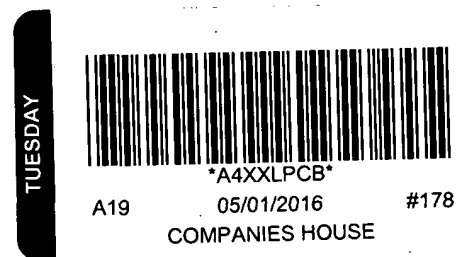


# Financial Statements Heritage Manor Limited

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For the year ended 30 June 2015



Registered number: 01305965

## Company Information

<b>Directors</b>	S Patient E Dugdale N S Gough H J Carver I S Kathuria
<b>Company secretary</b>	S Patient
<b>Registered number</b>	01305965
<b>Registered office</b>	Coach House The Lawns Kempsey Worcestershire WR5 3NF
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham West Midlands B4 6AT
<b>Bankers</b>	Lloyds TSB 12 High Street Banbury Oxfordshire OX16 5EF

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## Group strategic report

For the year ended 30 June 2015

The Directors present their report and the financial statements for the year ended 30 June 2015.

### Business review

As in previous years, our focus on the quality of our care has meant that we have been able to maintain good occupancy rates at appropriate fee levels. This has been challenging against a backdrop of social service and NHS fees being cut, and continued new nursing home openings in the Worcester area. However, the provision of quality care by our committed staff remains our key strategic objective, and it is this focus which differentiates us from many other nursing homes. We have continued to invest in our staff and their training, and this has meant we have maintained full CQC compliance for another year across the group.

We purchased Astley Hall, a 48 bed dementia nursing home, in May 2012. During the year, we largely completed the refurbishment and repair of the building and its gardens. However, we experienced staff shortages in the first half of the year, which led to very high agency usage. Having made some changes, we are pleased to report that at the year end our vacant positions had been filled, and agency usage returned to within normal parameters. Since the year end, Astley has received a glowing CQC report, and occupancy and fee rates have continued to build.

All of our homes have experienced pressure on operating margins due to public sector austerity measures, coupled with the nationwide wage pressures driven by a shortage of carers and nurses. Staffing costs have also continued to rise driven by the increasing care requirements of our residents and hence increased hours on the rotas. We have continued to partially offset these increased costs through a higher mix of private fee paying residents and, with a good reputation, maintained top-ups to social service fees.

Going forward, the more stable staffing and occupancy at Astley Hall should now make a positive contribution to the group. Our other homes continue to enjoy a good reputation for the care that they provide, and hence enable us to continue to invest both in our staff and the buildings.

The current economic conditions and social service/ NHS commissioning intentions create uncertainty, particularly over the level of demand for the company's service, and hence the availability of bank finance in the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility.

### Financial key performance indicators

	2015	2014
	%	%
Employee costs as a percentage of sales (1)	64	60
Occupancy rates (2)	91	92
Employee costs as a percentage of Astley sales	85	60
Occupancy rates at Astley Hall	77	81

### Notes on KPI's

1. Employee costs, defined as the gross cost of all nursing home staff, as a percentage of nursing home income, but excluding Astley Hall.

2. Occupancy rates are measured as the average percentage of occupied beds over the year, excluding Astley Hall. Heritage Manor has 95 available beds across its three mature owned homes for the year ending 30 June 2015 and the year ended 30 June 2014. Astley Hall had 46 beds available for the year ending 30 June 2015 and the year ended 30 June 2014.

## Group strategic report (continued)

For the year ended 30 June 2015

### Principal risks and uncertainties

The group's financial instruments comprise bank loans, overdrafts and cash. The main purpose of these financial instruments is to provide finance for the group's operations. The group has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations. It is, and has been throughout the year under review, the group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the group's financial instruments are interest rate risk, credit risk and liquidity risk.

### Cash flow interest risk

The group borrows in sterling at fixed rates of interest, under the terms of the facilities provided by Lloyds TSB. Interest bearing assets comprise cash and bank deposits and earn interest at floating rates. The directors monitor the overall level of borrowings and interest costs to limit any adverse effects on the financial performance of the group.

### Liquidity risk

The group's policy is to ensure availability of operating funds by maintaining an appropriate cash balance in current accounts and to establish an appropriate level of borrowing facilities to provide short-term flexibility.

The current economic conditions create uncertainty, particularly over the level of demand for the company's services and the availability of bank finance in the foreseeable future. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility.

