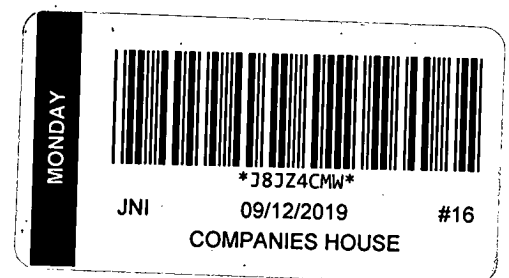


Company Registration No. NI020708 (Northern Ireland)

KNOCKMOYLE LODGE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019



KNOCKMOYLE LODGE LIMITED

COMPANY INFORMATION

Director	Mrs B Kiernan O'Donnell
Secretary	Mr J O'Donnell
Company number	NI020708
Registered office	36 Knockmoyle Road Omagh Co Tyrone BT79 7TB
Auditor	GMcG BELFAST Chartered Accountants & Statutory Auditor Alfred House 19 Alfred Street Belfast BT2 8EQ
Bankers	Santander 51-54 Gracechurch Street London EC3V 0EH Danske Bank Donegall Square West Belfast BT1 6JS
Solicitors	Meyler McGuigan DX 3617 NR OMAGH 1

KNOCKMOYLE LODGE LIMITED

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Statement of cash flows	11
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KNOCKMOYLE LODGE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The director presents the strategic report for the year ended 31 March 2019.

Business Review

The principal activity of the company continued to be the provision of nursing care for elderly persons.

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 increased by 11.35% to £3.05 million (2018 - £2.74 million), with a gross profit margin of 91.9% (2018 - 91.2%) being achieved. Profits before tax also increased in the year from £353k in 2018 to £656k in 2019. This increase was mainly due to a profit on disposal of £216k generated on the sale of one of the company's nursing homes, sold on 29 March 2019. The company continues to operate its one remaining nursing home.

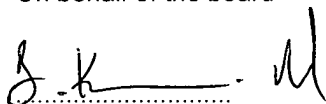
At the year end the company had net assets of £4.39 million (2018 - £3.82 million).

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 profitable 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.

On behalf of the board



Mrs B Kiernan O'Donnell
Director

04.12.19

KNOCKMOYLE LODGE LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The director presents her annual report and financial statements for the year ended 31 March 2019.

Director

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

Mrs B Kiernan O'Donnell

Results and dividends

The results for the year are set out on page 8.

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

Post reporting date events

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

Auditor

The auditor, GMcG BELFAST, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of director's responsibilities

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them 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

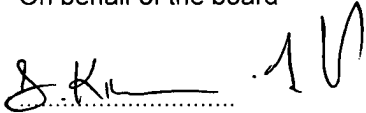
DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

Statement of disclosure to auditor

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

On behalf of the board



Mrs B Kiernan O'Donnell
Director

Date: 04/12/19

KNOCKMOYLE LODGE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF KNOCKMOYLE LODGE LIMITED

Opinion

We have audited the financial statements of Knockmoyle Lodge Limited (the 'company') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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 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.

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KNOCKMOYLE LODGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF KNOCKMOYLE LODGE LIMITED

Other information

The director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

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 director's report.

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

- adequate accounting records have not been kept, 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.



KNOCKMOYLE LODGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF KNOCKMOYLE LODGE LIMITED

Responsibilities of director

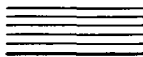
As explained more fully in the director's responsibilities statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the director determines is necessary to enable the preparation 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 has 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.



KNOCKMOYLE LODGE LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF KNOCKMOYLE LODGE LIMITED

Use of our report

This report is made solely to the company's member 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 member those matters we are required to state to her 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 member for our audit work, for this report, or for the opinions we have formed.



