

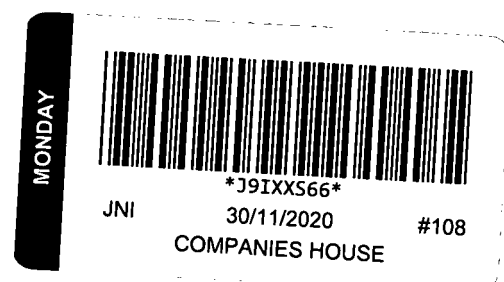
Financial Statements  
Spa Nursing Homes Limited

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For the year ended 30 November 2019



Registered number: NI026058



**Spa Nursing Homes Limited**

## Company Information

<b>Directors</b>	Mr E S Johnston Mr C Johnston Mrs L H Johnston
<b>Company secretary</b>	Mr D J Ross
<b>Registered number</b>	NI026058
<b>Registered office</b>	18 Orby Link Belfast Co. Antrim BT5 5HW
<b>Independent auditors</b>	Grant Thornton (NI) LLP Chartered Accountants & Statutory Auditors 12-15 Donegall Square West Belfast BT1 6JH
<b>Bankers</b>	Bank of Ireland Belfast BT1 2BA
<b>Solicitors</b>	John McKee & Son 32-38 Linenhall Street Belfast BT2 8BG

**Spa Nursing Homes Limited**

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## Spa Nursing Homes Limited

# Strategic report

For the year ended 30 November 2019

### Introduction

The directors present their reports and the financial statements of the company for the year ended 30 November 2019.

### Business review

The company's turnover has increased from £6.33m to £6.94m and gross profit has increased to 24.9% (2017 - 19%). The directors consider that in the light of prevailing economic and market conditions, both the results for the year and the prospects for the future are satisfactory.

### Principal risks and uncertainties

The company uses various financial instruments including bank loans and overdrafts, hire purchase, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide sufficient finance for the company's operations. The directors remain mindful of risks and uncertainties facing the business, such as the impact of Health Trust cuts on occupancy rates, rising costs and fluctuation in the interest rates.

Management is closely monitoring the evolution of the COVID-19 pandemic, including how it may affect the Group, the economy and the general population. Any long term future financial impacts of these events cannot be determined by management at this time as the directors note that this is a dynamic situation with continuous uncertainties surrounding the duration of the pandemic and disruptions to operations. However, trading levels and cash headroom remains strong, and thus, management are confident that the Group is well placed to withstand potential future challenges in this context.

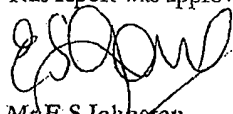
### Financial key performance indicators

The director considers the key performance indicator to be turnover and will continue to monitor this.

### Other key performance indicators

The directors do not consider any non-financial key performance indicators to be appropriate.

This report was approved by the board on 30 November 2020 and signed on its behalf.



Mr E S Johnston  
Director

## **Spa Nursing Homes Limited**

# **Directors' report**

For the year ended 30 November 2019

The Directors present their report and the financial statements for the year ended 30 November 2019.

### **Directors' responsibilities statement**

The Directors are responsible for preparing the Strategic report, 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 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 judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The 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.

### **Results and dividends**

The profit for the year, after taxation, amounted to £493,697 (2018 - £25,286).

Dividends of £250,000 were paid in the year (2018: £nil).

### **Directors**

The Directors who served during the year were:

Mr E S Johnston  
Mr C Johnston  
Mrs L H Johnston

### **Future developments**

The directors do not foresee any major future developments in the forthcoming year outside normal trading and the impact of covid as noted.

## Directors' report (continued)

For the year ended 30 November 2019

### Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.


### Post balance sheet events

On the 11th of March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the Company, the economy and the general population. Any long term future financial impacts of these events cannot be determined by management at this time as the directors note that this is a dynamic situation with continuous uncertainties surrounding the duration of the pandemic and disruptions to operations. However, trading levels and cash headroom remains strong, and thus, management are confident that the Company is well placed to withstand potential future challenges in this context.

