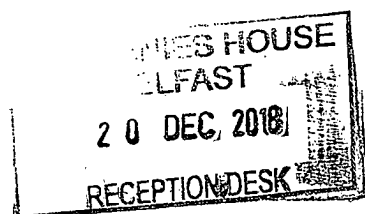


KNOCKMOYLE LODGE LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



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 2018

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 2.6% to £2.74 million (2017 - £2.67 million), with a gross profit margin of 91.2% (2017 - 91.0%) being achieved. An increase in administrative expenses, has resulted in a decrease in profits before tax from £426k in 2017 to £350k in 2018. The rise in administration expenses is mainly due to an increase in legal and professional fees, in relation to a VAT rebate received in the year, and an increase in staff costs. The VAT rebate referred to dates back to pre April 2002 and so a prior year adjustment has been made (see note 24 in the financial statements for further details).

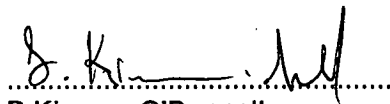
At the year end the company had net assets of £3.82 million (2017 - £3.56 million (restated)).

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: 20/12/18

KNOCKMOYLE LODGE LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2018

The director presents her report and the financial statements for the year ended 31 March 2018.

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 £264,907 (2017 - £336,243).

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 2018

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: 20/12/18

36 Knockmoyle Road
Omagh
BT79 7TB

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF KNOCKMOYLE LODGE LIMITED

OPINION

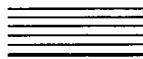
We have audited the financial statements of Knockmoyle Lodge Limited (the 'company') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 March 2018 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.



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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

The director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

OPINION ON OTHER MATTERS 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 the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements.



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

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 or the Director's Report.

We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

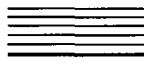
As explained more fully in the Director's Responsibilities Statement on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITORS' 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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.



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

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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.

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

20 December 2018

KNOCKMOYLE LODGE LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	As restated 2017 £
Turnover	4	2,738,663	2,668,828
Cost of sales		(242,252)	(241,498)
GROSS PROFIT		2,496,411	2,427,330
Administrative expenses		(2,142,692)	(1,994,074)
Other operating income	5	75,000	76,500
OPERATING PROFIT	6	428,719	509,756
Interest receivable and similar income	9	160	224
Interest payable and expenses	10	(76,376)	(83,949)
PROFIT BEFORE TAX		352,503	426,031
Tax on profit	11	(87,596)	(89,788)
PROFIT FOR THE FINANCIAL YEAR		264,907	336,243

There was no other comprehensive income for 2018 (2017:£NIL).

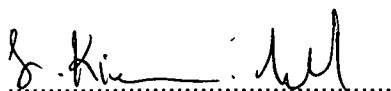
The notes on pages 12 to 28 form part of these financial statements.

KNOCKMOYLE LODGE LIMITED
REGISTERED NUMBER: NI020708

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	As restated 2017 £
FIXED ASSETS			
Tangible assets	12	4,275,642	4,372,068
Investment property	13	1,170,071	1,170,071
		<u>5,445,713</u>	<u>5,542,139</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	14	804,445	895,069
Cash at bank and in hand	15	918,172	718,728
		<u>1,722,617</u>	<u>1,613,797</u>
Creditors: amounts falling due within one year	16	(1,458,386)	(1,559,466)
		<u>264,231</u>	<u>54,331</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>5,709,944</u>	<u>5,596,470</u>
Creditors: amounts falling due after more than one year	17	(1,748,069)	(1,900,480)
PROVISIONS FOR LIABILITIES			
Deferred tax	21	(140,054)	(139,076)
		<u>(140,054)</u>	<u>(139,076)</u>
NET ASSETS			
		<u>3,821,821</u>	<u>3,556,914</u>
CAPITAL AND RESERVES			
Called up share capital	22	80,002	80,002
Profit and loss account	23	3,741,819	3,476,912
		<u>3,821,821</u>	<u>3,556,914</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: 20/12/18

The notes on pages 12 to 28 form part of these financial statements.