The directors have prepared cash flow forecast that demonstrate that the group has sufficient funding facilities in place to allow it to continue in business for a period of at least 12 months from the date of signing these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

### Credit risk

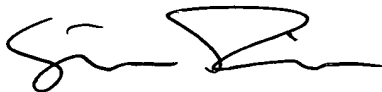
The group's principal financial assets are bank balances, cash and trade debtors, which represent the company's maximum exposure to credit risk in relation to financial assets. The directors monitor trade debtor balances on a regular basis to minimise the risk of unpaid balances.

This report was approved by the board on

17/12/2015

and signed on its behalf.

S Patient  
Director



## **Directors' report**

**For the year ended 30 June 2015**

The directors present their report and the financial statements for the year ended 30 June 2015.

### **Principal activities**

The principal activity of the group and company is the operation of nursing homes.

### **Directors**

The directors who served during the year were:

S Patient  
E Dugdale  
N S Gough  
H J Carver  
I S Kathuria

The directors have not proposed a dividend (2014: £nil) in the year.

### **Results**

The loss for the year, after taxation, amounted to £109,853 (2014 - loss £33,251).

### **Employee involvement**

The company ensures that there is effective communication with members of its staff so that they are fully aware of key aspects of the company's business strategy and environment.

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

# Directors' report

For the year ended 30 June 2015

## Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Matters covered in the Strategic report

For a review of the business and details of financial risk management objectives and policies please refer to the Strategic Report.

## Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

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

Heritage Manor Limited

## Directors' report

For the year ended 30 June 2015

### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



**S Patient**  
Director

Date: 17/12/2015



## Independent auditor's report to the members of Heritage Manor Limited

We have audited the financial statements of Heritage Manor Limited for the year ended 30 June 2015, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and reconciliation of net cash flow to movement in net debt and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent auditor's report to the members of Heritage Manor Limited

### **Matters on which we are required to report by exception**

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

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

*Grant Thornton UK LLP*

Rebecca Eagle (senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

Birmingham

Date:

*17 December 2015*

## Consolidated profit and loss account

For the year ended 30 June 2015

	Note	2015 £	2014 £
<b>Turnover</b>	1,2	<b>5,290,944</b>	5,353,180
Cost of sales		<u>(3,912,374)</u>	<u>(3,949,944)</u>
<b>Gross profit</b>		<b>1,378,570</b>	1,403,236
Administrative expenses		<u>(1,343,733)</u>	<u>(1,215,426)</u>
<b>Operating profit</b>	3	<b>34,837</b>	187,810
Share of operating profit in associates		<u>-</u>	<u>543</u>
<b>Total operating profit</b>		<b>34,837</b>	188,353
Interest receivable and similar income	6	<b>3,430</b>	-
Interest payable and similar charges	7	<u>(142,202)</u>	<u>(171,543)</u>
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(103,935)</b>	16,810
Tax on (loss)/profit on ordinary activities	8	<u>(5,918)</u>	<u>(50,061)</u>
<b>Loss for the financial year</b>	18	<b><u>(109,853)</u></b>	<b><u>(33,251)</u></b>

All amounts relate to continuing operations.

The notes on pages 13 to 31 form part of these financial statements.

## Consolidated statement of total recognised gains and losses

For the year ended 30 June 2015

	Note	2015 £	2014 £
Loss for the financial year		(109,853)	(33,251)
Unrealised surplus on revaluation of tangible fixed assets	10	<u>1,920,278</u>	<u>-</u>
<b>Total recognised gains and losses relating to the year</b>		<u><b>1,810,425</b></u>	<u><b>(33,251)</b></u>

## Note of consolidated historical cost profits and losses

For the year ended 30 June 2015

	2015 £	2014 £
<b>Reported (loss)/profit on ordinary activities before taxation</b>	<b>(103,935)</b>	<b>16,810</b>
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount.	<u>67,363</u>	<u>67,273</u>
<b>Historical cost (loss)/profit on ordinary activities before taxation</b>	<u><b>(36,572)</b></u>	<u><b>84,083</b></u>
<b>Historical (loss)/profit for the year after taxation</b>	<u><b>(42,490)</b></u>	<u><b>34,022</b></u>

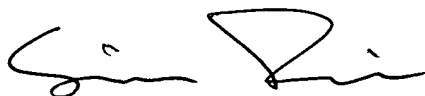
The notes on pages 13 to 31 form part of these financial statements.

