Company Registration No. NI020708 (Northern Ireland)

KNOCKMOYLE LODGE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

THURSDAY
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JNI 24/12/2020 #149
COMPANIES HOUSE

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
Business address	23b Old Mountfield Road Omagh Co Tyrone BT79 7EL
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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KNOCKMOYLE LODGE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The director presents the strategic report for the year ended 31 March 2020.

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. Following the sale of one of its nursing homes in March 2019, the company continued to operate its one remaining nursing home. Turnover for the remaining home increased by 7.08% to £2.00 million (2019 - £1.87 million), with a gross profit of £1.86 million (2019 - 1.72 million) being achieved. Profits before tax for continuing activities decreased slightly in the year from £364k in 2019 to £353k in 2020. This is mainly due to an increase in staff costs.

At the year end the company had net assets of £4.66 million (2019 - £4.39 million).

Principal Risks and Uncertainties

The company has built up a good reputation and has 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.

These financial statements were approved in the midst of the coronavirus global pandemic. The government has taken substantial measures to assist businesses through this period and the company has availed of such support. The director anticipates that there may be an impact on the company's income in the short term. However, the company has adequate resources to meet its ongoing financial obligations and the medium to long term impact of coronavirus is not expected to be significant.

Post reporting date events

On 1 April 2020 the trade and assets of another nursing home were transferred to the company from a related party company. The results of this nursing home will be reflected in the financial statements of the subsequent period.

On behalf of the board

.....

Mrs B Kiernan O'Donnell

Director

21/12/2020

KNOCKMOYLE LODGE LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The director presents her annual report and financial statements for the year ended 31 March 2020.

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.

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.

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: 21/12/2020

GMcG
CHARTERED ACCOUNTANTS

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 2020 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 2020 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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Chartered Accountants | Registered Auditors | Chartered Tax Advisors | Forensic Accountants | Corporate Finance Advisors

GMcG is a trading name of GMcG Group Limited. Reg No: NI059660. List of Directors available at registered office

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www.gmcgca.com

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.

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.

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

21 December 2020

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 2020

	Notes	Continuing operations £	Discontinued operations £	31 March 2020 £	Continuing operations £	Discontinued operations £	31 March 2019 £
Turnover	3	1,997,892	-	1,997,892	1,865,878	1,183,736	3,049,614
Cost of sales		(139,519)	-	(139,519)	(144,880)	(103,059)	(247,939)
Gross profit		1,858,373	-	1,858,373	1,720,998	1,080,677	2,801,675
Administrative expenses		(1,535,230)	-	(1,535,230)	(1,372,092)	(1,004,689)	(2,376,781)
Other operating income		75,000	-	75,000	75,000	-	75,000
Operating profit	4	398,143	-	398,143	423,906	75,988	499,894
Interest receivable and similar income	7	9,855	-	9,855	797	-	797
Interest payable and similar expenses	8	(55,054)	-	(55,054)	(60,455)	(97)	(60,552)
Profit/(loss) on disposal of operations - Disposal of a nursing home	10	-	-	-	-	216,268	216,268
Profit before taxation		352,944	-	352,944	364,248	292,159	656,407
Tax on profit	9	(75,569)	-	(75,569)	(68,841)	(24,010)	(92,851)
Profit for the financial year		277,375	-	277,375	295,407	268,149	563,556

KNOCKMOYLE LODGE LIMITED

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	11		3,826,594		3,897,214
Investment properties	12		1,170,071		1,170,071
			4,996,665		5,067,285
Current assets					
Debtors	13	1,383,752		1,520,675	
Cash at bank and in hand		1,073,661		1,136,534	
		2,457,413		2,657,209	
Creditors: amounts falling due within one year	14	(1,401,133)		(1,590,255)	
Net current assets			1,056,280		1,066,954
Total assets less current liabilities			6,052,945		6,134,239
Creditors: amounts falling due after more than one year	15		(1,249,229)		(1,608,320)
Provisions for liabilities	17		(140,966)		(140,544)
Net assets			4,662,750		4,385,375
Capital and reserves					
Called up share capital	20		80,002		80,002
Profit and loss reserves	21		4,582,748		4,305,373
Total equity			4,662,750		4,385,375

The financial statements were approved and signed by the director and authorised for issue on 21/12/2020

B. Kiernan O'Donnell

Mrs B Kiernan O'Donnell
Director

Company Registration No. NI020708

KNOCKMOYLE LODGE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 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	80,002	4,305,373	4,385,375
Year ended 31 March 2020:			
Profit and total comprehensive income for the year	-	277,375	277,375
Balance at 31 March 2020	80,002	4,582,748	4,662,750