**Mr Nigel Moore FCA (Senior Statutory Auditor)
for and on behalf of GMcG BELFAST**

4 December 2019

**Chartered Accountants
Statutory Auditor**

**Chartered Accountants & Statutory
Auditor
Alfred House
19 Alfred Street
Belfast
BT2 8EQ**

KNOCKMOYLE LODGE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	Continuing operations £	Discontinued operations £	31 March 2019 £	Continuing operations £	Discontinued operations £	31 March 2018 £
Turnover	3	1,865,878	1,183,736	3,049,614	1,746,665	991,994	2,738,659
Cost of sales		(144,880)	(103,059)	(247,939)	(148,049)	(94,202)	(242,251)
Gross profit		1,720,998	1,080,677	2,801,675	1,598,616	897,792	2,496,408
Administrative expenses		(1,372,092)	(1,004,689)	(2,376,781)	(1,236,575)	(906,116)	(2,142,691)
Other operating income		75,000	-	75,000	75,000	-	75,000
Operating profit	4	423,906	75,988	499,894	437,041	(8,324)	428,717
Interest receivable and similar income	7	797	-	797	160	-	160
Interest payable and similar expenses	8	(60,455)	(97)	(60,552)	(75,223)	(1,153)	(76,376)
Profit/(loss) on disposal of operations - Disposal of a nursing home	10	-	216,268	216,268	-	-	-
Profit before taxation		364,248	292,159	656,407	361,978	(9,477)	352,501
Tax on profit	9	(68,841)	(24,010)	(92,851)	(77,511)	(10,085)	(87,596)
Profit for the financial year		295,407	268,149	563,556	284,467	(19,562)	264,905

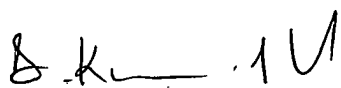
KNOCKMOYLE LODGE LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	11	3,897,214		4,275,641	
Investment properties	12	1,170,071		1,170,071	
		<u>5,067,285</u>		<u>5,445,712</u>	
Current assets					
Debtors	14	1,520,675		804,446	
Cash at bank and in hand		1,136,534		918,172	
		<u>2,657,209</u>		<u>1,722,618</u>	
Creditors: amounts falling due within one year	15	(1,590,255)		(1,458,388)	
Net current assets		<u>1,066,954</u>		<u>264,230</u>	
Total assets less current liabilities		<u>6,134,239</u>		<u>5,709,942</u>	
Creditors: amounts falling due after more than one year	16	(1,608,320)		(1,748,069)	
Provisions for liabilities	19	(140,544)		(140,054)	
Net assets		<u>4,385,375</u>		<u>3,821,819</u>	
Capital and reserves					
Called up share capital	22	80,002		80,002	
Profit and loss reserves	27	4,305,373		3,741,817	
Total equity		<u>4,385,375</u>		<u>3,821,819</u>	

The financial statements were approved and signed by the director and authorised for issue on 04/12/19



Mrs B Kiernan O'Donnell
Director

Company Registration No. NI020708

KNOCKMOYLE LODGE LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2017	80,002	3,476,912	3,556,914
Year ended 31 March 2018:			
Profit and total comprehensive income for the year	-	264,905	264,905
Balance at 31 March 2018	80,002	3,741,817	3,821,819
Year ended 31 March 2019:			
Profit and total comprehensive income for the year	-	563,556	563,556
Balance at 31 March 2019	<u>80,002</u>	<u>4,305,373</u>	<u>4,385,375</u>

KNOCKMOYLE LODGE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	28	669,252		595,367	
Interest paid		(50,940)		(76,888)	
Income taxes paid		(83,685)		(93,391)	
Net cash inflow from operating activities		<u>534,627</u>		<u>425,088</u>	
Investing activities					
Purchase of tangible fixed assets		(11,686)		(17,762)	
Proceeds from other investments and loans		(189,866)		(53,077)	
Interest received		797		160	
Net cash used in investing activities		<u>(200,755)</u>		<u>(70,679)</u>	
Financing activities					
Repayment of bank loans		(114,993)		(148,762)	
Payment of finance leases obligations		(517)		(6,204)	
Net cash used in financing activities		<u>(115,510)</u>		<u>(154,966)</u>	
Net increase in cash and cash equivalents		<u>218,362</u>		<u>199,443</u>	
Cash and cash equivalents at beginning of year		918,172		718,729	
Cash and cash equivalents at end of year		<u><u>1,136,534</u></u>		<u><u>918,172</u></u>	

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies

Company information

Knockmoyle Lodge Limited is a private company limited by shares 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.

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 freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

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

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

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:

Freehold land and buildings	2% straight line
Fixtures and fittings	20% straight line
Motor vehicles	25% reducing balance

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.

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.6 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.

1.7 Cash and cash equivalents

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

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.

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

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.

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.

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

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 transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

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

Current tax

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

Deferred tax

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

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

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

1 Accounting policies (Continued)

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.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

2 Judgements and key sources of estimation uncertainty

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

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

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

2 Judgements and key sources of estimation uncertainty (Continued)

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.

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.