### Auditors

The auditors, Grant Thornton (NI) LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 30 November 2020 and signed on its behalf.



Edwin Johnston  
Director

# Independent auditors' report to the members of Spa Nursing Homes Limited

## Opinion

We have audited the financial statements of Spa Nursing Homes Limited, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity for the financial year ended 30 November 2019, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, Spa Nursing Homes Limited's financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the financial position of the Company as at 30 November 2019 and of its financial performance for the year then ended; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs') and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, namely FRC's Ethical Standard concerning the integrity, objectivity and independence of the auditor. We have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

Other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon, including the Directors' report and the Strategic Report. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in

## Independent auditors' report to the members of Spa Nursing Homes Limited (continued)

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' report and the Strategic Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment we have obtained in the course of the audit, we have not identified material misstatements in the Directors' report and the Strategic Report.

We have nothing to report in respect of the following matters in relation to which 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.

### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Independent auditors' report to the members of Spa Nursing Homes Limited (continued)

### **Responsibilities of the auditor for the audit of the financial statements**

The objectives of an auditor are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), the auditor will exercise professional judgment and maintain professional scepticism throughout the audit. They will also:

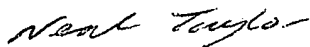
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

The auditor shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may be identified during the audit.

## Independent auditors' report to the members of Spa Nursing Homes Limited (continued)

### **The purpose of our audit work and to whom we owe our responsibilities**

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.



Neal Taylor (Senior statutory auditor)  
for and on behalf of

**Grant Thornton (NI) LLP**  
Chartered Accountants  
Statutory Auditors

30 November 2020

Spa Nursing Homes Limited

# Statement of comprehensive income

For the year ended 30 November 2019

	Note	2019 £	2018 £
Turnover	4	6,947,559	6,333,331
Cost of sales		(5,219,375)	(5,116,479)
<b>Gross profit</b>		<b>1,728,184</b>	<b>1,216,852</b>
Administrative expenses		(1,011,488)	(1,069,527)
Other operating income	5	85,780	119,023
<b>Operating profit</b>	6	<b>802,476</b>	<b>266,348</b>
Interest payable and expenses	9	(163,671)	(180,319)
<b>Profit before tax</b>		<b>638,805</b>	<b>86,029</b>
Tax on profit	10	(145,108)	(60,743)
<b>Profit for the financial year</b>		<b>493,697</b>	<b>25,286</b>

There was no other comprehensive income for 2019 (2018: £NIL).

The notes on pages 11 to 25 form part of these financial statements.

Spa Nursing Homes Limited

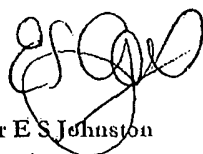
Registered number: NI026058

## Statement of financial position

As at 30 November 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	12	135,666	159,209
Tangible assets	13	5,519,857	5,617,716
Investment property	14	500,000	375,000
		<u>6,155,523</u>	<u>6,151,925</u>
<b>Current assets</b>			
Stocks	15	780	780
Debtors: amounts falling due after more than one year	16	614,667	614,667
Debtors: amounts falling due within one year	16	1,045,896	1,075,754
		<u>1,661,343</u>	<u>1,691,201</u>
Creditors: amounts falling due within one year	18	(1,727,304)	(1,965,699)
<b>Net current liabilities</b>		<u>(65,961)</u>	<u>(274,498)</u>
<b>Total assets less current liabilities</b>		<u>6,089,562</u>	<u>5,877,427</u>
Creditors: amounts falling due after more than one year	19	(3,761,238)	(3,838,222)
<b>Provisions for liabilities</b>			
Deferred tax	22	(118,060)	(72,638)
		<u>(118,060)</u>	<u>(72,638)</u>
<b>Net assets</b>		<u>2,210,264</u>	<u>1,966,567</u>
<b>Capital and reserves</b>			
Called up share capital	23	1,200	1,200
Capital redemption reserve	24	393,333	393,333
Profit and loss account	24	1,815,731	1,572,034
		<u>2,210,264</u>	<u>1,966,567</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 November 2020.



