

Hillcrest Care Homes Limited

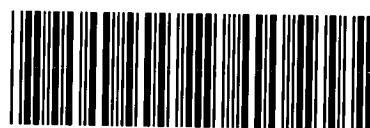
Directors' Report and Financial Statements

Period ended

31 December 2016

Company Number 02780067

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Hillcrest Care Homes Limited

Company Information

| | |
|----------------------------|---|
| Directors | M C Glowasky P A Smith |
| Registered number | 02780067 |
| Registered office | 11th Floor Two Snowhill Birmingham B4 6WR |
| Independent auditor | BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX |

Hillcrest Care Homes Limited

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Hillcrest Care Homes Limited

Directors' Report For the Period Ended 31 December 2016

The directors present their report and the financial statements for the nine months ended 31 December 2016.

Directors

The directors who served during the period were:

M C Glowasky
P A Smith

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 the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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's auditor is aware of that information.

Auditor

The auditor, BDO LLP, who was appointed in June 2017, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 27th October 2017 and signed on its behalf.



P A Smith
Director

Hillcrest Care Homes Limited

Directors' Responsibilities Statement For the Period Ended 31 December 2016

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 period. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the 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 of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The 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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hillcrest Care Homes Limited

Independent Auditor's Report to the Members of Hillcrest Care Homes Limited

We have audited the financial statements of Hillcrest Care Homes Limited for the period ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 Financial Reporting Council's (FRC'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 FRC's website at 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 Company's affairs as at 31 December 2016 and of its loss for the period 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 matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Hillcrest Care Homes Limited

Independent Auditor's Report to the Members of Hillcrest Care Homes Limited (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

Bao LP

27 October 2017

Martin Gill (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Hillcrest Care Homes Limited

Statement of Comprehensive Income For the Period Ended 31 December 2016

| | Note | Nine months ended 31 December 2016 £ | As restated (note 20) Year ended 31 March 2016 £ |
|--|------|---|--|
| Turnover | 4 | 814,671 | 1,163,013 |
| Cost of sales | | (851,893) | (981,987) |
| Gross (loss)/profit | | (37,222) | 181,026 |
| Administrative expenses | | (330,888) | (172,966) |
| Other operating income | 5 | - | 509 |
| Operating (loss)/profit | 6 | (368,110) | 8,569 |
| Tax on (loss)/profit | | 52,633 | - |
| (Loss)/profit for the financial period | | (315,477) | 8,569 |
| Other comprehensive income for the period | | | |
| Revaluation of freehold property | 8 | 2,976 | 181,951 |
| Deferred tax on revaluation gains | 12 | (506) | (32,751) |
| Other comprehensive income for the period | | 2,470 | 149,200 |
| Total comprehensive income for the period | | (313,007) | 157,769 |

Hillcrest Care Homes Limited

Registered number: 02780067

Balance Sheet As at 31 December 2016

| | Note | 31 December 2016 £ | As restated (note 20) 31 March 2016 £ |
|--|------|-----------------------------|---|
| Fixed assets | | | |
| Tangible assets | 8 | 1,252,717 | 1,165,314 |
| | | <u>1,252,717</u> | <u>1,165,314</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 9 | 273,574 | 640,539 |
| Cash at bank and in hand | 10 | 11,127 | 7,713 |
| | | <u>284,701</u> | <u>648,252</u> |
| Creditors: amounts falling due within one year | 11 | (307,817) | (218,831) |
| Net current (liabilities)/assets | | <u>(23,116)</u> | <u>429,421</u> |
| Total assets less current liabilities | | <u>1,229,601</u> | <u>1,594,735</u> |
| Provisions for liabilities | | | |
| Deferred tax | 12 | (23,474) | (75,601) |
| | | <u>(23,474)</u> | <u>(75,601)</u> |
| Net assets | | <u><u>1,206,127</u></u> | <u><u>1,519,134</u></u> |
| Capital and reserves | | | |
| Called up share capital | 13 | 4 | 4 |
| Revaluation reserve | 14 | 151,670 | 149,200 |
| Profit and loss account | 14 | 1,054,453 | 1,369,930 |
| | | <u><u>1,206,127</u></u> | <u><u>1,519,134</u></u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

27/12/17



P A Smith
Director

The notes on pages 9 to 19 form part of these financial statements.

