

KNOCKMOYLE LODGE LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017



KNOCKMOYLE LODGE LIMITED

COMPANY INFORMATION

DIRECTOR	B Kiernan O'Donnell
COMPANY SECRETARY	Mr J O'Donnell
REGISTERED NUMBER	NI020708
REGISTERED OFFICE	36 Knockmoyle Road Omagh BT79 7TB
INDEPENDENT AUDITORS	GMcG BELFAST Chartered Accountants & Statutory Auditor Alfred House 19 Alfred Street Belfast BT2 8EQ
BANKERS	First Trust Bank 8 High Street Omagh BT78 1BH Santander 51-54 Gracechurch Street London EC3V 0EH
SOLICITORS	Meyler McGuigan 11 High Street Omagh BT78 1BA

KNOCKMOYLE LODGE LIMITED

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KNOCKMOYLE LODGE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

INTRODUCTION

The principal activity of the company during the year was the provision of nursing care for elderly persons.

BUSINESS REVIEW

The director considers the company's key financial performance indicators to be those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit, profit before taxation and net assets.

The director is pleased with the results generated from the principal activity of the company during the year. Turnover has increased by 3.5% to £2.67 million (2016 - £2.58 million), with a gross profit margin of 91.0% (2016 - 90.1%) being achieved. An increase in administrative expenses, has resulted in a decrease in profits before tax from £473k in 2016 to £424k in 2017, mainly due to an increase in staff costs.

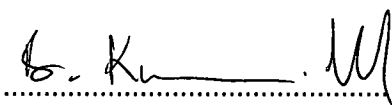
At the year end the company had net assets of £3.39 million (2016 - £3.05 million).

PRINCIPAL RISKS AND UNCERTAINTIES

The company has built up a good reputation and operated at almost full occupancy for a number of years. The director has considered the risk of not keeping or obtaining new residents for the forthcoming year and she has assessed this risk as low. As a result the director anticipates that these results can be sustained for the foreseeable future.

The company operates solely in Northern Ireland, and therefore is not subject to currency risks. The company's objective in relation to interest rate management is to minimise the impact of interest rate volatility on interest costs in order to protect recorded profitability. The company is in a strong cash position and does not foresee any cash flow risk in the near future. The company's policy is to ensure that sufficient resources are available from cash balances, cash flows and near liquid investments to ensure all obligations can be met when they fall due.

This report was approved by the board and signed on its behalf.



B Kiernan O'Donnell
Director

Date: 21/12/17

KNOCKMOYLE LODGE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2017

The director presents her report and the financial statements for the year ended 31 March 2017.

DIRECTOR

The director who served during the year was:

B Kiernan O'Donnell

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £334,628 (2016 - £366,432).

There was no dividend recommended during the year.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The director is responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless she 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 for the company's financial statements and then apply them consistently;
- make judgments 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 to enable her to ensure that the financial statements comply with the Companies Act 2006. She 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.

KNOCKMOYLE LODGE LIMITED

**DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

DISCLOSURE OF INFORMATION TO AUDITORS

The director at the time when this Director's Report is approved has confirmed that:

- so far as she is aware, there is no relevant audit information of which the company's auditors are unaware, and
- she has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

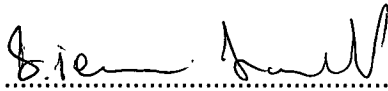
POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

AUDITORS

The auditors, GMcG BELFAST, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



B Kiernan O'Donnell
Director

Date: 21/12/17

36 Knockmoyle Road
Omagh
BT79 7TB

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF KNOCKMOYLE LODGE LIMITED

We have audited the financial statements of Knockmoyle Lodge Limited for the year ended 31 March 2017, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

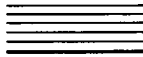
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' Report and for no other 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 AUDITORS

As explained more fully in the Director's Responsibilities Statement on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council'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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Director's 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.