## Consolidated balance sheet

As at 30 June 2015

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Intangible assets	9		217,427		327,591
Tangible assets	10		8,963,176		7,137,576
Investments	11		250		250
			<u>9,180,853</u>		<u>7,465,417</u>
<b>Current assets</b>					
Stocks	12	4,740		4,739	
Debtors	13	271,743		390,286	
Cash at bank		209,004		157,578	
		<u>485,487</u>		<u>552,603</u>	
<b>Creditors: amounts falling due within one year</b>	14	(685,771)		(741,389)	
<b>Net current liabilities</b>			<u>(200,284)</u>		<u>(188,786)</u>
<b>Total assets less current liabilities</b>			<u>8,980,569</u>		<u>7,276,631</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(3,601,196)		(3,713,601)
<b>Provisions for liabilities</b>					
Deferred tax	16		(10,544)		(4,626)
<b>Net assets</b>			<u><u>5,368,829</u></u>		<u><u>3,558,404</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		100		100
Revaluation reserve	18		5,458,943		3,606,028
Profit and loss account	18		(90,214)		(47,724)
<b>Equity shareholders' funds</b>	19		<u><u>5,368,829</u></u>		<u><u>3,558,404</u></u>

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



S Patient

Director

Date: 17/12/2015

The notes on pages 13 to 31 form part of these financial statements.

## Company balance sheet

As at 30 June 2015

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Intangible assets	9		217,427		327,591
Tangible assets	10		7,754,636		6,208,201
Investments	11		940		940
			<u>7,973,003</u>		<u>6,536,732</u>
<b>Current assets</b>					
Stocks	12	4,740		4,739	
Debtors	13	1,684,529		1,696,718	
Cash at bank	14	204,657		153,730	
			<u>1,893,926</u>	<u>1,855,187</u>	
<b>Creditors: amounts falling due within one year</b>	14	(734,288)		(793,358)	
<b>Net current assets</b>			<u>1,159,638</u>		<u>1,061,829</u>
<b>Total assets less current liabilities</b>			<u>9,132,641</u>		<u>7,598,561</u>
<b>Creditors: amounts falling due after more than one year</b>	15		(3,601,196)		(3,713,601)
<b>Provisions for liabilities</b>					
Deferred tax	16		(10,544)		(4,626)
<b>Net assets</b>			<u>5,520,901</u>		<u>3,880,334</u>
<b>Capital and reserves</b>					
Called up share capital	17		100		100
Revaluation reserve	18		5,179,778		3,606,028
Profit and loss account	18		341,023		274,206
<b>Equity shareholders' funds</b>	19		<u>5,520,901</u>		<u>3,880,334</u>

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

S Patient  
Director

Date: 17/12/2015.

The notes on pages 13 to 31 form part of these financial statements.

## Consolidated cash flow statement

For the year ended 30 June 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	20	365,694	419,521
Returns on investments and servicing of finance	21	(138,772)	(145,030)
Taxation		-	2,347
Capital expenditure and financial investment	21	(61,722)	(97,181)
<b>Cash inflow before financing</b>		<b>165,200</b>	<b>179,657</b>
Financing	21	(113,774)	11,611
<b>Increase in cash in the year</b>		<b>51,426</b>	<b>191,268</b>

## Reconciliation of net cash flow to movement in net debt

For the year ended 30 June 2015

	2015 £	2014 £
Increase in cash in the year	51,426	191,268
Cash outflow from decrease in debt and lease financing	113,774	(11,611)
<b>Movement in net debt in the year</b>	<b>165,200</b>	<b>179,657</b>
Opening net debt	(3,674,116)	(3,853,773)
<b>Closing net debt</b>	<b>(3,508,916)</b>	<b>(3,674,116)</b>

The notes on pages 13 to 31 form part of these financial statements.

# Notes to the financial statements

For the year ended 30 June 2015

## **1. Accounting policies**

### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable accounting standards.

Under Section 408(4) of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. The parent company's profit for the year is disclosed in note 19 to the financial statements

### **1.2 Going concern**

The directors have prepared cash flow forecasts demonstrating that the group has sufficient funding facilities in place to allow it to continue in business for a period of at least 12 months from the date of signing these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

### **1.3 Basis of consolidation**

The financial statements consolidate the accounts of Heritage Manor Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

### **1.4 Turnover**

Turnover, which is stated exclusive of VAT, consists of gross income derived from the group's principal activity. Turnover is recognised in the period to which it relates.