KNOCKMOYLE LODGE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017 (as previously stated)	80,002	3,308,887	3,388,889
Prior year adjustment (note 24)	-	168,025	168,025
At 1 April 2017 (as restated)	80,002	3,476,912	3,556,914
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	264,907	264,907
AT 31 MARCH 2018	80,002	3,741,819	3,821,821

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 (as previously stated)	80,002	2,974,258	3,054,260
Prior year adjustment (note 24)	-	166,411	166,411
At 1 April 2016 (as restated)	80,002	3,140,669	3,220,671
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	336,243	336,243
AT 31 MARCH 2017	80,002	3,476,912	3,556,914

The notes on pages 12 to 28 form part of these financial statements.

KNOCKMOYLE LODGE LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	As restated 2017 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the financial year	264,907	336,243
ADJUSTMENTS FOR:		
Depreciation of tangible assets	114,187	114,586
Loss on disposal of tangible assets	-	898
Government grants	(930)	(930)
Interest paid	76,376	83,949
Interest received	(160)	(224)
Taxation charge	87,596	89,788
Decrease/(increase) in debtors	160,951	(72,479)
(Decrease)/increase in creditors	(107,557)	111,085
Corporation tax paid	(93,391)	(29,683)
NET CASH GENERATED FROM OPERATING ACTIVITIES	<u>501,979</u>	<u>633,233</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(17,762)	(16,355)
Interest received	160	224
HP interest paid	(1,043)	(1,043)
Loans to directors	(53,077)	(307,604)
NET CASH FROM INVESTING ACTIVITIES	<u>(71,722)</u>	<u>(324,778)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	(148,762)	(141,130)
Repayment of/new finance leases	(6,206)	(6,206)
Interest paid	(75,845)	(83,367)
NET CASH USED IN FINANCING ACTIVITIES	<u>(230,813)</u>	<u>(230,703)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	199,444	77,752
Cash and cash equivalents at beginning of year	718,728	640,976
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	<u>918,172</u>	<u>718,728</u>
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:		
Cash at bank and in hand	918,172	718,728
	<u>918,172</u>	<u>718,728</u>

The notes on pages 12 to 28 form part of these financial statements.

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 at 29 Knockmoyle Road, Omagh, BT79 7TB and 23b Old Mountfield Road, Omagh, BT79 7EL.

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 2018**

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 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.7 FINANCIAL INSTRUMENTS

The company only enters into basic financial instrument 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 the 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 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.11 LEASED ASSETS: THE COMPANY AS LESSEE

Assets obtained under hire purchase contracts 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.

2.12 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.

2.13 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.

2.14 INTEREST INCOME

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

2.15 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.

2.16 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.

2.17 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 2018**

2. ACCOUNTING POLICIES (CONTINUED)

2.18 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.

2.19 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.

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 makes 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

	2018	2017
	£	£
Provision of care services for the elderly	2,738,663	2,668,828
	<u>2,738,663</u>	<u>2,668,828</u>

All turnover arose within the United Kingdom.

5. OTHER OPERATING INCOME

	2018	2017
	£	£
Other operating income	-	500
Net rents receivable	75,000	76,000
	<u>75,000</u>	<u>76,500</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

6. OPERATING PROFIT

The operating profit is stated after charging:

	2018	As restated
	£	2017
		£
Depreciation of tangible fixed assets	114,188	114,586
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	12,000	11,000
Defined contribution pension cost	8,878	11,529
	<u>134,066</u>	<u>137,115</u>

7. EMPLOYEES

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

	2018	2017
	£	£
Wages and salaries	1,643,067	1,599,646
Social security costs	108,893	103,388
Cost of defined contribution scheme	8,878	11,529
	<u>1,760,838</u>	<u>1,714,563</u>

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

	2018	2017
	No.	No.
Knockmoyle - number of management staff	1	1
Knockmoyle - number of nursing and other staff	50	49
Hillcrest - number of administrative staff	1	1
Hillcrest - number of nursing and other staff	74	77
	<u>126</u>	<u>128</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

8. DIRECTOR'S REMUNERATION

	2018 £	2017 £
Director's emoluments	27,600	28,642
Company contributions to defined contribution pension schemes	-	2,000
	<u>27,600</u>	<u>30,642</u>

During the year retirement benefits were accruing to no directors (2017 -1) in respect of defined contribution pension schemes.

