

COMPANY REGISTRATION NUMBER SC098774

**ABBEYSIDE NURSING HOME LIMITED  
- GROUP**

**FINANCIAL STATEMENTS**

**FOR**

**31 MARCH 2014**



**RITSONS**

Chartered Accountants & Statutory Auditor  
103 High Street  
ELGIN  
Moray  
IV30 1EB

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

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# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **The board of directors**

Mrs S M G Yeats  
Mrs K J Yeats  
Mr B J Yeats  
Mr B M Yeats  
Mr I G Yeats

### **Company secretary**

Sheila Yeats

### **Registered office**

St. David's  
George Street  
Bathgate  
West Lothian  
EH48 1PH

### **Auditor**

Ritsons  
Chartered Accountants  
& Statutory Auditor  
103 High Street  
ELGIN  
Moray  
IV30 1EB

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **STRATEGIC REPORT**

**YEAR ENDED 31 MARCH 2014**

The Strategic Report is a new statutory requirement under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair and balanced information that enables the Directors to be satisfied that they have complied with s172 of the Companies Act 2006 which sets out the Directors' duty to promote the success of the group.

### **PRINCIPAL ACTIVITY**

The principal activity of the group during the year was that of nursing home operators and care service providers.

### **STRATEGIC REVIEW**

A summary of the results are as follows:

|                     | <b>2014</b>      | <b>2013</b> |
|---------------------|------------------|-------------|
|                     | <b>£</b>         | <b>£</b>    |
| Turnover            | <b>4,590,221</b> | 4,646,191   |
| Operating Profit    | <b>660,716</b>   | 893,467     |
| Profit Before Tax   | <b>143,550</b>   | 392,675     |
| Profit After Tax    | <b>97,215</b>    | 353,573     |
| Shareholders' Funds | <b>5,047,567</b> | 5,038,992   |

The directors are satisfied with the results for the year ended 31st March 2014 and when extra-ordinary income of £245,028 is stripped out of the 2013 results those for 2014 remain on a par despite the challenges met with occupancy and mix of clients in the year

The directors also took the decision post year end to seek the refinance of the group's bank debt. Significant costs were associated with the move in relation to break costs as the Interest Rate Swap Derivative held had 14 years remaining to run. The directors, however, consider the decision to do this to be the correct one for the group as the refinance reduces the interest rate charged significantly as well as the monthly commitment which in turn will create a much higher debt servicing ratio. As disclosed in Note 27 the group refinanced on 20th November 2014.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

Abbeyside Nursing Home Limited - Group, like all businesses, faces a number of operating risks and uncertainties. There are a number of risks that could impact on the group's long term performance and steps are taken to understand and evaluate these in order to achieve the group's objective of creating long term sustainable returns.

The most fundamental risks faced by the group are:

- (a) if the group fails to comply with regulation, regulatory action could include, among other penalties, the revocation of a care home's licence to operate;
- (b) the group could suffer severe negative publicity if a serious incident were to occur at one of the group's care homes;
- (c) if budgeted occupancy levels are not achieved then profit will be reduced;
- (d) if average weekly fees do not, at least, rise in line with costs then profit margins will be reduced;

# ABBEYSIDE NURSING HOME LIMITED - GROUP

## STRATEGIC REPORT *(continued)*

### YEAR ENDED 31 MARCH 2014

(e) if the group fails to attract and retain nursing and other qualified staff, it may be unable to provide residents with quality nursing care and may have to reduce the number of beds in its care homes.

(f) if the group fails to obtain finance both short term and long term in nature, sufficient to allow it to meet its daily cash flow requirements and to fund the fixed assets it uses in its business.

#### KEY PERFORMANCE INDICATORS

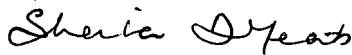
In reviewing the performance of the group and to assist in strategic decision-making, the directors review periodic management accounts and information which include:

Gross Profitability: for both group and company, this has decreased by 1.8%.

Occupancy: the directors continually monitor occupancy levels at all of the homes as well as the mix of residents between residential care and nursing care.

Financial Instruments such as trade debtors and trade creditors are managed so as to maximise the cash flow of the group, and measurement of debtor and creditor days monitored for the same purpose.