### **1.5 Goodwill**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.



## Notes to the financial statements

For the year ended 30 June 2015

### 1. Accounting policies (continued)

#### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% on the straight line basis
Motor vehicles	-	25% on the straight line basis
Fixtures, fittings & equipment	-	25% on the straight line basis
Office equipment	-	25% on the straight line basis

#### 1.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

#### 1.8 Investments

(i) Subsidiary undertakings

Investments in subsidiaries are valued at cost less provision for impairment.

(ii) Associated undertakings

Investments in associates are stated at the amount of the company's share of net assets. The profit and loss account includes the company's share of the associated companies' profits after taxation using the equity accounting basis.

The exception to the equity accounting basis is where there is sufficient evidence that an event has irrevocably changed the relationship between the investor and its investee, marking its irreversible withdrawal from its associate.

Consequently where there is no intention to support the undertaking then only the liabilities that the group will incur if the undertaking should cease to trade are provided for in full in the consolidated financial statements.

#### 1.9 Stocks

Stocks are valued at the lower of cost and net realisable value.

#### 1.10 Finance costs

Finance costs relating to the raising of debt are credited against the carrying value of the debt and charged to the profit and loss account on a straight line basis over the term of the finance.

## Notes to the financial statements

For the year ended 30 June 2015

### 1. Accounting policies (continued)

#### 1.11 Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior period, and are unpaid at the reporting date. They are calculated according to tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets and liabilities are recognised as a component of the tax expense in the profit and loss account.

#### 1.12 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

#### 1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

#### 1.14 Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

# Notes to the financial statements

For the year ended 30 June 2015

## 1. Accounting policies (continued)

### 1.15 Related party transactions

Under the terms of FRS8 Related Party disclosures the company is exempt from the requirement to disclose transactions with entities that are wholly owned subsidiary undertakings of Heritage Manor Limited. Transactions with other related parties are disclosed in note 25 to the financial statements.

### 1.16 Repairs and maintenance

Repairs and maintenance costs are expenses to the profit and loss account in the year in which they are incurred.

## 2. Turnover

An analysis of turnover by class of business is as follows:

	2015 £	2014 £
Nursing home rental income	5,226,829	5,241,115
Grant income	20,050	26,510
Other income	44,065	85,555
	<u>5,290,944</u>	<u>5,353,180</u>

All turnover arose within the United Kingdom.

## 3. Operating profit

The operating profit is stated after charging/(crediting):

	2015 £	2014 £
Amortisation - intangible fixed assets	110,164	110,164
Depreciation of tangible fixed assets:		
- owned by the group	156,400	148,638
Auditor's remuneration	15,300	15,000
Auditor's remuneration - non-audit	3,850	6,225
Operating lease rentals		
- other operating leases	24,701	15,645
Profit on sale of tangible assets	-	(250)
	<u></u>	<u></u>

Auditors fees for the company were £13,100 (2014 - £13,000)

# Notes to the financial statements

For the year ended 30 June 2015

## 4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015	2014
	£	£
Wages and salaries	3,130,116	3,177,066
Social security costs	213,843	215,639
Other pension costs	10,109	-
	<u>3,354,068</u>	<u>3,392,705</u>

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

	2015	2014
	No.	No.
Nursing and administration staff	246	243
Office administration	9	10
	<u>255</u>	<u>253</u>

## 5. Directors' remuneration

	2015	2014
	£	£
Remuneration	<u>124,779</u>	<u>170,147</u>
Company pension contributions to defined contribution pension schemes	<u>528</u>	<u>-</u>

During the year retirement benefits were accruing to 2 directors (2014 - NIL) in respect of defined contribution pension schemes.

## 6. Interest receivable and similar income

	2015	2014
	£	£
Bank interest receivable	<u>3,430</u>	<u>-</u>

## Notes to the financial statements

For the year ended 30 June 2015

**7. Interest payable and similar charges**

	2015 £	2014 £
On bank loans and overdrafts	142,202	145,030
Share of associates' interest payable	-	26,513
	<u>142,202</u>	<u>171,543</u>

**8. Taxation**

	2015 £	2014 £
<b>Analysis of tax charge/(credit) in the year</b>		
Current tax (see note below)		
Adjustments in respect of prior periods	-	(2,347)
	<u>-</u>	<u>(2,347)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	16,216	48,412
Effect of increased tax rate on opening liability	-	6,568
Adjustments in respect of prior periods	(10,298)	(2,572)
	<u>5,918</u>	<u>52,408</u>
<b>Total deferred tax (see note 16)</b>	<u>5,918</u>	<u>52,408</u>
<b>Tax on (loss)/profit on ordinary activities</b>	<u>5,918</u>	<u>50,061</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2014 - lower than) the standard rate of corporation tax in the UK of 20.75% (2014 - 22.5%). The differences are explained below:

	2015 £	2014 £
(Loss)/profit on ordinary activities before tax	<u>(103,935)</u>	<u>16,810</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.75% (2014 - 22.5%)	(21,567)	3,782
<b>Effects of:</b>		
Expenses not deductible for tax purposes	-	16,446
Depreciation for the year in excess of capital allowances	26,428	10,868
Adjustments to tax charge in respect of prior periods	-	(2,347)
(Tax losses utilised)/unrelieved tax losses carried forward	(4,861)	(31,096)
	<u>-</u>	<u>(2,347)</u>
<b>Current tax charge/(credit) for the year (see note above)</b>	<u>-</u>	<u>(2,347)</u>

# Notes to the financial statements

For the year ended 30 June 2015

## 9. Intangible fixed assets

		Goodwill £
<b>Group</b>		
<b>Cost</b>		
At 1 July 2014 and 30 June 2015		595,822
<b>Amortisation</b>		
At 1 July 2014		268,231
Charge for the year		110,164
At 30 June 2015		378,395
<b>Net book value</b>		
At 30 June 2015		217,427
At 30 June 2014		327,591
<b>Company</b>		
<b>Cost</b>		
At 1 July 2014 and 30 June 2015		595,822
<b>Amortisation</b>		
At 1 July 2014		268,231
Charge for the year		110,164
At 30 June 2015		378,395
<b>Net book value</b>		
At 30 June 2015		217,427
At 30 June 2014		327,591

## Notes to the financial statements

For the year ended 30 June 2015

**10. Tangible fixed assets**

Group	Freehold land £	Freehold buildings £	Fixtures, fittings & equipment £	Office equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
At 1 July 2014	2,829,375	4,858,480	493,802	33,990	10,175	8,225,822
Additions	-	10,560	49,282	1,880	-	61,722
Revaluation surplus	279,165	1,641,113	-	-	-	1,920,278
At 30 June 2015	<u>3,108,540</u>	<u>6,510,153</u>	<u>543,084</u>	<u>35,870</u>	<u>10,175</u>	<u>10,207,822</u>
<b>Depreciation</b>						
At 1 July 2014	-	690,927	359,905	29,068	8,346	1,088,246
Charge for the year	-	97,273	55,132	2,951	1,044	156,400
At 30 June 2015	<u>-</u>	<u>788,200</u>	<u>415,037</u>	<u>32,019</u>	<u>9,390</u>	<u>1,244,646</u>
<b>Net book value</b>						
At 30 June 2015	<u>3,108,540</u>	<u>5,721,953</u>	<u>128,047</u>	<u>3,851</u>	<u>785</u>	<u>8,963,176</u>
At 30 June 2014	<u>2,829,375</u>	<u>4,167,553</u>	<u>133,897</u>	<u>4,922</u>	<u>1,829</u>	<u>7,137,576</u>

The land and buildings were revalued by independent external valuers, GVA Grimley, on 16 November 2015, on the basis of Existing Use Value in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Existing Use Value includes notional directly attributable acquisition costs. The directors consider the valuation of land and buildings at 30 June 2015 to be in accordance with the valuation per the report and a revaluation was booked accordingly.

## Notes to the financial statements

For the year ended 30 June 2015

**10. Tangible fixed assets (continued)**

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Group	2015 £	2014 £
Cost	3,588,893	3,588,893
Accumulated depreciation	(230,305)	(200,395)
Net book value	<u>3,358,588</u>	<u>3,388,498</u>

Company	Freehold land £	Freehold buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Office equipment £	Total £
<b>Cost or valuation</b>						
At 1 July 2014	1,900,000	4,858,480	493,802	10,175	33,990	7,296,447
Additions	-	10,560	49,282	-	1,880	61,722
Revaluation surplus	-	1,641,113	-	-	-	1,641,113
At 30 June 2015	<u>1,900,000</u>	<u>6,510,153</u>	<u>543,084</u>	<u>10,175</u>	<u>35,870</u>	<u>8,999,282</u>
<b>Depreciation</b>						
At 1 July 2014	-	690,927	359,905	8,346	29,068	1,088,246
Charge for the year	-	97,273	55,132	1,044	2,951	156,400
At 30 June 2015	<u>-</u>	<u>788,200</u>	<u>415,037</u>	<u>9,390</u>	<u>32,019</u>	<u>1,244,646</u>
<b>Net book value</b>						
At 30 June 2015	<u>1,900,000</u>	<u>5,721,953</u>	<u>128,047</u>	<u>785</u>	<u>3,851</u>	<u>7,754,636</u>
At 30 June 2014	<u>1,900,000</u>	<u>4,167,553</u>	<u>133,897</u>	<u>1,829</u>	<u>4,922</u>	<u>6,208,201</u>