Mr E S Johnston  
Director

The notes on pages 11 to 25 form part of these financial statements.

**Spa Nursing Homes Limited**

## Statement of changes in equity

For the year ended 30 November 2019

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 December 2018	1,200	393,333	1,572,034	1,966,567
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	493,697	493,697
Dividends: Equity capital	-	-	(250,000)	(250,000)
<b>At 30 November 2019</b>	<b>1,200</b>	<b>393,333</b>	<b>1,815,731</b>	<b>2,210,264</b>

The notes on pages 11 to 25 form part of these financial statements.

## Statement of changes in equity

For the year ended 30 November 2018

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 December 2017	1,200	393,333	1,546,748	1,941,281
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	25,286	25,286
<b>At 30 November 2018</b>	<b>1,200</b>	<b>393,333</b>	<b>1,572,034</b>	<b>1,966,567</b>

The notes on pages 11 to 25 form part of these financial statements.

## Notes to the financial statements

For the year ended 30 November 2019

### 1. General information

Spa Nursing Homes Limited is a private company limited by shares and incorporated in Northern Ireland. The registered office is 18 Orby Link, Belfast, BT5 5HW.

### 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

#### 2.2 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 the 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 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Mclegz Holdings Limited as at 30 November 2019 and these financial statements may be obtained from 18 Orby Link, Belfast, BT5 5HW.

#### 2.3 Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements. In making this assessment the directors have considered the ongoing COVID-19 pandemic. Whilst the future financial impact of the outbreak is unknown at present the directors do not consider that there has been any significant detrimental impact to the business at this time.

## Notes to the financial statements

For the year ended 30 November 2019

### 2. Accounting policies (continued)

#### 2.4 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.

#### 2.5 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.6 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

#### 2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

## Notes to the financial statements

For the year ended 30 November 2019

### 2. Accounting policies (continued)

#### 2.9 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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

#### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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 Statement of financial position 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 reporting date.

## Notes to the financial statements

For the year ended 30 November 2019

### 2. Accounting policies (continued)

#### 2.11 Intangible assets

##### Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of comprehensive income over its useful economic life.

##### Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Goodwill	-	10 % straight line
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#### 2.12 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, both straight line and reducing balance.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Plant and machinery	-	15% reducing balance
Fixtures and fittings	-	15% reducing balance

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 profit or loss.

## Notes to the financial statements

For the year ended 30 November 2019

### 2. Accounting policies (continued)

#### 2.13 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.14 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.

#### 2.15 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.

#### 2.16 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

#### 2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include depreciation of fixed assets.

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets.

# Notes to the financial statements

For the year ended 30 November 2019

## 4. Turnover

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

	2019 £	2018 £
Nursing home income	6,947,559	6,333,331
	<u>6,947,559</u>	<u>6,333,331</u>

All turnover arose within the United Kingdom.

## 5. Other operating income

	2019 £	2018 £
Net rents receivable	59,052	52,005
Government grants receivable	26,728	67,018
	<u>85,780</u>	<u>119,023</u>

## 6. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	246,623	248,625
Amortisation of intangible assets, including goodwill	23,543	23,543
Audit fee	5,250	5,250
Other operating lease rentals	4,135	23,037
Defined contribution pension cost	<u>69,290</u>	<u>38,454</u>

# Notes to the financial statements

For the year ended 30 November 2019

## 7. Employees

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

	2019 £	2018 £
Wages and salaries	4,648,456	4,615,094
Social security costs	303,432	263,232
Cost of defined contribution scheme	69,290	38,454
	<u>5,021,178</u>	<u>4,916,780</u>

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

	2019 No.	2018 No.
Management Staff	4	4
Administration Staff	3	3
Nursing Staff	238	281
	<u>245</u>	<u>288</u>

## 8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	-	3,952
	<u>-</u>	<u>3,952</u>

## 9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	161,420	138,378
Other loan interest payable	2,251	41,941
	<u>163,671</u>	<u>180,319</u>