Signed by order of the directors



SHEILA YEATS  
Company Secretary

Approved by the directors on 23/12/14

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 MARCH 2014**

The directors present their report and the financial statements of the group for the year ended 31 March 2014.

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £97,215. Particulars of dividends paid are detailed in note 10 to the financial statements.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The group holds or issues financial instruments in order to achieve three main objectives, being:

- to finance its operations
- to manage its exposure to risks arising from its operation and from its sources of finance; and
- for trading purposes.

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the group's operations.

The group has taken steps to limit its exposure to credit and price risks, by fixing borrowing rates and participating in a purchase scheme.

#### **DIRECTORS**

The directors who served the company during the year and up to the date of this report are listed on page 1.

#### **STRATEGIC REPORT**

The Strategic Report contains details of the principal activity of the group and an overview which provides detailed information on the group's business during the year.

#### **AUDITOR**

Ritsons are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

# ABBEYSIDE NURSING HOME LIMITED - GROUP

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2014

Registered office:

St. David's

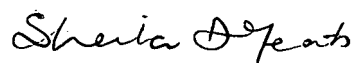
George Street

Bathgate

West Lothian

EH48 1PH

Signed by order of the directors



SHEILA YEATS  
Company Secretary

Approved by the directors on ~~23/12/14~~

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

**YEAR ENDED 31 MARCH 2014**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABBEYSIDE NURSING HOME LIMITED - GROUP**

**YEAR ENDED 31 MARCH 2014**

We have audited the group and parent company financial statements ("the financial statements") of Abbesside Nursing Home Limited - Group for the year ended 31 March 2014 on pages 9 to 31. 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 shareholders, 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 shareholders 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 shareholders 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 set out on page 6, 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 group's and the parent 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 annual report 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 group's and parent company's affairs as at 31 March 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ABBEYSIDE NURSING HOME LIMITED - GROUP *(continued)***

**YEAR ENDED 31 MARCH 2014**

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

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

103 High Street  
ELGIN  
Moray  
IV30 1EB

23 December '14

DEBORAH NEWTON (Senior Statutory  
Auditor)  
For and on behalf of  
RITSONS  
Chartered Accountants  
& Statutory Auditor

**ABBEYSIDE NURSING HOME LIMITED - GROUP**  
**GROUP PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2014**

|  | Note     | 2014<br>£            | 2013<br>£             |
|--|----------|----------------------|-----------------------|
| <b>GROUP TURNOVER</b>                                | <b>2</b> | <b>4,590,221</b>     | <b>4,646,191</b>      |
| Cost of sales  |          | <u>2,816,249</u>     | <u>2,767,561</u>      |
| <b>GROSS PROFIT</b>                                  |          | <b>1,773,972</b>     | <b>1,878,630</b>      |
| Administrative expenses                              |          | <u>1,124,587</u>     | <u>1,230,191</u>      |
| Other operating income                               | <b>3</b> | <u>(11,331)</u>      | <u>(245,028)</u>      |
| <b>OPERATING PROFIT</b>                              | <b>4</b> | <b>660,716</b>       | <b>893,467</b>        |
| Loss on revaluation below original cost              |          | <u>(28,360)</u>      | <u>—</u>              |
|  |          | <b>632,356</b>       | <b>893,467</b>        |
| Interest receivable and similar income               |          | <u>5,402</u>         | <u>4,543</u>          |
| Interest payable and similar charges                 | <b>7</b> | <u>(494,208)</u>     | <u>(505,335)</u>      |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |          | <b>143,550</b>       | <b>392,675</b>        |
| Tax on profit on ordinary activities                 | <b>8</b> | <u>46,335</u>        | <u>39,102</u>         |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                 | <b>9</b> | <u><b>97,215</b></u> | <u><b>353,573</b></u> |

All of the activities of the group are classed as continuing.

The company has taken advantage of section 408 of the Companies Act 2006  
not to publish its own Profit and Loss Account.

The notes on pages 14 to 31 form part of these financial statements.