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF KNOCKMOYLE LODGE LIMITED
(CONTINUED)**

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 March 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our 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 Director's Report.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mr. Jackie Smith FCA (Senior Statutory Auditor)

for and on behalf of
GMcG BELFAST

Chartered Accountants
Statutory Auditor

Alfred House
19 Alfred Street
Belfast
BT2 8EQ

21 December 2017

KNOCKMOYLE LODGE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	2,668,828	2,580,242
Cost of sales		(241,498)	(255,945)
GROSS PROFIT		2,427,330	2,324,297
Administrative expenses		(1,995,689)	(1,839,444)
Other operating income	5	76,500	80,500
OPERATING PROFIT	6	508,141	565,353
Interest receivable and similar income	9	224	246
Interest payable and expenses	10	(83,949)	(92,152)
PROFIT BEFORE TAX		424,416	473,447
Tax on profit	11	(89,788)	(107,015)
PROFIT FOR THE FINANCIAL YEAR		334,628	366,432

There was no other comprehensive income for 2017 (2016:£NIL).

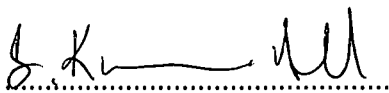
The notes on pages 10 to 25 form part of these financial statements.

KNOCKMOYLE LODGE LIMITED
REGISTERED NUMBER: NI020708

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
FIXED ASSETS			
Tangible assets	13	4,409,203	4,509,947
Investment property	14	1,170,071	1,170,071
		<u>5,579,274</u>	<u>5,680,018</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	15	689,909	309,827
Cash at bank and in hand	16	718,728	640,976
		<u>1,408,637</u>	<u>950,803</u>
Creditors: amounts falling due within one year	17	(1,559,467)	(1,376,215)
		<u>(150,830)</u>	<u>(425,412)</u>
NET CURRENT LIABILITIES			
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>5,428,444</u>	<u>5,254,606</u>
Creditors: amounts falling due after more than one year	18	(1,900,480)	(2,057,405)
PROVISIONS FOR LIABILITIES			
Deferred tax	22	(139,076)	(142,941)
		<u>(139,076)</u>	<u>(142,941)</u>
NET ASSETS			
		<u>3,388,888</u>	<u>3,054,260</u>
CAPITAL AND RESERVES			
Called up share capital	23	80,002	80,002
Profit and loss account	24	3,308,886	2,974,258
		<u>3,388,888</u>	<u>3,054,260</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



B Kiernan O'Donnell
Director

Date: 21/12/17

The notes on pages 10 to 25 form part of these financial statements.

KNOCKMOYLE LODGE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	80,002	2,974,258	3,054,260
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	334,628	334,628
AT 31 MARCH 2017	80,002	3,308,886	3,388,888

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Investment property revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2015 (as previously stated)	80,002	278,752	2,529,074	2,887,828
Prior year adjustment	-	(278,752)	278,752	-
At 1 April 2015 (as restated)	80,002	-	2,807,826	2,887,828
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	366,432	366,432
CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS				
Dividends: Equity capital	-	-	(200,000)	(200,000)
AT 31 MARCH 2016	80,002	-	2,974,258	3,054,260

The notes on pages 10 to 25 form part of these financial statements.

The prior year adjustment relates to the impact of transition to FRS 102 that was explained in the financial statements for the year ended 31 March 2016.

KNOCKMOYLE LODGE LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017**

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	334,628	366,432
ADJUSTMENTS FOR:		
Depreciation of tangible assets	116,201	121,412
Loss on disposal of tangible assets	898	-
Government grants	(930)	(930)
Interest paid	83,949	92,152
Interest received	(224)	(246)
Taxation charge	89,788	107,015
(Increase) in debtors	(72,479)	(16,655)
Increase/(decrease) in creditors	111,085	(719)
Corporation tax paid	(29,683)	(127,569)
NET CASH GENERATED FROM OPERATING ACTIVITIES	633,233	540,892
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(16,355)	(21,422)
Interest received	224	246
HP interest paid	(1,043)	(1,043)
Loans to directors	(307,604)	(101,426)
NET CASH FROM INVESTING ACTIVITIES	(324,778)	(123,645)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	(141,130)	(132,665)
Repayment of/new finance leases	(6,206)	(6,206)
Interest paid	(83,367)	(91,832)
NET CASH USED IN FINANCING ACTIVITIES	(230,703)	(230,703)
INCREASE IN CASH AND CASH EQUIVALENTS	77,752	186,544
Cash and cash equivalents at beginning of year	640,976	454,432
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	718,728	640,976
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	718,728	640,976
	718,728	640,976

