,885	3,071,881

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

Company information

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

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.

This 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:

- 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.

The financial statements of the company are consolidated in the financial statements of St Matthews (Group) UK Limited. These consolidated financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ

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 amounts receivable during the period in respect of care services provided.

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business.

Revenue from the sale of services is recognised when the significant risks and rewards of ownership of the service have passed to the resident, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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
Motor vehicles	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.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

1.7 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.

1.8 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 balance sheet when the company becomes party to the contractual provisions of the instrument.

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

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.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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.

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 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 company after deducting all of its liabilities.

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 payments 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.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

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.

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

1 Accounting policies

(Continued)

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.

1.12 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 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 2017 is £7,132,619.

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

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
Care home services	3,087,746	2,803,828

	2017 £	2016 £
Turnover analysed by geographical market		
United Kingdom	3,087,746	2,803,828

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	9,162	9,162
Depreciation of owned tangible fixed assets	168,071	126,293
Cost of stocks recognised as an expense	48,649	47,847

5 Employees

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

	2017 Number	2016 Number
Healthcare/Domestic	92	77
Administrative	3	3
	95	80

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	1,703,942	1,354,033
Social security costs	125,740	96,060
Pension costs	3,945	-
	1,833,627	1,450,093

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

6 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and loans	121,885	140,288
	<u> </u>	<u> </u>

7 Taxation

	2017	2016
	£	£
Deferred tax		
Origination and reversal of timing differences	64,745	21,988
	<u> </u>	<u> </u>

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

	2017	2016
	£	£
Profit before taxation	282,679	452,576
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.58% (2016: 20.00%)	55,349	90,515
Tax effect of expenses that are not deductible in determining taxable profit	8,239	-
Tax effect of utilisation of tax losses not previously recognised	(50,051)	(80,489)
Group relief	(8,180)	-
Permanent capital allowances in excess of depreciation	(5,357)	(10,026)
Deferred tax adjustments	64,745	21,988
	<u> </u>	<u> </u>
Taxation charge for the year	64,745	21,988
	<u> </u>	<u> </u>

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	(80,495)	393,509
	<u> </u>	<u> </u>

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

8 Tangible fixed assets

	Leasehold land and buildings	Office equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 September 2016	7,260,840	28,841	117,763	-	7,407,444
Additions	-	34,233	24,902	5,995	65,130
At 31 August 2017	7,260,840	63,074	142,665	5,995	7,472,574
Depreciation and impairment					
At 1 September 2016	-	17,916	99,528	-	117,444
Depreciation charged in the year	128,221	12,100	27,000	750	168,071
At 31 August 2017	128,221	30,016	126,528	750	285,515
Carrying amount					
At 31 August 2017	7,132,619	33,058	16,137	5,245	7,187,059
At 31 August 2016	7,260,840	10,925	18,235	-	7,290,000

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:

	2017 £	2016 £
Cost	3,933,098	3,933,098
Accumulated depreciation	(267,332)	(200,499)
Carrying value	3,665,766	3,732,599

9 Stocks

	2017 £	2016 £
Consumables	23,090	21,990

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

10 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	147,319	201,974
Amounts owed by group undertakings	2,033,735	1,600,705
Other debtors	1,391	1,663
Prepayments and accrued income	22,046	176
	<u>2,204,491</u>	<u>1,804,518</u>

11 Creditors: amounts falling due within one year

	Notes	2017	2016
		£	£
Bank loans and overdrafts	13	206,554	210,016
Trade creditors		74,534	76,069
Other taxation and social security		37,286	23,631
Other creditors		1,011,894	1,003,912
Accruals and deferred income		23,842	31,101
		<u>1,354,110</u>	<u>1,344,729</u>

12 Creditors: amounts falling due after more than one year

	Notes	2017	2016
		£	£
Bank loans and overdrafts	13	<u>4,554,633</u>	<u>4,761,187</u>

13 Loans and overdrafts

	2017	2016
	£	£
Bank loans	<u>4,761,187</u>	<u>4,971,203</u>
Payable within one year	206,554	210,016
Payable after one year	<u>4,554,633</u>	<u>4,761,187</u>

The bank loan is 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 land and buildings, which is held within tangible fixed assets.

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

14 Provisions for liabilities

	Notes	2017 £	2016 £
Deferred tax liabilities	15	579,591	595,341

15 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 2017 £	Liabilities 2016 £
Balances:		
Accelerated capital allowances	94,622	76,289
Tax losses	(7,829)	(54,301)
Revaluations	492,857	573,353
Short term timing differences	(59)	-
	<u>579,591</u>	<u>595,341</u>
Movements in the year:		2017 £
Liability at 1 September 2016		595,341
Charge to profit or loss		64,745
Credit to other comprehensive income		(80,495)
Liability at 31 August 2017		<u>579,591</u>

16 Retirement benefit schemes

	2017 £	2016 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	3,945	-

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

ST MATTHEWS (MORETON CENTRE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2017

17 Share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

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 2017 these borrowings amounted to £13,374,208 (2016: £8,456,203).

19 Related party transactions

At the year-end, the company owed £455,400 (2016: £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 (2016: £548,404) 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.

At the year end the company owed £5,820 (2016: £nil) to St Matthews (North) Limited.

20 Controlling party

The company's immediate and ultimate parent company is St Matthews Group (UK) Limited, a company registered in England and Wales. In the opinion of the directors, there is no single ultimate controlling party.

St Matthews Group (UK) Limited is the parent undertaking of the largest and smallest group for which group accounts are drawn up and of which the company is a member. The registered office address of St Matthews Group (UK) Limited is : The Moreton Centre, Boscobel Road, St Leonards On Sea, East Sussex TN38 0LX. The group accounts are publicly available from Companies House, Crown Way, Cardiff, CF14 3UZ