

REGISTERED NUMBER: 07110396 (England and Wales)

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STRATEGIC REPORT, REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017  
FOR  
PRESTWICK CARE LIMITED

THURSDAY



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COMPANIES HOUSE

**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>3</b>
<b>Report of the Independent Auditors</b>	<b>5</b>
<b>Statement of Comprehensive Income</b>	<b>7</b>
<b>Balance Sheet</b>	<b>8</b>
<b>Statement of Changes in Equity</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>10</b>

**PRESTWICK CARE LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2017**

<b>DIRECTORS:</b>	D M Malhotra V Malhotra A Malhotra
<b>REGISTERED OFFICE:</b>	Malhotra House 7-9 Groat Market Newcastle upon Tyne Tyne and Wear NE1 1UQ
<b>REGISTERED NUMBER:</b>	07110396 (England and Wales)
<b>SENIOR STATUTORY AUDITOR:</b>	Peter Charles BSc FCA
<b>AUDITORS:</b>	Robson Laidler Accountants Limited Statutory Auditor Fernwood House Fernwood Road Jesmond Newcastle upon Tyne Tyne and Wear NE2 1TJ
<b>BANKERS:</b>	National Westminster Bank plc 16 Northumberland Street Newcastle upon Tyne NE1 7EL
<b>SOLICITORS:</b>	Sintons Law The Cube Barrack Road Newcastle upon Tyne NE4 6BD
<b>TAX ADVISERS:</b>	PricewaterhouseCoopers LLP Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 MARCH 2017**

The directors present their strategic report for the year ended 31 March 2017.

**REVIEW OF BUSINESS**

Resident fees increased in the year by £129,482 (2.5%) to £5,211,917. However, Operating Profit fell from £1,017,147 to £667,833 mostly due to 'one off' insurance claims income of £255,961 being received in the prior year resulting from flood damage in two of our care facilities and also due to staff costs increasing by £241,923 to £3,092,534 representing 59.3% of fee income. Total rents of £840,000 were paid to an associated company in the year.

Average occupancy levels in the year across all 3 care facilities fell slightly to 96% (March 16 - 97%), but currently sits at 98%. This exceptional performance is due in no small measure to the hard work and high standards of care that our care home staff and regional Operations Team administer day in day out.

**PRINCIPAL RISKS AND UNCERTAINTIES**

The continuing national nursing staff shortages, and resultant high agency costs, continue to impact on staff costs and although the company continues to do all possible to improve this situation it remains nonetheless a key risk for the business. In addition the impact of the ongoing wage increases from higher levels of National Living Wage and National Minimum Wage, plus increased staff numbers, have also contributed to higher ongoing staff costs. Local Authorities and Care Commissioning Groups in the region have, to some degree, provided some breathing space by affording care home operators a fee level increase, but this has not helped to cover the full extent of operational cost increases incurred by us throughout the year.

In addition the social care sector continues to be heavily regulated with both Local Authorities and the Care Quality Commission (CQC) being very forthright in their objectives to ensure that the standards of care provided by care home operators meet very strict criteria and standards. However, we are pleased to report that we feel we have the right level of competent and qualified management and staff within the company to help us achieve these ever increasing standards to ensure we meet the levels of care our residents deserve.

**ON BEHALF OF THE BOARD:**

  
D M Malhotra - Director

8 December 2017

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2017**

The directors present their report with the financial statements of the company for the year ended 31 March 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of the operation of care homes in Newcastle upon Tyne and Northumberland.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2017.

**FUTURE DEVELOPMENTS**

The ongoing development of our new 87 bedded care home in Alnwick continues to make good progress albeit site dynamics and ground conditions have resulted in further delays being incurred, Foundations are now laid and we anticipate the home will be built, fit out, and operational by the Spring of 2019.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

D M Malhotra  
V Malhotra  
A Malhotra

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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), 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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 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 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.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**PRESTWICK CARE LIMITED (REGISTERED NUMBER: 07110396)**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2017**

**AUDITORS**

The auditors, Robson Laidler Accountants Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'D M Malhotra', with a horizontal line extending to the right.