Hillcrest Care Homes Limited

Statement of Changes in Equity For the Period Ended 31 December 2016

| | Called up share capital | Revaluation reserve | Profit and loss account | Total equity |
|--|----------------------------|------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 April 2016 (as restated) | 4 | 149,200 | 1,369,930 | 1,519,134 |
| Comprehensive income for the period | | | | |
| Loss for the period | - | - | (315,477) | (315,477) |
| Surplus on revaluation of freehold property net of deferred taxation | - | 2,470 | - | 2,470 |
| Other comprehensive income for the period | - | 2,470 | - | 2,470 |
| Total comprehensive income for the period | - | 2,470 | (315,477) | (313,007) |
| Total transactions with owners | - | - | - | - |
| At 31 December 2016 | 4 | 151,670 | 1,054,453 | 1,206,127 |

Hillcrest Care Homes Limited

Statement of Changes in Equity For the Period Ended 31 March 2016

| | Called up share capital | Revaluation reserve | Profit and loss account | Total equity |
|--|----------------------------|------------------------|----------------------------|------------------|
| | £ | £ | £ | £ |
| At 1 April 2015 (as restated) | 4 | - | 1,361,361 | 1,361,365 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 8,569 | 8,569 |
| Surplus on revaluation of freehold property net of deferred taxation | - | 149,200 | - | 149,200 |
| Other comprehensive income for the year | - | 149,200 | - | 149,200 |
| Total comprehensive income for the year | - | 149,200 | 8,569 | 157,769 |
| Total transactions with owners | - | - | - | - |
| At 31 March 2016 | 4 | 149,200 | 1,369,930 | 1,519,134 |

The notes on pages 9 to 19 form part of these financial statements.

Hillcrest Care Homes Limited

Notes to the Financial Statements For the Period Ended 31 December 2016

1. General information

The Company's principal activity during the financial year was that of the establishment and running of care homes. The Company is a private limited company limited by shares and is incorporated and domiciled in the United Kingdom. The address of the registered office is shown on the Company information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006, applicable to small entities.

The company's functional and presentational currency is GBP.

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

The following principal accounting policies have been applied:

2.2 Going concern

After making appropriate enquiries the directors have reasonable expectations that the Company is well placed to manage its business risks successfully and has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

2.3 Revenue

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

Rendering of services

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

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

Hillcrest Care Homes Limited

Notes to the Financial Statements For the Period Ended 31 December 2016

2. Accounting policies (continued)

2.4 Tangible fixed assets

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

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

Depreciation is provided on the following basis:

| | |
|-----------------------|------------------------|
| Freehold property | - 1% straight line |
| Fixtures and fittings | - 10-15% straight line |
| Office equipment | - 25% straight line |

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

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

2.5 Revaluation of tangible fixed assets

Freehold property is carried at fair value determined annually by the directors on the basis of reports compiled by external valuers. These reports provide both a market value and a range of values around this with a 5% sensitivity, based on the properties value on the open market.

Revaluation gains and losses are recognised as other comprehensive income in the Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.6 Debtors

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

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Hillcrest Care Homes Limited

Notes to the Financial Statements For the Period Ended 31 December 2016

2. Accounting policies (continued)

2.8 Financial instruments

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

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.9 Creditors

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

2.10 Leased assets: the Company as lessee

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

Hillcrest Care Homes Limited

Notes to the Financial Statements For the Period Ended 31 December 2016

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

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

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

2.12 Provisions for liabilities

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

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

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

2.13 Current and deferred taxation

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

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

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

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

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

Hillcrest Care Homes Limited

Notes to the Financial Statements For the Period Ended 31 December 2016

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies

Valuation of freehold property (note 8)

The fair value of freehold property is determined annually by the director on information provided by valuations made by Colliers International, the Company's independent property advisers. These reports provide both a market value and a range of values around this with a 5% sensitivity, based on the properties value on the open market. Consideration is also taken by the director of the volatility of the market from quarter to quarter.

Trade debtors

The bad debt provision is considered via a review of the debtors listing, with debts provided for on a specific basis. Factors considered include customer payment history and aging.

Key accounting estimates and assumptions

No key accounting estimates and assumptions have been made in applying the entity's accounting policies.