KNOCKMOYLE LODGE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Cash flows from operating activities					
Cash generated from operations	27		521,009		669,252
Interest paid			(57,727)		(50,940)
Income taxes paid			(163,428)		(83,685)
Net cash inflow from operating activities			299,854		534,627
Investing activities					
Purchase of tangible fixed assets		(14,519)		(11,686)	
Loans made		(197,047)		(196,861)	
Receipts arising from loans made		202,053		6,995	
Interest received		641		797	
Net cash used in investing activities			(8,872)		(200,755)
Financing activities					
Repayment of bank loans		(353,855)		(114,993)	
Payment of finance leases obligations		-		(517)	
Net cash used in financing activities			(353,855)		(115,510)
Net (decrease)/increase in cash and cash equivalents			(62,873)		218,362
Cash and cash equivalents at beginning of year			1,136,534		918,172
Cash and cash equivalents at end of year			1,073,661		1,136,534

1 Accounting policies

Company information

Knockmoyle Lodge Limited is a private company limited by shares incorporated in Northern Ireland. The company's principal place of business is 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, fittings and equipment	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.

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.

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.

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.

1 **Accounting policies (Continued)**

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.

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.

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

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.

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

	2020	2019
	£	£
Turnover analysed by class of business		
Provision of care services for the elderly	1,997,892	3,049,614

	2020	2019
	£	£
Other significant revenue		
Interest income	9,855	797
Rental income arising from investment properties	75,000	75,000

All turnover arose within the United Kingdom.

4 Operating profit

	2020	2019
Operating profit for the year is stated after charging:	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	9,000	12,000
Depreciation of owned tangible fixed assets	85,139	111,702

5 Employees

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

	2020 Number	2019 Number
Knockmoyle - management staff	-	1
Knockmoyle - nursing and other staff	-	49
Hillcrest - administrative staff	1	1
Hillcrest - nurisng and other staff	75	75
Hillcrest - management staff	1	-
Total	77	126

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	1,201,893	1,879,271
Social security costs	77,399	118,943
Pension costs	20,301	18,478
	1,299,593	2,016,692

6 Director's remuneration

	2020 £	2019 £
Remuneration for qualifying services	16,100	27,600
Company pension contributions to defined contribution schemes	429	518
	16,529	28,118

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	641	797
Other interest income	9,214	-
Total income	9,855	797

7 Interest receivable and similar income (Continued)

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	641	797

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	55,054	60,455
Other finance costs:		
Interest on finance leases and hire purchase contracts	-	97
	55,054	60,552

9 Taxation

	2020	2019
	£	£
Current tax		
UK corporation tax on profits for the current period	75,147	103,093
Adjustments in respect of prior periods	-	(10,732)
Total current tax	75,147	92,361
Deferred tax		
Origination and reversal of timing differences	422	490
Total tax charge	75,569	92,851

9 Taxation (Continued)

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:

	2020	2019
	£	£
Profit before taxation	352,944	656,407
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	67,059	124,717
Tax effect of expenses that are not deductible in determining taxable profit	8,510	(21,134)
Adjustments in respect of prior years	-	(10,732)
Taxation charge for the year	75,569	92,851

10 Discontinued operations

Disposal of a nursing home

In the prior year, 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, fittings and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2019	4,595,042	450,501	27,179	5,072,722
Additions	-	14,519	-	14,519
At 31 March 2020	4,595,042	465,020	27,179	5,087,241
Depreciation and impairment				
At 1 April 2019	723,254	429,420	22,834	1,175,508
Depreciation charged in the year	72,818	11,108	1,213	85,139
At 31 March 2020	796,072	440,528	24,047	1,260,647
Carrying amount				
At 31 March 2020	3,798,970	24,492	3,132	3,826,594
At 31 March 2019	3,871,788	21,081	4,345	3,897,214

The aggregate amount of finance costs included in the cost of tangible assets is £45,083 (2019 - £45,083).

Included in land and buildings is freehold land at a cost of £954,131 (2019 - £954,131) which is not depreciated.

12 Investment property

	2020 £
Fair value	
At 1 April 2019 and 31 March 2020	1,170,071

The 2020 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:

	2020 £	2019 £
Cost	1,034,556	1,034,556
	1,034,556	1,034,556

13 Debtors

Amounts falling due within one year:	2020 £	2019 £
Trade debtors	48,835	45,499
Other debtors	1,161,367	1,274,654
Prepayments and accrued income	173,550	200,522
	1,383,752	1,520,675

14 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	16	159,361	154,125
Trade creditors		23,580	47,793
Corporation tax		75,212	163,493
Other taxation and social security		19,055	35,185
Other creditors		1,065,776	1,085,902
Accruals and deferred income		58,149	103,757
		1,401,133	1,590,255

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.