D M Malhotra - Director

8 December 2017

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PRESTWICK CARE LIMITED**

We have audited the financial statements of Prestwick Care Limited for the year ended 31 March 2017 on pages seven to fifteen. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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 auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; 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 our audit, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Strategic Report or the Report of the Directors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
PRESTWICK CARE 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, 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.

Peter Charles BSc FCA (Senior Statutory Auditor)  
for and on behalf of Robson Laidler Accountants Limited  
Statutory Auditor  
Fernwood House  
Fernwood Road  
Jesmond  
Newcastle upon Tyne  
Tyne and Wear  
NE2 1TJ

8 December 2017



STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017

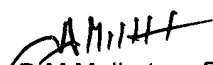
	Notes	2017 £	2016 £
<b>TURNOVER</b>	4	<b>5,211,917</b>	<b>5,082,435</b>
Cost of sales		<u>200,388</u>	<u>204,511</u>
<b>GROSS PROFIT</b>		<b>5,011,529</b>	<b>4,877,924</b>
Administrative expenses		<u>4,344,504</u>	<u>4,116,738</u>
		<b>667,025</b>	<b>761,186</b>
Other operating income		<u>808</u>	<u>255,961</u>
<b>OPERATING PROFIT</b>	6	<b>667,833</b>	<b>1,017,147</b>
Interest payable and similar expenses	7	<u>8</u>	<u>1,521</u>
<b>PROFIT BEFORE TAXATION</b>		<b>667,825</b>	<b>1,015,626</b>
Tax on profit	8	<u>133,052</u>	<u>213,196</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>534,773</b>	<b>802,430</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b><u>534,773</u></b>	<b><u>802,430</u></b>

The notes form part of these financial statements

BALANCE SHEET  
31 MARCH 2017

	Notes	2017 £	2016 £
<b>FIXED ASSETS</b>			
Tangible assets	9	67,138	87,001
<b>CURRENT ASSETS</b>			
Debtors	10	2,846,941	2,488,258
Cash at bank and in hand		<u>213,196</u>	<u>98,234</u>
		3,060,137	2,586,492
<b>CREDITORS</b>			
Amounts falling due within one year	11	<u>733,065</u>	<u>806,401</u>
<b>NET CURRENT ASSETS</b>		<u>2,327,072</u>	<u>1,780,091</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		2,394,210	1,867,092
<b>PROVISIONS FOR LIABILITIES</b>	13	<u>9,745</u>	<u>17,400</u>
<b>NET ASSETS</b>		<u>2,384,465</u>	<u>1,849,692</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1	1
Retained earnings	15	<u>2,384,464</u>	<u>1,849,691</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>2,384,465</u>	<u>1,849,692</u>

The financial statements were approved by the Board of Directors on 8 December 2017 and were signed on its behalf by:

  
D M Malhotra - Director

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2015	1	1,047,261	1,047,262
Changes in equity			
Total comprehensive income	-	802,430	802,430
Balance at 31 March 2016	1	1,849,691	1,849,692
Changes in equity			
Total comprehensive income	-	534,773	534,773
Balance at 31 March 2017	1	2,384,464	2,384,465

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**1. STATUTORY INFORMATION**

Prestwick Care Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The financial statements are rounded to the nearest £1.

**2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

**3. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

**Significant judgements and estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. If, in the future, such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and judgements will be modified as appropriate in the year in which the circumstances change.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

The estimated useful lives of tangible fixed assets

**Turnover**

Turnover represents 'care home residents' fees receivable (exempt from value added tax) which are recognised either under the terms of contracts with local authorities or under the terms of short term letting agreements.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017**

**3. ACCOUNTING POLICIES - continued**

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings - 25% straight line basis

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

**Impairment of assets**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

**Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

**Provisions**

Provisions are recognised when the company has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

4. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

Rendering of services £5,211,917 (2016: £5,082,435)