4. Turnover

The whole of the turnover is attributable to the Company's main activity which is carried out in the United Kingdom.

5. Other operating income

| | Nine months ended 31 December 2016 £ | Year ended 31 March 2016 £ |
|------------------------|---|---|
| Other operating income | - | 509 |
| | <u>-</u> | <u>509</u> |

Hillcrest Care Homes Limited

Notes to the Financial Statements For the Period Ended 31 December 2016

6. Operating (loss)/profit

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

| | Nine months ended 31 December 2016 £ | Year ended 31 March 2016 £ |
|---|---|---|
| Depreciation of tangible fixed assets | 13,733 | 8,226 |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | - | 1,875 |
| Pension costs | <u>2,863</u> | <u>1,284</u> |

The current year audit fee for this Company has been paid by another group company.

7. Employees

The average number of employees in the period was 62 (2016: 49). There was no directors remuneration in either period.

Hillcrest Care Homes Limited

Notes to the Financial Statements For the Period Ended 31 December 2016

8. Tangible fixed assets

| | Freehold property £ | Fixtures and fittings £ | Office equipment £ | Total £ |
|--|---------------------------|-------------------------------|--------------------------|------------|
| Cost or valuation | | | | |
| At 1 April 2016 (as previously stated) | 1,128,000 | 50,981 | 5,015 | 1,183,996 |
| Prior Year Adjustment | 23,606 | (25,231) | (3,009) | (4,634) |
| At 1 April 2016 (as restated) | 1,151,606 | 25,750 | 2,006 | 1,179,362 |
| Additions | - | 95,657 | 2,503 | 98,160 |
| At 31 December 2016 | 1,151,606 | 121,407 | 4,509 | 1,277,522 |
| Depreciation | | | | |
| At 1 April 2016 (as previously stated) | - | 16,776 | 1,906 | 18,682 |
| Prior Year Adjustment | - | (3,883) | (751) | (4,634) |
| At 1 April 2016 (as restated) | - | 12,893 | 1,155 | 14,048 |
| Charge for the period | 10,914 | 2,183 | 636 | 13,733 |
| On revalued assets | (2,976) | - | - | (2,976) |
| At 31 December 2016 | 7,938 | 15,076 | 1,791 | 24,805 |
| Net book value | | | | |
| At 31 December 2016 | 1,143,668 | 106,331 | 2,718 | 1,252,717 |
| At 31 March 2016 (as restated) | 1,151,606 | 12,857 | 851 | 1,165,314 |

During the period the directors undertook a review of their fixed assets and have written of all items which in their view have been capitalised in error relating principally to refurbishment expenses and are considered revenue items. The effect of this reclassification on the comparative figures is shown above and has effectively increased the comparative's repairs and maintenance expenditure by £28,240 and decreased depreciation charged of £4,634. The effect of these adjustments is offset by a corresponding increase in the revaluation surplus of the freehold property within other comprehensive income. As such there is no change to net assets or total comprehensive income for the year. This increase in the revaluation uplift has led to a increase in deferred tax of £4,249 which is included in the revaluation reserve.

Hillcrest Care Homes Limited

Notes to the Financial Statements For the Period Ended 31 December 2016

The 2016 valuations are based on the director's valuations, which are driven from valuations made by Colliers International, the company's independent property advisers, on an open market value for existing use basis. These reports provide the basis for an assessment to be made of the volatility of this market quarter to quarter.

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

| | 31 December 2016 £ | 31 March 2016 £ |
|--------------------------|-----------------------------|-----------------------|
| Cost | 969,655 | 969,655 |
| Accumulated depreciation | (10,914) | - |
| Net book value | 958,741 | 969,655 |

9. Debtors

| | 31 December 2016 £ | 31 March 2016 £ |
|------------------------------------|-----------------------------|-----------------------|
| Trade debtors | 140,090 | 62,189 |
| Amounts owed by group undertakings | 111,089 | 469,757 |
| Prepayments and accrued income | 22,395 | 108,593 |
| | 273,574 | 640,539 |

10. Cash and cash equivalents

| | 31 December 2016 £ | 31 March 2016 £ |
|--------------------------|-----------------------------|-----------------------|
| Cash at bank and in hand | 11,127 | 7,713 |
| | 11,127 | 7,713 |