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Company	2015 £	2014 £
Cost	3,359,518	3,359,518
Accumulated depreciation	(230,305)	(200,395)
Net book value	<u>3,129,213</u>	<u>3,159,123</u>



## Notes to the financial statements

For the year ended 30 June 2015

**11. Fixed asset investments**

Group	Trade investments £
<b>Cost and net book value</b>	
At 1 July 2014 and 30 June 2015	250
<b>Net book value</b>	
At 30 June 2015	250
At 30 June 2014	250

**Related undertakings**

At 30 June 2015 the group had interests in the following associated undertakings and trade investments:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Abberton Manor Developments Limited	Jersey	Equity	33%	Property development
Abberton Manor Properties Limited	Jersey	Equity	33%	Investment in property

These consolidated financial statements incorporate the financial statements of the company and its wholly owned subsidiary undertakings, Frontsouth (Developments) Limited and Heritage Manor (The Lawns) Limited, and the group's share in the results and financial position of its associated undertaking, Abberton Manor Properties Limited. Despite holding 33% of the issued share capital of Abberton Manor Developments Limited, the directors do not consider that the company exerts significant influence over the operating and financial decisions of Abberton Manor Developments Limited, and as such it is included as a trade investment in the consolidated financial statements.

There are on-going discussions between the Bank of Ireland and the other shareholders of Abberton Manor Properties Limited regarding the repayment of the external borrowings and the valuation of the property. The Directors of Heritage Manor Limited have therefore withdrawn financial support to the business. Whilst it remains involved in terms of providing support to Abberton Manor Properties in managing the nursing home, it has no intention of supporting the business long term from a financing perspective. Should the outcome of the discussions between the Trust and the Bank of Ireland lead to Abberton Manor Properties ceasing to trade, Heritage Manor Limited would not incur any liabilities as the sale of the property would repay the bank loan and the remaining net liabilities are to the shareholders of the company.

During the prior year Heritage Manor Limited accounted for its share of the operating loss and interest payable incurred by Abberton Manor Properties so that its interest in associated undertaking was reduced to £Nil. The investment in associated undertakings remains at £Nil at 30 June 2015.

Abberton Manor Developments Limited owns 100% of the issued share capital of Abberton Grange Management Limited (a service management company) and Abberton Manor Sales Limited (a property sales company).

## Notes to the financial statements

For the year ended 30 June 2015

**11. Fixed asset investments (continued)**

Company	Trade investments £
<b>Cost and net book value</b>	
At 1 July 2014 and 30 June 2015	940
<b>Net book value</b>	
At 30 June 2015	940
At 30 June 2014	940

At 30 June 2015 the company holds 100% of the share capital of Frontsouth (Developments) Limited and Heritage Manor (The Lawns) Limited, companies which are incorporated in the United Kingdom.

**12. Stocks**

	<b>Group</b>		<b>Company</b>	
	2015	2014	2015	2014
	£	£	£	£
Stocks of foodstuffs	4,740	4,739	4,740	4,739

The difference between purchase price of stocks and their replacement cost is not material.

**13. Debtors**

	<b>Group</b>		<b>Company</b>	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	145,648	284,737	145,648	284,737
Amounts owed by related parties	25,743	15,044	25,743	15,044
Amounts owed by group undertakings	-	-	1,416,469	1,307,089
Other debtors	88,252	71,340	84,569	71,268
Prepayments and accrued income	12,100	18,580	12,100	18,580
Tax recoverable	-	585	-	-
	271,743	390,286	1,684,529	1,696,718

## Notes to the financial statements

For the year ended 30 June 2015

**14. Creditors:****Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts (note 15)	116,724	118,093	116,724	118,093
Trade creditors	160,007	144,028	151,672	139,630
Amounts owed to related parties (note 25)	191,028	175,988	191,028	175,988
Amounts owed to other participating interest	-	-	-	100
Other taxation and social security	58,144	86,714	58,144	86,714
Group relief	-	-	58,566	58,566
Other creditors	96,251	74,549	96,837	74,549
Accruals and deferred income	63,617	142,017	61,317	139,718
	<b>685,771</b>	<b>741,389</b>	<b>734,288</b>	<b>793,358</b>