**ABBEYSIDE NURSING HOME LIMITED - GROUP**  
**GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 MARCH 2014**

|   | 2014<br>£       | 2013<br>£      |
|---|-----------------|----------------|
| Profit for the financial year<br>attributable to the shareholders of the parent company | 97,215          | 353,573        |
| Unrealised loss on revaluation of certain fixed assets                                  | <u>(46,640)</u> | <u>—</u>       |
| Total gains and losses recognised since the last annual report                          | <u>50,575</u>   | <u>353,573</u> |

The notes on pages 14 to 31 form part of these financial statements.

# ABBEYSIDE NURSING HOME LIMITED - GROUP

## GROUP BALANCE SHEET

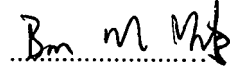
31 MARCH 2014

|  | Note | 2014<br>£          | 2013<br>£         |
|--|------|--------------------|-------------------|
| <b>FIXED ASSETS</b>  |      |                    |                   |
| Intangible assets  | 11   | 109,641            | 122,531           |
| Tangible assets  | 12   | 10,695,947         | 10,737,540        |
|  |      | <u>10,805,588</u>  | <u>10,860,071</u> |
| <b>CURRENT ASSETS</b>  |      |                    |                   |
| Stocks   | 14   | 15,150             | 15,150            |
| Debtors  | 15   | 583,288            | 753,154           |
| Cash at bank and in hand                                       |      | 123,621            | 361,284           |
|  |      | <u>722,059</u>     | <u>1,129,588</u>  |
| <b>CREDITORS: Amounts falling due within one year</b>          | 16   | <u>6,383,900</u>   | <u>1,016,926</u>  |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>                        |      | <u>(5,661,841)</u> | <u>112,662</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | <u>5,143,747</u>   | <u>10,972,733</u> |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 17   | 31,800             | 5,886,018         |
| <b>PROVISIONS FOR LIABILITIES</b>                              |      |                    |                   |
| Deferred taxation  | 19   | 64,380             | 47,723            |
|  |      | <u>5,047,567</u>   | <u>5,038,992</u>  |
| <b>CAPITAL AND RESERVES</b>                                    |      |                    |                   |
| Called-up equity share capital                                 | 23   | 21,200             | 21,200            |
| Revaluation reserve  | 24   | 3,595,783          | 3,642,423         |
| Profit and loss account  | 24   | 1,430,584          | 1,375,369         |
| <b>SHAREHOLDERS' FUNDS</b>                                     | 25   | <u>5,047,567</u>   | <u>5,038,992</u>  |

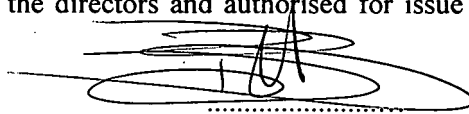
These accounts were approved by the directors and authorised for issue on 23.12.2014 and are signed on their behalf by:



MRS K J YEATS



MR B M YEATS



MR B J YEATS

The notes on pages 14 to 31 form part of these financial statements.


# ABBEYSIDE NURSING HOME LIMITED - GROUP

## COMPANY BALANCE SHEET


31 MARCH 2014

|  | Note | 2014<br>£          | 2013<br>£         |
|--|------|--------------------|-------------------|
| <b>FIXED ASSETS</b>  |      |                    |                   |
| Intangible assets  | 11   | 117,937            | 145,691           |
| Tangible assets  | 12   | 10,695,947         | 10,737,540        |
| Investments  | 13   | 3,035,130          | 3,035,130         |
|  |      | <u>13,849,014</u>  | <u>13,918,361</u> |
| <b>CURRENT ASSETS</b>  |      |                    |                   |
| Stocks   | 14   | 15,150             | 15,150            |
| Debtors  | 15   | 583,288            | 753,154           |
| Cash at bank and in hand                                       |      | 123,621            | 361,284           |
|  |      | <u>722,059</u>     | <u>1,129,588</u>  |
| <b>CREDITORS: Amounts falling due within one year</b>          | 16   | <u>6,383,899</u>   | <u>1,016,925</u>  |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>                        |      | <u>(5,661,840)</u> | <u>112,663</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      | <u>8,187,174</u>   | <u>14,031,024</u> |
| <b>CREDITORS: Amounts falling due after more than one year</b> | 17   | 3,476,132          | 9,330,350         |
| <b>PROVISIONS FOR LIABILITIES</b>                              |      |                    |                   |
| Deferred taxation  | 19   | 64,380             | 47,723            |
|  |      | <u>4,646,662</u>   | <u>4,652,951</u>  |
| <b>CAPITAL AND RESERVES</b>                                    |      |                    |                   |
| Called-up equity share capital                                 | 23   | 21,200             | 21,200            |
| Revaluation reserve  | 24   | 3,446,449          | 3,493,089         |
| Profit and loss account  | 24   | 1,179,013          | 1,138,662         |
| <b>SHAREHOLDERS' FUNDS</b>                                     |      | <u>4,646,662</u>   | <u>4,652,951</u>  |