15 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	16	1,249,229	1,608,320

Security is as disclosed in the previous note.

16 Loans and overdrafts

	2020 £	2019 £
Bank loans	1,408,590	1,762,445
Payable within one year	159,361	154,125
Payable after one year	1,249,229	1,608,320

17 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	18	140,966	140,544

18 Deferred taxation

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

Balances:	Liabilities 2020 £	Liabilities 2019 £
Excess of taxation over depreciation on fixed assets	141,807	141,353
Other timing differences	(841)	(809)
	140,966	140,544

18 Deferred taxation (Continued)

Movements in the year:	2020 £
Liability at 1 April 2019	140,544
Charge to profit or loss	422
Liability at 31 March 2020	140,966

19 Retirement benefit schemes

Defined contribution schemes	2020 £	2019 £
Charge to profit or loss in respect of defined contribution schemes	20,301	18,478

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.

Contributions totalling £4,428 (2019 - £4,257) were payable to the fund at the balance sheet date and are included in creditors.

20 Share capital

	2020 £	2019 £
Ordinary share capital		
Issued and fully paid		
80,002 Ordinary shares of £1 each	80,002	80,002

21 Profit and loss reserves

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

22 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020 £	2019 £
Acquisition of tangible fixed assets	185,447	191,500

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 £164,553 which is included in prepayments.

23 Events after the reporting date

These financial statements were approved in the midst of the coronavirus global pandemic. The government has taken substantial measures to assist businesses through this period and the company has availed of such support. The director anticipates that there may be an impact on the company's income in the short term. However, the company has adequate resources to meet its ongoing financial obligations and the medium to long term impact of coronavirus is not expected to be significant.

On 1 April 2020 the trade and assets of another nursing home were transferred to the company from a related party company. The results of this nursing home will be reflected in the financial statements of the subsequent period.

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, Knockmoyle Lodge Limited made payments on behalf of Springlawn House Limited of £23,000 (2019 - £1,263) and Springlawn House Limited made payments on behalf of Knockmoyle Lodge Limited of £4,280 (2019 - £Nil). Springlawn House Limited charged Knockmoyle Lodge Limited £7,335 (2019 - £20,728) for the recharge of staff costs. At the balance sheet date £353,510 (2019 - £364,895) 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 2020 amounted to £75,000 (2019 - £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 £33,648 (2019 - £51,080) 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 £20,213 (2019 - £17,007) was also recharged to Knockmoyle Lodge Limited, in relation to electricity costs incurred by Hillcrest Care Facility during the year. An amount of £2,184 was recharged from Hillview Lodge Limited to the company in relation to water rates (2019 - £978 recharged to Hillview Lodge Limited). These charges arise due to the fact that Hillview Lodge Limited and Hillcrest Care Facility share the same site.

During the year, Knockmoyle Lodge Limited made payments on behalf of Hillview Lodge Limited of £1,517 (2019 - £20,225) and Hillview Lodge Limited made payments on behalf of Knockmoyle Lodge Limited of £1,278 (2019 - £Nil).

At the balance sheet date £666,969 (2019 - £686,163) was due to Hillview Lodge Limited. The balance is repayable on demand and no interest is charged on outstanding amounts.

Hillview Lodge Limited has 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.

(iii) Key management personnel
Key management includes the director of the company. Remuneration totalling £16,100 (2019 - £27,600) was paid to key management personnel during the year.

25 Directors' transactions

At the year end the director owed the company £606,714 (2019 - £611,720). During the year the company made payments of £197,047 (2019 - £196,861) on behalf of the director and the director made repayments of £202,053 (2019 - £11,995).

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.

27 Cash generated from operations

	2020	2019
	£	£
Profit for the year after tax	277,375	563,556
Adjustments for:		
Taxation charged	75,569	92,851
Finance costs	55,054	60,552
Investment income	(9,855)	(797)
Gain on disposal of business	-	(216,268)
Depreciation and impairment of tangible fixed assets	85,139	111,702
Movements in working capital:		
Decrease/(increase) in debtors	141,131	(444)
(Decrease)/increase in creditors	(103,404)	58,100
Cash generated from operations	521,009	669,252

28 Analysis of changes in net debt

	1 April 2019	Cash flows	31 March 2020
	£	£	£
Cash at bank and in hand	1,136,534	(62,873)	1,073,661
Borrowings excluding overdrafts	(1,762,445)	353,855	(1,408,590)
	(625,911)	290,982	(334,929)