9. INTEREST RECEIVABLE

	2018 £	2017 £
Other interest receivable	160	224
	<u>160</u>	<u>224</u>

10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Bank interest payable	75,222	82,906
Finance leases and hire purchase contracts	1,043	1,043
Other interest payable	111	-
	<u>76,376</u>	<u>83,949</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

11. TAXATION

	2018 £	2017 £
CORPORATION TAX		
Current tax on profits for the year	86,618	93,653
TOTAL CURRENT TAX	<u>86,618</u>	<u>93,653</u>
DEFERRED TAX		
Origination and reversal of timing differences	2,432	(3,865)
Origination and reversal of timing differences - prior year	(1,454)	-
TOTAL DEFERRED TAX	<u>978</u>	<u>(3,865)</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>87,596</u>	<u>89,788</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2017 -higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>352,503</u>	<u>426,031</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 -20%)	66,975	85,206
EFFECTS OF:		
Non-tax deductible amortisation of goodwill and impairment	22,075	11,902
Adjustments to tax charge in respect of prior periods	(1,454)	-
Effect of changes in corporation tax rates	-	(7,320)
TOTAL TAX CHARGE FOR THE YEAR	<u>87,596</u>	<u>89,788</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the UK corporation tax rate to 17% from 1 April 2020 was substantively enacted by Finance Act 2016.

KNOCKMOYLE LODGE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
COST OR VALUATION				
At 1 April 2017 (as previously stated)	5,344,150	27,179	563,544	5,934,873
Prior Year Adjustment	(80,726)	-	-	(80,726)
At 1 April 2017 (as restated)	5,263,424	27,179	563,544	5,854,147
Additions	-	-	17,762	17,762
Disposals	-	-	(9,000)	(9,000)
At 31 March 2018	5,263,424	27,179	572,306	5,862,909
DEPRECIATION				
At 1 April 2017 (as previously stated)	998,084	19,061	508,525	1,525,670
Prior Year Adjustment	(43,591)	-	-	(43,591)
At 1 April 2017 (as restated)	954,493	19,061	508,525	1,482,079
Charge for the year on owned assets	88,669	945	23,364	112,978
Charge for the year on financed assets	-	1,210	-	1,210
Disposals	-	-	(9,000)	(9,000)
At 31 March 2018	1,043,162	21,216	522,889	1,587,267
NET BOOK VALUE				
At 31 March 2018	4,220,262	5,963	49,417	4,275,642
At 31 March 2017 (as restated)	4,308,931	8,119	55,018	4,372,068

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

	2018 £	2017 £
Motor vehicles	3,631	4,841
	3,631	4,841

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

13. INVESTMENT PROPERTY

	Freehold investment property £
VALUATION	
At 1 April 2017	1,170,071
AT 31 MARCH 2018	<u>1,170,071</u>

The 2018 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:

	2018 £	2017 £
Historic cost	1,034,556	1,034,556
	<u>1,034,556</u>	<u>1,034,556</u>

14. DEBTORS

	2018 £	As restated 2017 £
Trade debtors	50,802	16,510
Other debtors	583,749	747,581
Prepayments and accrued income	169,894	130,978
	<u>804,445</u>	<u>895,069</u>

15. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	918,172	718,728
	<u>918,172</u>	<u>718,728</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

16. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Bank loans	149,048	146,846
Trade creditors	40,341	55,786
Corporation tax	103,898	93,420
Other taxation and social security	29,073	28,049
Obligations under finance lease and hire purchase contracts	517	6,206
Other creditors	1,091,089	1,199,903
Accruals and deferred income	44,420	29,256
	<u>1,458,386</u>	<u>1,559,466</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.