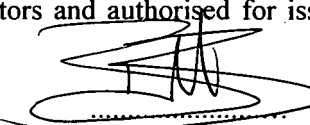
These accounts were approved by the directors and authorised for issue on 23/12/2014, and are signed on their behalf by:



MRS K J YEATS



MR B M YEATS



MR B J YEATS

Company Registration Number: SC098774

The notes on pages 14 to 31 form part of these financial statements.

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **GROUP CASH FLOW CASH FLOW STATEMENT**

**YEAR ENDED 31 MARCH 2014**

|  | Note      | 2014<br>£               | 2013<br>£               |
|--|-----------|-------------------------|-------------------------|
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>       | <b>26</b> | <b>659,012</b>          | <b>829,365</b>          |
| <b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b> | <b>26</b> | <b>(488,806)</b>        | <b>(500,792)</b>        |
| <b>TAXATION</b>  | <b>26</b> | <b>11,178</b>           | <b>(62,444)</b>         |
| <b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>    | <b>26</b> | <b>(160,023)</b>        | <b>(218,548)</b>        |
| <b>EQUITY DIVIDENDS PAID</b>                           |           | <b>(42,000)</b>         | <b>(103,000)</b>        |
| <b>CASH OUTFLOW BEFORE FINANCING</b>                   |           | <b>(20,639)</b>         | <b>(55,419)</b>         |
| <b>FINANCING</b>                                       | <b>26</b> | <b>(232,699)</b>        | <b>(218,176)</b>        |
| <b>DECREASE IN CASH</b>                                | <b>26</b> | <b><u>(253,338)</u></b> | <b><u>(273,595)</u></b> |

The notes on pages 14 to 31 form part of these financial statements.

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **1. ACCOUNTING POLICIES**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, subject to the departures referred to below.

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practices.

No material uncertainties that cast significant doubt about the ability of the group to continue as a going concern have been identified by the directors.

The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and negative goodwill on consolidation is capitalised and amortised over the expected useful economic lives of the non-monetary assets acquired. The results of the companies acquired or disposed of are included in the profit and loss accounts after or up to the date that control passes retrospectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

The company's subsidiary is exempt from the requirements to prepare individual accounts under s394A of the Companies Act 2006. Abbesside Nursing Home Limited has provided a guarantee in respect of this exemption under s394C of the Companies Act 2006.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced or otherwise accrued in respect of care services provided in the period under review.

#### **Goodwill**

Positive purchased goodwill arising on acquisitions is capitalised, classified as an asset on the balance sheet and amortised over its estimated useful life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

# ABBEYSIDE NURSING HOME LIMITED - GROUP

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

### 1. ACCOUNTING POLICIES *(continued)*

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 10 years and 20 years straight line

#### **Fixed assets**

All fixed assets are initially recorded at cost.

The group has established a policy of revaluation of property.

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

|                                |  |
|--------------------------------|--|
| Fixtures, Fittings & Equipment | - 15% Reducing Balance & 25% Straight Line |
| Motor Vehicles                 | - 25% Reducing Balance                     |
| Equipment                      | - 33% Reducing Balance                     |

No depreciation has been charged on freehold properties contrary to Financial Reporting Standard 15 "Tangible Fixed Assets". The directors consider that this departure from United Kingdom Generally Accepted Accounting Practice is necessary to give a true and fair view, as they consider that the residual values of freehold properties are at least equal to their net book values, their estimated remaining useful lives exceed 50 years, and any depreciation would therefore be immaterial. In addition, the Group has a policy and practice of regular maintenance and repairs (charges for which are recognised in the profit and loss account) such that the properties are kept to their previously assessed standards of performance.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving stock.

#### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

# ABBEYSIDE NURSING HOME LIMITED - GROUP

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

### 1. ACCOUNTING POLICIES *(continued)*

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### Investments

Investments are included at cost.

### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below:

|                | 2014             | 2013             |
|----------------|------------------|------------------|
|                | £                | £                |
| United Kingdom | <u>4,590,221</u> | <u>4,646,191</u> |

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **3. OTHER OPERATING INCOME**

|                        | <b>2014</b>          | <b>2013</b>           |
|------------------------|----------------------|-----------------------|
|                        | <b>£</b>             | <b>£</b>              |
| Other operating income | <u><b>11,331</b></u> | <u><b>245,028</b></u> |

The other operating income represents the net income from a VAT claim in relation to legal fees incurred.

### **4. OPERATING PROFIT**

Operating profit is stated after charging/(crediting):

|                                    | <b>2014</b>          | <b>2013</b>          |
|------------------------------------|----------------------|----------------------|
|                                    | <b>£</b>             | <b>£</b>             |
| Amortisation of intangible assets  | <b>12,890</b>        | 12,890               |
| Depreciation of owned fixed assets | <b>126,616</b>       | 103,404              |
| Profit on disposal of fixed assets | –                    | (133)                |
| Auditor's remuneration             |                      |                      |
| - as auditor                       | <u><b>14,004</b></u> | <u><b>16,939</b></u> |

### **5. PARTICULARS OF EMPLOYEES**

The average number of staff employed by the group during the financial year amounted to:

|                                   | <b>2014</b>       | <b>2013</b>       |
|-----------------------------------|-------------------|-------------------|
|                                   | <b>No</b>         | <b>No</b>         |
| Number of administrative staff    | <b>4</b>          | 5                 |
| Number of management staff        | <b>5</b>          | 5                 |
| Number of care and catering staff | <u><b>209</b></u> | <u><b>219</b></u> |
|                                   | <u><b>218</b></u> | <u><b>229</b></u> |

The aggregate payroll costs of the above were:

|                       | <b>2014</b>             | <b>2013</b>             |
|-----------------------|-------------------------|-------------------------|
|                       | <b>£</b>                | <b>£</b>                |
| Wages and salaries    | <b>2,672,432</b>        | 2,623,076               |
| Social security costs | <b>132,691</b>          | 125,883                 |
| Other pension costs   | <b>4,113</b>            | 2,913                   |
| Other pension costs   | <u><b>1,200</b></u>     | <u><b>1,200</b></u>     |
|                       | <u><b>2,810,436</b></u> | <u><b>2,753,072</b></u> |

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **6. DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services were:

|  | <b>2014</b>           | <b>2013</b>           |
|--|-----------------------|-----------------------|
|  | <b>£</b>              | <b>£</b>              |
| Remuneration receivable  | <b>207,551</b>        | 212,594               |
| Value of company pension contributions to money purchase schemes | <b>1,200</b>          | 1,200                 |
|  | <b><u>208,751</u></b> | <b><u>213,794</u></b> |

#### **Remuneration of highest paid director:**

|  | <b>2014</b>          | <b>2013</b>          |
|--|----------------------|----------------------|
|  | <b>£</b>             | <b>£</b>             |
| Total remuneration (excluding pension contributions) | <b><u>48,396</u></b> | <b><u>48,396</u></b> |

### **7. INTEREST PAYABLE AND SIMILAR CHARGES**

|                                    | <b>2014</b>           | <b>2013</b>           |
|------------------------------------|-----------------------|-----------------------|
|                                    | <b>£</b>              | <b>£</b>              |
| Interest payable on bank borrowing | <b>470,598</b>        | 485,835               |
| Other similar charges payable      | <b>23,610</b>         | 19,500                |
|                                    | <b><u>494,208</u></b> | <b><u>505,335</u></b> |