Hillcrest Care Homes Limited

Notes to the Financial Statements For the Period Ended 31 December 2016

11. Creditors: Amounts falling due within one year

| | 31 December 2016 £ | 31 March 2016 £ |
|------------------------------------|-----------------------------|-----------------------|
| Trade creditors | 102,237 | - |
| Other taxation and social security | 15,052 | 53,399 |
| Other creditors | 64,801 | 29,403 |
| Accruals and deferred income | 125,727 | 136,029 |
| | <u>307,817</u> | <u>218,831</u> |

12. Deferred taxation--

| | 2016 £ | 2016 £ |
|---------------------------------------|-----------------|-----------------|
| At beginning of year | (75,601) | (42,850) |
| Credited to profit or loss | 52,633 | - |
| Charged to other comprehensive income | (506) | (32,751) |
| At end of year | <u>(23,474)</u> | <u>(75,601)</u> |

The provision for deferred taxation is made up as follows:

| | 31 December 2016 £ | 31 March 2016 £ |
|--------------------------------|-----------------------------|-----------------------|
| Accelerated capital allowances | 7,956 | (42,850) |
| On revaluation gains | (31,438) | (32,751) |
| Short term timing differences | 8 | - |
| | <u>(23,474)</u> | <u>(75,601)</u> |

Hillcrest Care Homes Limited

Notes to the Financial Statements For the Period Ended 31 December 2016

13. Share capital

| | 31 December 2016 £ | 31 March 2016 £ |
|---|-----------------------------|-----------------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 4 Ordinary shares of £1 each | 4 | 4 |

14. Reserves

Revaluation reserve

The revaluation reserve represents the cumulative effect of revaluations of freehold land and buildings which are revalued to fair value at each reporting date.

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

15. Pension costs

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £2,863 (2016 - £1,284). Contributions totalling £46 (2016 - £7) were payable to the fund at the balance sheet date.

16. Related party transactions

The Company has taken advantage of the exemption under paragraph 33.1A of FRS 102 from the requirement to disclose related party transaction on the grounds that all related party transactions with other companies are wholly owned by the Group.

17. Post balance sheet events

Subsequent to the year end, the company's freehold property was sold to a fellow subsidiary at its carrying value.

Hillcrest Care Homes Limited

Notes to the Financial Statements For the Period Ended 31 December 2016

18. Controlling party

The company's immediate parent undertaking is Mariposa Care Limited, a company incorporated in the United Kingdom.

The company's intermediate parent undertaking is Butterfly Group Healthcare Limited which is the smallest and largest group to consolidate these financial statements. Copies of these financial statements can be obtained from 11th Floor, Two Snowhill, Birmingham, B4 6WR. Its ultimate parent undertaking and controlling party is Monarch Property Holdings SARL a company incorporated in Luxembourg. The directors are of the opinion that there is no single ultimate controlling party of Monarch Property Holdings SARL.

19. Accounting period

These financial statements cover the nine month period from 1 April 2016 to 31 December 2016 due to a change in accounting period. The comparative financial statements relate to the year ended 31 March 2016.

20. Prior year adjustment

During the period the directors undertook a review of their fixed assets and have written off all items which in their view have been capitalised in error relating principally to refurbishment expenses and are considered revenue items. The effect of this reclassification on the comparative figures is shown in note 9 and has effectively increased the comparative's repairs and maintenance expenditure by £28,240 and decreased depreciation charged of £4,634. The effect of these adjustments is offset by a corresponding increase in the revaluation surplus of the freehold property within other comprehensive income. As such there is no change to net assets or total comprehensive income for the year. This increase in the revaluation uplift has led to a increase in deferred tax of £4,249 which is included in the revaluation reserve.

The directors have ascertained that there was no bad debt provision made at individual company level historically. The bad debt provision as at 31 March 2015 should have been £71,107 for this company. The profit and loss account and trade debtors balance as at 31 March 2015 have been reduced to reflect this adjustment. This prior year adjustment has no material impact on the results or net assets for the year to 31 March 2016.

Overall, the effect of the above adjustments on the prior year figures is as follows: a total reduction on brought forward net assets as at 1 April 2015 of £71,107. A total reduction in total comprehensive income for the year to March 2016 of £4,249 and a total reduction in net assets as at 31/3/16 of £75,346.