3 Turnover and other revenue

	2019 £	2018 £
Turnover analysed by class of business		
Provision of care services for the elderly	3,049,614	2,738,659
	<u> </u>	<u> </u>
	2019 £	2018 £
Other significant revenue		
Interest income	797	160
Rental income arising from investment properties	75,000	75,000
	<u> </u>	<u> </u>

All turnover arose within the United Kingdom.

4 Operating profit

	2019 £	2018 £
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	12,000	12,000
Depreciation of owned tangible fixed assets	111,702	112,979
Depreciation of tangible fixed assets held under finance leases	-	1,210
	<u> </u>	<u> </u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

5 Employees

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

	2019	2018
	Number	Number
Knockmoyle - management staff	1	1
Knockmoyle - nursing and other staff	49	50
Hillcrest - administrative staff	1	1
Hillcrest - nursing and other staff	75	74
	<u>126</u>	<u>126</u>

Their aggregate remuneration comprised:

	2019	2018
	£	£
Wages and salaries	1,879,271	1,643,067
Social security costs	118,943	108,893
Pension costs	18,478	8,878
	<u>2,016,692</u>	<u>1,760,838</u>

6 Director's remuneration

	2019	2018
	£	£
Remuneration for qualifying services	27,600	27,600
Company pension contributions to defined contribution schemes	518	518
	<u>28,118</u>	<u>28,118</u>

7 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	<u>797</u>	<u>160</u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	<u>797</u>	<u>160</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	60,455	75,222
Other finance costs:		
Interest on finance leases and hire purchase contracts	97	1,043
Other interest	-	111
	<u>60,552</u>	<u>76,376</u>

9 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	103,093	86,618
Adjustments in respect of prior periods	(10,732)	-
	<u>92,361</u>	<u>86,618</u>
Deferred tax		
Origination and reversal of timing differences	490	978
	<u>92,851</u>	<u>87,596</u>

Of the charge to current tax in relation to discontinued operations, £24,010 relates to tax on profits and £0 arose on disposal.

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:

	2019 £	2018 £
Profit before taxation	<u>656,407</u>	<u>352,501</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	124,717	66,975
Tax effect of expenses that are not deductible in determining taxable profit	(21,134)	22,075
Adjustments in respect of prior years	(10,732)	(1,454)
Taxation charge for the year	<u>92,851</u>	<u>87,596</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

10 Discontinued operations

Disposal of a nursing home

On 29 March 2019 the company sold one of its nursing homes, comprising the business, property and fixtures and fittings.

11 Tangible fixed assets

	Freehold land and buildings	Fixtures and fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2018	5,263,424	572,306	27,179	5,862,909
Additions	5,000	11,686	-	16,686
Disposals	(673,382)	(133,491)	-	(806,873)
At 31 March 2019	4,595,042	450,501	27,179	5,072,722
Depreciation and impairment				
At 1 April 2018	1,043,162	522,889	21,217	1,587,268
Depreciation charged in the year	88,668	21,417	1,617	111,702
Eliminated in respect of disposals	(408,576)	(114,886)	-	(523,462)
At 31 March 2019	723,254	429,420	22,834	1,175,508
Carrying amount				
At 31 March 2019	3,871,788	21,081	4,345	3,897,214
At 31 March 2018	4,220,262	49,417	5,962	4,275,641

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2019	2018
	£	£
Motor vehicles	-	3,631

The aggregate amount of finance costs included in the cost of tangible assets is £45,083 (2018 - £45,083).

Included in land and buildings is freehold land at a cost of £954,131 (2018 - £954,131) which is not depreciated.

12 Investment property

	2019
	£
Fair value	
At 1 April 2018 and 31 March 2019	1,170,071

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

12 Investment property (Continued)

The 2019 valuations were made by the director who is not a professionally qualified valuer, on an open market value for existing use basis.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2019	2018
	£	£
Cost	1,034,556	1,034,556
	<u>1,034,556</u>	<u>1,034,556</u>

13 Financial instruments

	2019	2018
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	1,349,461	640,084
	<u>1,349,461</u>	<u>640,084</u>
Carrying amount of financial liabilities		
Measured at amortised cost	2,999,897	3,073,486
	<u>2,999,897</u>	<u>3,073,486</u>

14 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	45,499	50,802
Other debtors	1,274,654	583,749
Prepayments and accrued income	200,522	169,895
	<u>1,520,675</u>	<u>804,446</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

15 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Bank loans	17	154,125	149,048
Obligations under finance leases	18	-	517
Trade creditors		47,793	40,341
Corporation tax		163,493	103,898
Other taxation and social security		35,185	29,073
Other creditors		1,085,902	1,094,005
Accruals and deferred income		103,757	41,506
		<u>1,590,255</u>	<u>1,458,388</u>

The bank loan is secured by an all monies debenture over the company's assets and undertakings, incorporating a first and only legal charge over the company's properties, Hillview Lodge and Hillcrest Care Facility. Hillview Lodge Limited has also provided an unlimited company Guarantee in favour of Knockmoyle Lodge Limited, supported by a first and only all monies Debenture in favour of the Bank over all the assets and undertakings of Hillview Lodge Limited.