### **8. TAXATION ON ORDINARY ACTIVITIES**

#### **(a) Analysis of charge in the year**

|  | <b>2014</b>          | <b>2013</b>          |
|--|----------------------|----------------------|
|  | <b>£</b>             | <b>£</b>             |
| Current tax:   |                      |                      |
| In respect of the year:  |                      |                      |
| UK Corporation tax based on the results for the year at 20% (2013 - 20%) | <b>29,819</b>        | 27,740               |
| Under / (over) provision in prior year                                   | <b>(141)</b>         | -                    |
| Total current tax  | <b><u>29,678</u></b> | <b><u>27,740</u></b> |
| Deferred tax:  |                      |                      |
| Origination and reversal of timing differences                           | <b><u>16,657</u></b> | <b><u>11,362</u></b> |
| Tax on profit on ordinary activities                                     | <b><u>46,335</u></b> | <b><u>39,102</u></b> |

# ABBEYSIDE NURSING HOME LIMITED - GROUP

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

### 8. TAXATION ON ORDINARY ACTIVITIES *(continued)*

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £601,841. This amount includes £399,065 in respect of the transfer of The Grove, on a no gain no loss basis, by MacDonald & Forster to Abbesside Nursing Home Ltd as part of the hive up arrangement on 31 March 2010. At present, it is not envisaged that any tax will become payable in the foreseeable future.

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 20% (2013 - 20%).

|   | 2014<br>£      | 2013<br>£      |
|---|----------------|----------------|
| Profit on ordinary activities before taxation           | <u>143,550</u> | <u>392,675</u> |
| Profit on ordinary activities by rate of tax            | 28,710         | 78,535         |
| Expenses not deductible for tax purposes                | 13,285         | 7,699          |
| Capital allowances for period in excess of depreciation | (10,069)       | (9,461)        |
| Income not chargeable for tax purposes                  | (2,107)        | (49,006)       |
| Sundry tax adjusting items                              | (141)          | (27)           |
| Total current tax (note 8(a))                           | <u>29,678</u>  | <u>27,740</u>  |

### 9. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £82,351 (2013 - £338,710).

### 10. DIVIDENDS

#### Equity dividends

|                                     | 2014<br>£     | 2013<br>£      |
|-------------------------------------|---------------|----------------|
| Paid during the year:               |               |                |
| Equity dividends on ordinary shares | <u>42,000</u> | <u>103,000</u> |

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **11. INTANGIBLE FIXED ASSETS**

| <b>Group</b>                      | <b>Goodwill<br/>£</b> | <b>Negative<br/>goodwill on<br/>consolidation<br/>£</b> | <b>Total<br/>£</b>    |
|-----------------------------------|-----------------------|---|-----------------------|
| <b>COST</b>                       |                       |   |                       |
| At 1 April 2013 and 31 March 2014 | <u>429,000</u>        | <u>(84,735)</u>   | <u>344,265</u>        |
| <b>AMORTISATION</b>               |                       |   |                       |
| At 1 April 2013                   | 283,309               | (61,575)  | 221,734               |
| Charge for the year               | <u>27,754</u>         | <u>(14,864)</u>   | <u>12,890</u>         |
| At 31 March 2014                  | <u>311,063</u>        | <u>(76,439)</u>   | <u>234,624</u>        |
| <b>NET BOOK VALUE</b>             |                       |   |                       |
| At 31 March 2014                  | <u>117,937</u>        | <u>(8,296)</u>  | <u>109,641</u>        |
| At 31 March 2013                  | <u>145,691</u>        | <u>(23,160)</u>   | <u>122,531</u>        |
| <b>Company</b>                    |                       |   | <b>Goodwill<br/>£</b> |
| <b>COST</b>                       |                       |   |                       |
| At 1 April 2013 and 31 March 2014 |                       |   | <u>429,000</u>        |
| <b>AMORTISATION</b>               |                       |   |                       |
| At 1 April 2013                   |                       |   | 283,309               |
| Charge for the year               |                       |   | <u>27,754</u>         |
| At 31 March 2014                  |                       |   | <u>311,063</u>        |
| <b>NET BOOK VALUE</b>             |                       |   |                       |
| At 31 March 2014                  |                       |   | <u>117,937</u>        |
| At 31 March 2013                  |                       |   | <u>145,691</u>        |