Obligations under finance lease and hire purchase agreements are secured on the assets acquired.

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

	2018 £	2017 £
Bank loans	1,728,390	1,879,354
Hire purchase agreements	-	517
Government grants received	19,679	20,609
	<u>1,748,069</u>	<u>1,900,480</u>

Secured Loans

Security is as disclosed in previous note.

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

18. LOANS

Analysis of the maturity of loans is given below:

	2018	2017
	£	£
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bank loans	149,048	146,846
	<u>149,048</u>	<u>146,846</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Bank loans	1,728,390	1,879,354
	<u>1,728,390</u>	<u>1,879,354</u>
	<u>1,877,438</u>	<u>2,026,200</u>

19. HIRE PURCHASE AND FINANCE LEASES

Minimum lease payments under hire purchase fall due as follows:

	2018	2017
	£	£
Within one year	517	6,206
Between 1-5 years	-	517
	<u>517</u>	<u>6,723</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

20. FINANCIAL INSTRUMENTS

	2018 £	2017 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	918,172	718,728
Financial assets that are debt instruments measured at amortised cost	640,083	768,912
	<u>1,558,255</u>	<u>1,487,640</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(3,053,290)	(3,311,146)
	<u>(3,053,290)</u>	<u>(3,311,146)</u>

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

Financial assets that are debt instruments 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.

21. DEFERRED TAXATION

	2018 £
At beginning of year	139,076
Charged to profit or loss	978
AT END OF YEAR	<u>140,054</u>

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Excess of taxation allowances over depreciation on fixed assets	140,346	139,300
Other timing differences	(292)	(224)
	<u>140,054</u>	<u>139,076</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

22. SHARE CAPITAL

	2018 £	2017 £
Allotted, called up and fully paid		
80,002 (2017 -80,002) Ordinary shares of £1.00 each	80,002	80,002

23. 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.

24. PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to monies of £205,159 received in December 2017 in relation to a retrospective input VAT claim in respect of the period 19 June 1993 to 21 March 2002. The input VAT refund related to both revenue and capital expenditure. A prior year adjustment has been processed to account for the VAT that should have been reclaimed in previous years. As a result of this adjustment the profit and loss reserve has increased by £166,411, fixed assets has reduced by £38,750 and other debtors has increased by £205,159 at 1 April 2016. In the year to 31 March 2017, the depreciation charge has reduced by £1,614. As a result the profit and loss reserve has increased by £168,025, fixed assets has reduced by £37,135 and other debtors has increased by £205,159 at 31 March 2017.

25. CAPITAL COMMITMENTS

At 31 March 2018 the company had capital commitments as follows:

	2018 £	2017 £
Contracted for but not provided in these financial statements	197,500	235,500
	<u>197,500</u>	<u>235,500</u>

On 16 February 2010 the company entered into an agreement to purchase land at a cost of £350,000 with an undetermined completion date. To date the company has paid £152,500 which is included in prepayments.

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 £8,878 (2017 - £9,529). Contributions totalling £1,534 (2017 - £787) 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 £Nil (2017 - £2,000).

27. TRANSACTIONS WITH DIRECTORS

At the year end the director owed the company £426,854 (2017 - £402,777). During the year the company made payments of £53,077 (2017 - £147,604) on behalf of the director and the director made repayments of £29,000 (2017 - £Nil). In the prior year, the director made personal drawings of £160,000.

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.

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 £345,430 (2017 - £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 2018 amounted to £75,000 (2017 - £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 £43,314 (2017 - £28,054) 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 £27,636 (2017 - £21,067) was recharged to Knockmoyle Lodge Limited, in relation to electricity costs incurred by Hillcrest Care Facility during the year. An amount of £9,350 (2017 - £1,129) 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 £714,279 (2017 - £711,215) 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. Remuneration totalling £27,600 (2017 - £30,642) 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.