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. GENERAL INFORMATION

The principal activity of the company during the year was the provision of nursing care for elderly persons. The entity is a private limited liability company incorporated in Northern Ireland. The company's principal places of business are its registered office at 36 Knockmoyle Road, Omagh, BT79 7TB and 23 Old Mountfield Road, Omagh, BT79 7BJ.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using both the straight line method and the reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.4 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.11 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.12 Leased assets: the company as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.13 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

2.14 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.16 Income from properties

Rental income is credited to the Profit and Loss Account as other operating income in the period in which it accrues, as this income is considered to be outside the company's principal activity.

2.17 Capitalised interest

Interest incurred and identified as attributable to property development costs is capitalised and included in the cost of the property until physical completion of the property.

2.18 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. ACCOUNTING POLICIES (CONTINUED)

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are the company's key sources of estimation uncertainty:

Fixed Assets - The annual depreciation charge on fixed assets depends primarily on the estimated lives of each type of asset and estimates of residual values. The director regularly reviews these asset lives and changes them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful lives is included in the accounting policies.

Investment Property - The director made key assumptions in the determination of the fair value of an investment property in respect of the state of the property market in the location where the property is situated and in respect of the range of reasonable fair value estimates of the asset.

Debtors - Short term debtors are measured at transaction price, less any impairment. Impairment of such debtors involves some estimation uncertainty.

Taxation - Judgements are made in relation to the calculation of certain aspects of the year end tax provisions and the respective tax charge. The management used external professional advice to support the year end provisions.

4. TURNOVER

	2017 £	2016 £
Provision of care services for the elderly	2,668,828	2,580,242
	<u>2,668,828</u>	<u>2,580,242</u>

All turnover arose within the United Kingdom.

5. OTHER OPERATING INCOME

	2017 £	2016 £
Other operating income	500	500
Net rents receivable	76,000	80,000
	<u>76,500</u>	<u>80,500</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	116,201	121,413
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	11,000	11,000
Defined contribution pension cost	11,529	9,885
	<u>116,201</u>	<u>121,413</u>

7. EMPLOYEES

Staff costs, including director's remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	1,599,646	1,472,475
Social security costs	103,388	81,469
Cost of defined contribution scheme	11,529	9,885
	<u>1,714,563</u>	<u>1,563,829</u>

The average monthly number of employees, including the director, during the year was as follows:

	2017 No.	2016 No.
Knockmoyle - number of management staff	1	1
Knockmoyle - number of other staff	49	49
Hillcrest - number of administrative staff	1	1
Hillcrest - number of other staff	77	79
	<u>128</u>	<u>130</u>

8. DIRECTOR'S REMUNERATION

	2017 £	2016 £
Director's emoluments	28,642	27,600
Company contributions to defined contribution pension schemes	2,000	2,000
	<u>30,642</u>	<u>29,600</u>

During the year retirement benefits were accruing to 1 director (2016 -1) in respect of defined contribution pension schemes.

KNOCKMOYLE LODGE LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017****9. INTEREST RECEIVABLE**

	2017 £	2016 £
Other interest receivable	224	246
	<u>224</u>	<u>246</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
Bank interest payable	82,906	91,109
Finance leases and hire purchase contracts	1,043	1,043
	<u>83,949</u>	<u>92,152</u>

11. TAXATION

	2017 £	2016 £
CORPORATION TAX		
Current tax on profits for the year	93,653	102,019
TOTAL CURRENT TAX	<u>93,653</u>	<u>102,019</u>
DEFERRED TAX		
Origination and reversal of timing differences	(3,865)	4,938
Origination and reversal of timing differences - prior year	-	58
TOTAL DEFERRED TAX	<u>(3,865)</u>	<u>4,996</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>89,788</u>	<u>107,015</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

11. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	424,416	473,447
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 -20%)	84,883	94,689
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	12,225	12,268
Adjustments to tax charge in respect of prior periods	-	58
Effect of changes in corporation tax rates	(7,320)	-
TOTAL TAX CHARGE FOR THE YEAR	89,788	107,015

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Reductions in the UK corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020, were substantively enacted on 26 October 2015. A further reduction to 17% from 1 April 2020 has been substantively enacted.