**15. Creditors:****Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	3,601,196	3,713,601	3,601,196	3,713,601

Included within the above are amounts falling due as follows:

	<b>Group</b>		<b>Company</b>	
	2015	2014	2015	2014
	£	£	£	£
<b>Between one and two years</b>				
Bank loans	228,860	117,525	228,860	117,525
<b>Between two and five years</b>				
Bank loans	3,372,336	374,044	3,372,336	374,044
<b>Over five years</b>				
Bank loans	-	3,222,032	-	3,222,032

## Notes to the financial statements

For the year ended 30 June 2015

**15. Creditors:****Amounts falling due after more than one year (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Repayable by instalments	-	3,222,032	-	3,222,032

The bank overdraft is unsecured.

The four bank loans are repayable in installments with an amount repayable in full in 84 months after the drawdown. It is the Bank's intention that it will offer Heritage Manor Limited a loan equal to the amount that remains owing to the Bank 7 years after the date the loan is borrowed for a period not exceeding 18 years provided that at such time, (i) no Event of Default has occurred or is continuing and (ii) Heritage Manor Limited completes such documentation as may be required by the Bank including a loan agreement incorporating terms and conditions to the Bank. The bank loans are secured via a first legal charge over the freehold land and buildings of the care homes owned by Heritage Manor Limited and an unlimited debenture from Heritage Manor Limited. For the 84 month period following the drawdown, interest is payable on three of the bank loans at a fixed rate of 3.62%, and payable at 4.15% on the remaining bank loan. Interest is renegotiable 84 months after the drawdown.

**16. Deferred taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning of year	4,626	(47,782)	4,626	(47,782)
Charge for the year (P&L)	5,918	52,408	5,918	52,408
At end of year	10,544	4,626	10,544	4,626

The provision for deferred taxation is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	10,544	13,230	10,544	13,230
Tax losses carried forward	-	(8,604)	-	(8,604)
	10,544	4,626	10,544	4,626

## Notes to the financial statements

For the year ended 30 June 2015

**17. Share capital**

	2015	2014
	£	£
Allotted, called up and fully paid		
10,000 Ordinary shares of £0.10 each	100	100

**18. Reserves**

	Revaluation reserve	Profit and loss account
	£	£
<b>Group</b>		
At 1 July 2014	3,606,028	(47,724)
Loss for the financial year	-	(109,853)
Surplus on revaluation of freehold land	1,641,113	-
Surplus on revaluation of freehold buildings	279,165	-
Transfer between revaluation reserve and profit and loss account	(67,363)	67,363
At 30 June 2015	5,458,943	(90,214)

	Revaluation reserve	Profit and loss account
	£	£
<b>Company</b>		
At 1 July 2014	3,606,028	274,206
Loss for the financial year	-	(546)
Surplus on revaluation of leasehold property	1,641,113	-
Transfer between revaluation reserve and profit and loss account	(67,363)	67,363
At 30 June 2015	5,179,778	341,023

# Notes to the financial statements

For the year ended 30 June 2015

## 19. Reconciliation of movement in equity shareholders' funds

	2015	2014
Group	£	£
Opening equity shareholders' funds	3,558,404	3,591,655
Loss for the financial year	(109,853)	(33,251)
Other recognised gains and losses during the year	1,920,278	-
Closing equity shareholders' funds	<u>5,368,829</u>	<u>3,558,404</u>

	2015	2014
Company	£	£
Opening equity shareholders' funds	3,880,334	3,840,581
(Loss)/profit for the financial year	(546)	39,753
Other recognised gains and losses during the year	1,641,113	-
Closing equity shareholders' funds	<u>5,520,901</u>	<u>3,880,334</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own profit and loss account.

The loss for the year dealt with in the accounts of the company was £546 (2014 - £profit of 39,753).