## Notes to the financial statements

For the year ended 30 November 2019

### 10. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	106,528	46,400
Adjustments in respect of previous periods	(6,842)	-
	<u>99,686</u>	<u>46,400</u>
<b>Total current tax</b>	<u>99,686</u>	<u>46,400</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	21,672	9,865
Adjustment in respect of prior periods	-	4,478
Revaluation of investment property	23,750	-
<b>Total deferred tax</b>	<u>45,422</u>	<u>14,343</u>
<b>Taxation on profit on ordinary activities</b>	<u>145,108</u>	<u>60,743</u>

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>638,805</u>	<u>86,028</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	105,367	16,345
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,539	39,069
Fixed asset timing differences	21,714	-
Adjustments to tax charge in respect of prior periods	(6,842)	4,478
Non-taxable income	(23,750)	-
Other differences relating to an increase/(decrease) in tax charge	18,442	-
Deferred tax recognised at different rate	8,817	851
Group relief	(6,929)	-
Deferred tax on revaluation of investment property	23,750	-
<b>Total tax charge for the year</b>	<u>145,108</u>	<u>60,743</u>

Spa Nursing Homes Limited

# Notes to the financial statements

For the year ended 30 November 2019

## 11. Dividends

	2019 £	2018 £
Dividends paid	250,000	-
	<u>250,000</u>	<u>-</u>

## 12. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 December 2018	235,430
At 30 November 2019	<u>235,430</u>
<b>Amortisation</b>	
At 1 December 2018	76,221
Charge for the year	23,543
At 30 November 2019	<u>99,764</u>
<b>Net book value</b>	
At 30 November 2019	<u>135,666</u>
At 30 November 2018	<u>159,209</u>

## Notes to the financial statements

For the year ended 30 November 2019

### 13. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost of valuation</b>				
At 1 December 2018	6,214,094	1,894,846	756,988	8,865,928
Additions	-	-	148,764	148,764
At 30 November 2019	6,214,094	1,894,846	905,752	9,014,692
<b>Depreciation</b>				
At 1 December 2018	1,396,680	1,361,680	489,852	3,248,212
Charge for the year on owned assets	114,282	79,968	52,373	246,623
At 30 November 2019	1,510,962	1,441,648	542,225	3,494,835
<b>Net book value</b>				
At 30 November 2019	4,703,132	453,198	363,527	5,519,857
At 30 November 2018	4,817,414	533,166	267,136	5,617,716

### 14. Investment property

	Investment property £
<b>Valuation</b>	
At 1 December 2018	375,000
Surplus on revaluation	125,000
At 30 November 2019	500,000

The 2019 valuations were made by McConnell Chartered Surveyors and Property Consultants on 28th June 2019, on an open market value for existing use basis.

Spa Nursing Homes Limited

# Notes to the financial statements

For the year ended 30 November 2019

## 15. Stocks

	2019	2018
	£	£
Raw materials and consumables	780	780
	<u>780</u>	<u>780</u>

## 16. Debtors

	2019	2018
	£	£
<b>Due after more than one year</b>		
Amounts owed by group undertakings	614,667	614,667
	<u>614,667</u>	<u>614,667</u>

	2019	2018
	£	£
<b>Due within one year</b>		
Trade debtors	138,425	76,116
Amounts owed by group undertakings	859,953	820,619
Amounts owed by related parties	8,619	92,901
Other debtors	1,000	43,388
Prepayments and accrued income	37,899	42,730
	<u>1,045,896</u>	<u>1,075,754</u>

## 17. Cash and cash equivalents

	2019	2018
	£	£
Bank overdrafts	(80,473)	(48,535)
	<u>(80,473)</u>	<u>(48,535)</u>

## Notes to the financial statements

For the year ended 30 November 2019

### 18. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Bank overdrafts	80,473	48,535
Bank loans	325,000	594,744
Trade creditors	129,567	270,949
Amounts owed to group undertakings	672,372	570,044
Corporation tax	85,769	32,610
Other taxation and social security	79,525	71,977
Obligations under finance lease and hire purchase contracts	40,276	38,752
Other creditors	71,719	66,609
Accruals and deferred income	242,603	271,479
	<u>1,727,304</u>	<u>1,965,699</u>

Disclosure of the terms and conditions attached to the non-equity shares is made in note 23.