Obligations under finance leases are secured on the assets acquired.

16 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Bank loans and overdrafts	17	1,608,320	1,728,390
Government grants received		-	19,679
		<u>1,608,320</u>	<u>1,748,069</u>

Security is as disclosed in the previous note.

17 Loans and overdrafts

	2019 £	2018 £
Bank loans	<u>1,762,445</u>	<u>1,877,438</u>
Payable within one year	154,125	149,048
Payable after one year	<u>1,608,320</u>	<u>1,728,390</u>

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

18 Finance lease obligations

	2019	2018
	£	£
Future minimum lease payments due under finance leases:		
Within one year	-	517
	<u> </u>	<u> </u>

19 Provisions for liabilities

	Notes	2019	2018
		£	£
Deferred tax liabilities	20	140,544	140,054
		<u> </u>	<u> </u>

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019	Liabilities 2018
	£	£
Balances:		
Excess of taxation over depreciation on fixed assets	141,353	140,346
Other timing differences	(809)	(292)
	<u>140,544</u>	<u>140,054</u>

	2019
	£
Movements in the year:	
Liability at 1 April 2018	140,054
Charge to profit or loss	490
	<u> </u>
Liability at 31 March 2019	<u>140,544</u>

21 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	18,478	8,878
	<u> </u>	<u> </u>

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.

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

21 Retirement benefit schemes (Continued)

Contributions totalling £4,257 (2018 - £1,534) were payable to the fund at the balance sheet date and are included in creditors.

22 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
80,002 Ordinary shares of £1 each	80,002	80,002
	<u>80,002</u>	<u>80,002</u>

23 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2019	2018
	£	£
Acquisition of tangible fixed assets	191,500	197,500
	<u>191,500</u>	<u>197,500</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 £158,500 which is included in prepayments.

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

24 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

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

During the year, Springlawn House Limited charged Knockmoyle Lodge Limited £20,728 (2018 - £Nil) for the recharge of staff costs. At the balance sheet date £364,895 (2018 - £345,430) was due to Springlawn House Limited. 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 2019 amounted to £75,000 (2018 - £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 £51,080 (2018 - £43,314) for the preparation and supply of meals for the residents of Hillcrest Care Facility, a nursing home operating within Knockmoyle Lodge Limited. An amount of £17,007 (2018 - £27,636) was also recharged to Knockmoyle Lodge Limited, in relation to electricity costs incurred by Hillcrest Care Facility during the year.

In addition, an amount of £978 was recharged to Hillview Lodge Limited from the company in relation to water rates (2018 - £9,350 recharged from Hillview Lodge Limited).

These charges arise due to the fact that Hillview Lodge Limited and Hillcrest Care Facility share the same site.

At the balance sheet date £686,163 (2018 - £714,279) 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 (2018 - £27,600) was paid to key management personnel during the year.

25 Directors' transactions

At the year end the director owed the company £611,720 (2018 - £426,854). During the year the company made payments of £196,861 (2018 - £53,077) on behalf of the director and the director made repayments of £11,995 (2018 - £29,000).

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.

26 Ultimate controlling party

The company was under the 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.

KNOCKMOYLE LODGE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2019

27 Reserves

Profit and loss reserves

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

28 Cash generated from operations

	2019	2018
	£	£
Profit for the year after tax	563,556	264,905
Adjustments for:		
Taxation charged	92,851	87,596
Finance costs	60,552	76,376
Investment income	(797)	(160)
Government grants	-	(930)
Gain on disposal of business	(216,268)	-
Depreciation and impairment of tangible fixed assets	111,702	114,189
Movements in working capital:		
(Increase)/decrease in debtors	(444)	160,949
Increase/(decrease) in creditors	58,100	(107,558)
Cash generated from operations	<u>669,252</u>	<u>595,367</u>