## 20. Net cash flow from operating activities

	2015	2014
	£	£
Operating profit	34,837	187,810
Amortisation of intangible fixed assets	110,164	110,164
Depreciation of tangible fixed assets	156,400	148,638
Profit on disposal of tangible fixed assets	-	(250)
(Increase)/decrease in stocks	(1)	1
Decrease/(increase) in debtors	118,543	(145,030)
(Decrease)/increase in creditors	(54,249)	118,188
Net cash inflow from operating activities	<u>365,694</u>	<u>419,521</u>

## Notes to the financial statements

For the year ended 30 June 2015

**21. Analysis of cash flows for headings netted in cash flow statement**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	3,430	-
Interest paid	(142,202)	(145,030)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(138,772)</b>	<b>(145,030)</b>
	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(61,722)	(97,431)
Sale of tangible fixed assets	-	250
<b>Net cash outflow from capital expenditure</b>	<b>(61,722)</b>	<b>(97,181)</b>
	2015 £	2014 £
<b>Financing</b>		
New secured loans	-	88,813
Repayment of loans	(113,774)	(77,202)
<b>Net cash (outflow)/inflow from financing</b>	<b>(113,774)</b>	<b>11,611</b>

**22. Analysis of changes in net debt**

	1 July 2014 £	Cash flow £	Other non-cash changes £	30 June 2015 £
Cash at bank and in hand	157,578	51,426	-	209,004
<b>Debt:</b>				
Debts due within one year	(118,093)	113,774	(112,405)	(116,724)
Debts falling due after more than one year	(3,713,601)	-	112,405	(3,601,196)
<b>Net debt</b>	<b>(3,674,116)</b>	<b>165,200</b>	<b>-</b>	<b>(3,508,916)</b>

Other non-cash changes relate to reclassification of bank loans between due after more than one year and due within one year

# Notes to the financial statements

For the year ended 30 June 2015

## 23. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £10,109 (2014: £nil). Contributions totalling £nil (2014: £nil) were payable to the fund at the balance sheet date and are included in creditors.

## 24. Operating lease commitments

At 30 June 2015 the group had annual commitments under non-cancellable operating leases as follows:

	2015	Other 2014
Group and company	£	£
<b>Expiry date:</b>		
Within 1 year	1,819	-
Between 2 and 5 years	9,830	5,839
After more than 5 years	-	9,806
	<u>          </u>	<u>          </u>



## Notes to the financial statements

For the year ended 30 June 2015

**25. Related party transactions**

	Year end balance		Transactions in the year	
	2015	2014	2015	2014
	£	£	£	£
Abberton Manor Properties Limited	-	-	-	-
- Rental of nursing home	-	-	(123,868)	(148,664)
- Lease account	(66,479)	(51,439)	-	-
- Recharges	48,884	46,146	4,500	4,500
- Provision	(44,271)	(44,271)	-	-
Abberton Manor Developments Limited				
- Salaries recharged	66,854	64,492	-	25,500
- Provision	(59,182)	(59,182)	-	-
Abberton Manor Sales Limited				
- Salaries recharged	7,826	1,750	21,000	25,500
Euronite Limited	-	-	-	-
- Services charged in the year	5,632	6,107	16,584	25,116
Porchester Properties Limited				
- Loan received	(25,000)	(25,000)	-	-
Carver (Wolverhampton) Limited				
- Loan received	(25,000)	(25,000)	-	-
St Georges Settlement				
- Loan received	(37,274)	(37,274)	-	-
Divine Light Settlement				
- Loan received	(37,274)	(37,274)	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Mr S Patient is a director of Abberton Manor Properties Limited, Abberton Manor Sales Limited and Abberton Manor Developments Limited.

Mr I B Kathuria is a director of Abberton Manor Properties Limited, Abberton Manor Sales Limited, Abberton Manor Developments Limited and Porchester Properties Limited.

Mr E Dugdale is a director of Frontsouth Developments Limited.

St Georges Settlement and Divine Light Settlement hold investments in Abberton Manor Properties Limited, Abberton Manor Developments Limited and Abberton Manor Holdings Limited. In addition, St Georges Settlement holds an investment in Euronite Limited.

Porchester Properties Limited and Carver (Wolverhampton) Limited are both shareholders of the company.

During the year, the company paid Mrs E Patient, the wife of Mr S Patient, £15,000 (2014: £10,000) for secretarial services.

The group has taken advantage of the exemption under FRS 8 not to disclose transactions with other wholly owned group companies.

## Notes to the financial statements

For the year ended 30 June 2015

### **26. Post balance sheet events**

The planned sale of land adjacent to The Lawns Nursing Home to Linden Limited completed post year-end on 15 September 2015. Land held at a value of £1,158,540 in the group accounts was sold for a consideration of £1,158,540.

### **27. Controlling party**

The directors have confirmed that due to the share ownership structure, there is no overall controlling entity for Heritage Manor Limited.