12. DIVIDENDS

	2017 £	2016 £
Dividends paid on equity capital	-	200,000
	-	200,000

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

13. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
COST OR VALUATION				
At 1 April 2016	5,344,150	27,179	554,740	5,926,069
Additions	-	-	16,355	16,355
Disposals	-	-	(7,550)	(7,550)
At 31 March 2017	5,344,150	27,179	563,545	5,934,874
DEPRECIATION				
At 1 April 2016	907,801	16,186	492,135	1,416,122
Charge for the year on owned assets	90,283	1,261	23,043	114,587
Charge for the year on financed assets	-	1,614	-	1,614
Disposals	-	-	(6,652)	(6,652)
At 31 March 2017	998,084	19,061	508,526	1,525,671
NET BOOK VALUE				
At 31 March 2017	4,346,066	8,118	55,019	4,409,203
At 31 March 2016	4,436,349	10,994	62,605	4,509,948

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Motor vehicles	4,841	6,455
	4,841	6,455

Included in land and buildings is freehold land at a cost of £830,000 (2016 - £830,000) which is not depreciated.

The aggregate amount of finance costs included in the cost of tangible fixed assets is £45,083 (2016 - £45,083).

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14. INVESTMENT PROPERTY

	Freehold investment property £
VALUATION	
At 1 April 2016	1,170,071
AT 31 MARCH 2017	<u>1,170,071</u>

The 2017 valuations were made by the director who is not a professionally qualified valuer, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2017 £	2016 £
Historic cost	1,034,556	1,034,556
	<u>1,034,556</u>	<u>1,034,556</u>

15. DEBTORS

	2017 £	2016 £
Trade debtors	16,510	40,441
Other debtors	542,421	159,491
Prepayments and accrued income	130,978	109,895
	<u>689,909</u>	<u>309,827</u>

16. CASH AND CASH EQUIVALENTS

	2017 £	2016 £
Cash at bank and in hand	718,728	640,976
	<u>718,728</u>	<u>640,976</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

17. CREDITORS: Amounts falling due within one year

	2017	2016
	£	£
Bank loans	146,846	138,187
Trade creditors	55,786	31,210
Corporation tax	93,420	29,450
Other taxation and social security	28,049	9,044
Obligations under finance lease and hire purchase contracts	6,206	6,206
Other creditors	1,199,903	1,136,935
Accruals and deferred income	29,257	25,183
	<u>1,559,467</u>	<u>1,376,215</u>

The bank loan is secured by way of a legal charge over the company's nursing home properties Hillview Lodge and Hillcrest Nursing Home.

Hire purchase agreements are secured on the assets acquired.

18. CREDITORS: Amounts falling due after more than one year

	2017	2016
	£	£
Bank loans	1,879,354	2,029,143
Hire purchase agreements	517	6,723
Government grants received	20,609	21,539
	<u>1,900,480</u>	<u>2,057,405</u>

Secured loans

Security is as disclosed in previous note.

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

19. LOANS

Analysis of the maturity of loans is given below:

	2017 £	2016 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	146,846	138,187
	<u>146,846</u>	<u>138,187</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	1,879,354	2,029,143
	<u>1,879,354</u>	<u>2,029,143</u>
	<u>2,026,200</u>	<u>2,167,330</u>

20. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2017 £	2016 £
Within one year	6,206	6,206
Between 1-2 years	517	6,206
Between 2-5 years	-	517
	<u>6,723</u>	<u>12,929</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

21. FINANCIAL INSTRUMENTS

	2017 £	2016 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	718,728	640,976
Financial assets that are debt instruments measured at amortised cost	563,752	204,071
	<u>1,282,480</u>	<u>845,047</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(3,311,146)	(3,360,658)
	<u>(3,311,146)</u>	<u>(3,360,658)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, other creditors and accruals.