### 19. Creditors: Amounts falling due after more than one year

	2019	2018
	£	£
Bank loans	3,678,735	3,720,428
Net obligations under finance leases and hire purchase contracts	5,836	41,127
Share capital treated as debt	76,667	76,667
	<u>3,761,238</u>	<u>3,838,222</u>

## Notes to the financial statements

For the year ended 30 November 2019

### 20. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
<b>Amounts falling due within one year</b>		
Bank loans	325,000	594,744
	<u>325,000</u>	<u>594,744</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	336,748	594,744
	<u>336,748</u>	<u>594,744</u>
<b>Amounts falling due 2-5 years</b>		
Bank loans	1,084,737	1,570,556
	<u>1,084,737</u>	<u>1,570,556</u>
<b>Amounts falling due after more than 5 years</b>		
Bank loans	2,257,250	1,555,128
	<u>2,257,250</u>	<u>1,555,128</u>
	<u>4,003,735</u>	<u>4,315,172</u>

Bank loans and overdraft are secured by way of legal charge over the properties and a debenture over all properties and assets of the company.

Bank loans which fall due for repayment after more than 5 years from the balance sheet date are repayable by monthly installments until 31 March 2025, with the remaining balance due for repayment on that date. The loans are subject to interest rates based on LIBOR plus a margin of 2.75%.

### 21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	40,276	38,752
Between 1-5 years	5,836	41,127
	<u>46,112</u>	<u>79,879</u>

**Spa Nursing Homes Limited**

# Notes to the financial statements

For the year ended 30 November 2019

## 22. Deferred taxation

	2019 £	2018 £
At beginning of year	(72,638)	(58,295)
Charged to profit or loss	(45,422)	(14,343)
At end of year	<u>(118,060)</u>	<u>(72,638)</u>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	97,031	72,638
Other short term timing differences	(2,721)	-
Revaluation of investment property	23,750	-
	<u>118,060</u>	<u>72,638</u>

## 23. Share capital

	2019 £	2018 £
<b>Shares classified as equity</b>		
Allotted, called up and fully paid		
1,200 (2018 - 1,200) Ordinary shares of £1.00 each	<u>1,200</u>	<u>1,200</u>
	2019 £	2018 £
<b>Shares classified as debt</b>		
Allotted, called up and fully paid		
76,667 (2018 - 76,667) Preference shares of £1.00 each	<u>76,667</u>	<u>76,667</u>

## 24. Reserves

### Capital redemption reserve

Includes all prior period retained profits and losses.

### Profit and loss account

Includes all current and prior period retained profits and losses.

## Notes to the financial statements

For the year ended 30 November 2019

### 25. Pension commitments

The company operates two defined contribution pension schemes. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £69,290 (2018 - £38,454). Contributions of £nil were payable at the balance sheet date (2018 - £nil).

### 26. Commitments under operating leases

The Company had no commitments under non-cancellable operating leases at the reporting date.

### 27. Related party transactions

The company has availed of the exemption under FRS102 which allows non disclosure of transactions with other group companies, provided that any subsidiary of that group is a wholly owned member.

During the year the company had the following transactions with related parties:

	2019	2018
	£	£
Amounts owed by companies under common control	8,619	92,901
Loan notes due from shareholders	614,667	614,667
Amounts owed by directors	1,000	-
	<u>623,286</u>	<u>707,568</u>

### 28. Post balance sheet events

On the 11th of March 2020, the World Health Organisation officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic, including how it may affect the LLP, the economy and the general population. The full future financial impact of these events cannot be determined by management at this time.

### 29. Controlling party

The immediate and ultimate parent is McLegz Holdings Limited, a company incorporated in Northern Ireland. The results of the company will be consolidated in the accounts of McLegz Holdings Limited. Copies of the group accounts are available at the following address:

18 Orby Link  
Belfast  
BT5 5HW