5. **EMPLOYEES AND DIRECTORS**

	2017 £	2016 £
Wages and salaries	2,921,466	2,697,541
Social security costs	158,031	140,971
Other pension costs	13,037	12,099
	<u>3,092,534</u>	<u>2,850,611</u>

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

	2017	2016
Care home	<u>200</u>	<u>181</u>

	2017 £	2016 £
Directors' remuneration	<u>-</u>	<u>-</u>

6. **OPERATING PROFIT**

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

	2017 £	2016 £
Other operating leases	840,000	822,488
Depreciation - owned assets	39,191	36,350
Auditors' remuneration	7,060	5,580
Auditors' remuneration for non audit work	-	180
Sundry receipts	<u>(808)</u>	<u>(255,961)</u>

7. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2017 £	2016 £
Bank interest	8	72
Other interest	<u>-</u>	<u>1,449</u>
	<u>8</u>	<u>1,521</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

## 8. TAXATION

**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2017 £	2016 £
Current tax:		
UK corporation tax	140,707	213,785
Deferred tax	<u>(7,655)</u>	<u>(589)</u>
Tax on profit	<u>133,052</u>	<u>213,196</u>

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2017 £	2016 £
Profit before tax	<u>667,825</u>	<u>1,015,626</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	133,565	203,125
Effects of:		
Expenses not deductible for tax purposes	-	10,070
Depreciation in excess of capital allowances	7,142	590
Deferred taxation	<u>(7,655)</u>	<u>(589)</u>
Total tax charge	<u>133,052</u>	<u>213,196</u>

## 9. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
<b>COST</b>	
At 1 April 2016	208,524
Additions	<u>19,328</u>
At 31 March 2017	<u>227,852</u>
<b>DEPRECIATION</b>	
At 1 April 2016	121,523
Charge for year	<u>39,191</u>
At 31 March 2017	<u>160,714</u>
<b>NET BOOK VALUE</b>	
At 31 March 2017	<u>67,138</u>
At 31 March 2016	<u>87,001</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

## 10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	167,843	165,937
Amounts owed by group undertakings	2,175,216	1,794,064
Other debtors	-	600
Amounts owed by related parties	218,990	8,990
Prepayments and accrued income	284,892	518,667
	<u>2,846,941</u>	<u>2,488,258</u>

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade creditors	81,852	75,237
Amounts owed to group undertakings	218,756	159,492
Corporation tax	195,482	213,785
Social security and other taxes	37,207	11,889
Other creditors	4,840	6,176
Amounts owed to related parties	3,847	3,847
Accruals and deferred income	191,081	335,975
	<u>733,065</u>	<u>806,401</u>

## 12. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017	2016
	£	£
Within one year	840,000	840,000
Between one and five years	3,360,000	3,360,000
In more than five years	10,080,000	10,920,000
	<u>14,280,000</u>	<u>15,120,000</u>

## 13. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Deferred tax		
Accelerated capital allowances	<u>9,745</u>	<u>17,400</u>
		Deferred tax
		£
Balance at 1 April 2016		17,400
Credit to Statement of Comprehensive Income during year		<u>(7,655)</u>
Balance at 31 March 2017		<u>9,745</u>



NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2017

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2017	2016
Number:	Class:		£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

15. RESERVES

	Retained earnings £
At 1 April 2016	1,849,691
Profit for the year	<u>534,773</u>
At 31 March 2017	<u>2,384,464</u>

**Reserves:**

Retained earnings - includes all current and prior period retained profits and losses.

16. ULTIMATE PARENT COMPANY

Malhotra Group PLC (incorporated in England and Wales) is regarded by the directors as being the company's ultimate parent company.

A copy of the consolidated financial statements can be obtained via the Companies House website.

17. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Amounts due from/to related parties are interest free.

**Key management personnel of the entity or its parent (in the aggregate)**

	2017	2016
	£	£
Amount due to related party	<u>3,847</u>	<u>3,847</u>

**Other related parties**

	2017	2016
	£	£
Rent payable	840,000	822,488
Amount due from related party	<u>218,990</u>	<u>8,990</u>

18. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is J Malhotra.