22. DEFERRED TAXATION

	2017 £
At beginning of year	142,941
Charged to profit or loss	(3,865)
AT END OF YEAR	<u>139,076</u>

The provision for deferred taxation is made up as follows:

	2017 £
Excess of taxation allowances over depreciation on fixed assets	139,076
	<u>139,076</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

23. SHARE CAPITAL

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
80,002 Ordinary shares of £1 each	80,002	80,002
	<u>80,002</u>	<u>80,002</u>

24. RESERVES

Profit and loss account

The profit and loss account represents the retained earnings of the company and includes non-distributable reserves of £278,752.

25. CAPITAL COMMITMENTS

At 31 March 2017 the company had capital commitments as follows:

	2017 £	2016 £
Contracted for but not provided in these financial statements	235,500	255,500
	<u>235,500</u>	<u>255,500</u>

On 16 February 2010 the company entered into an agreement to purchase land at a cost of £350,000 with an undertermined completion date. To date the company has paid £114,500 which is included in prepayments.

26. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,529 (2016 - £7,885). Contributions totalling £787 (2016 - £279) were payable to the fund at the balance sheet date and are included in creditors.

The company also contributes to the personal pension schemes of certain employees. The annual contributions paid by the company are accounted for by charging costs to the Profit and Loss Account as payments accrue. The pension cost charge represents contributions payable by the company and amounted to £2,000 (2016 - £2,000).

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

27. TRANSACTIONS WITH DIRECTORS

At the year end the director owed the company £402,777 (2016 - £95,173). During the year the company made payments of £147,604 (2016 - £93,426) on behalf of the director. In addition, the director made personal drawings of £160,000 (2016 - £8,000) during the year.

The loan balance has arisen from various payments made by the company on behalf of the director and monies withdrawn. There are no terms of interest or other conditions associated with the director's current account and it is considered to be repayable on demand.

In the prior year a dividend of £200,000 was paid to the director. There was no dividend paid during year ended 31 March 2017.

28. RELATED PARTY TRANSACTIONS

Mrs B Kiernan O'Donnell is a director and majority shareholder in Springlawn House Limited and Hillview Lodge Limited, companies incorporated in Northern Ireland.

(i) Springlawn House Limited

At the balance sheet date £346,424 (2016 - £346,434) was due to Springlawn House Limited. The balance has arisen as a result of cash advances and payments made by Springlawn House Limited on behalf of the company. The balance is repayable on demand and no interest is charged on outstanding amounts.

(ii) Hillview Lodge Limited

Knockmoyle Lodge Limited owns a property which is occupied by Hillview Lodge Limited. Rentals charged to Hillview Lodge Limited during the year ended 31 March 2017 amounted to £75,000 (2016 - £75,000). In the opinion of the director the amount receivable in the current year in relation to rentals reflects an open market value.

During the year, Hillview Lodge Limited charged Knockmoyle Lodge Limited £28,054 (2016 - £44,245) for the preparation and supply of meals for the residents of Hillcrest Care Facility, a nursing home operating within Knockmoyle Lodge Limited.

In addition, an amount of £21,067 (2016 - £28,826) was recharged to Knockmoyle Lodge Limited, in relation to electricity costs incurred by Hillcrest Care Facility during the year. An amount of £1,129 (2016 - £1,818) was also recharged to Knockmoyle Lodge Limited from Hillview Lodge Limited in relation to water rates. These charges arise due to the fact that Hillview Lodge Limited and Hillcrest Care Facility share the same site.

At the balance sheet date £711,215 (2016 - £737,275) was due to Hillview Lodge Limited. The balance is repayable on demand and no interest is charged on outstanding amounts.

(iii) Key management personnel

Key management includes the director of the company. Salaries totalling £28,642 (2016 - £27,600) were paid to key management personnel during the year.

29. CONTROLLING PARTY

The company was under control of Mrs B Kiernan O'Donnell throughout the current and prior year. Mrs B Kiernan O'Donnell is the managing director and sole shareholder.