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **12. TANGIBLE FIXED ASSETS**

| <b>Group</b>             | <b>Freehold<br/>Land &amp;<br/>Buildings<br/>£</b> | <b>Fixtures,<br/>Fittings &amp;<br/>Equipment<br/>£</b> | <b>Motor<br/>Vehicles<br/>£</b> | <b>Equipment<br/>£</b> | <b>Total<br/>£</b> |
|--------------------------|--|---|---------------------------------|------------------------|--------------------|
| <b>COST OR VALUATION</b> |  |   |                                 |                        |                    |
| At 1 April 2013          | 10,179,002   | 1,524,170   | 28,550                          | 21,463                 | 11,753,185         |
| Additions                | 5,088  | 148,658   | —                               | 6,277                  | 160,023            |
| Revaluation              | (46,640)   | —   | —                               | —                      | (46,640)           |
| Transfers                | (28,360)   | —   | —                               | —                      | (28,360)           |
| <b>At 31 March 2014</b>  | <b>10,109,090</b>                                  | <b>1,672,828</b>  | <b>28,550</b>                   | <b>27,740</b>          | <b>11,838,208</b>  |
| <b>DEPRECIATION</b>      |  |   |                                 |                        |                    |
| At 1 April 2013          | —  | 981,985   | 23,498                          | 10,162                 | 1,015,645          |
| Charge for the year      | —  | 116,105   | 1,264                           | 9,247                  | 126,616            |
| <b>At 31 March 2014</b>  | <b>—</b>   | <b>1,098,090</b>  | <b>24,762</b>                   | <b>19,409</b>          | <b>1,142,261</b>   |
| <b>NET BOOK VALUE</b>    |  |   |                                 |                        |                    |
| <b>At 31 March 2014</b>  | <b>10,109,090</b>                                  | <b>574,738</b>  | <b>3,788</b>                    | <b>8,331</b>           | <b>10,695,947</b>  |
| At 31 March 2013         | 10,179,002   | 542,185   | 5,052                           | 11,301                 | 10,737,540         |

### **TANGIBLE FIXED ASSETS (continued)**

The properties were revalued, in accordance with the RICS Valuation Standards 6th Edition, on the basis of their market value, by Savills Chartered Surveyors on 1 November 2010. The values attributed at that date were: Abbesside Nursing Home £1,195,000 (cost £675,743); Abbeyvale Nursing Home £4,000,000 (cost £2,140,080); The Grove Nursing Home £4,080,000 (cost £1,588,509); Whinnybank Residential Home £440,000 (cost £450,211) and Roja £100,000 (cost £209,476).

The Directors are confident that the market values of the properties obtained at the above dates correctly reflect the values as at 31 March 2014.

Whinnybank Day Care Centre was sold on 12 November 2014 for £215,000 (cost £243,360), the directors consider that this would have been an appropriate value for the building as at 31 March 2014.

No provision for deferred tax has been made on revaluation gains. See note 8 for full details.

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDED 31 MARCH 2014**

#### **12. TANGIBLE FIXED ASSETS** *(continued)*

| <b>Company</b>           | <b>Freehold<br/>Land &amp;<br/>Buildings<br/>£</b> | <b>Fixtures,<br/>Fittings &amp;<br/>Equipment<br/>£</b> | <b>Motor<br/>Vehicles<br/>£</b> | <b>Equipment<br/>£</b> | <b>Total<br/>£</b> |
|--------------------------|--|---|---------------------------------|------------------------|--------------------|
| <b>COST OR VALUATION</b> |  |   |                                 |                        |                    |
| At 1 April 2013          | 10,179,002   | 1,524,170   | 28,550                          | 21,463                 | 11,753,185         |
| Additions                | 5,088  | 148,658   | —                               | 6,277                  | 160,023            |
| Revaluation              | (46,640)   | —   | —                               | —                      | (46,640)           |
| Transfers                | (28,360)   | —   | —                               | —                      | (28,360)           |
| <b>At 31 March 2014</b>  | <b>10,109,090</b>                                  | <b>1,672,828</b>  | <b>28,550</b>                   | <b>27,740</b>          | <b>11,838,208</b>  |
| <b>DEPRECIATION</b>      |  |   |                                 |                        |                    |
| At 1 April 2013          | —  | 981,985   | 23,498                          | 10,162                 | 1,015,645          |
| Charge for the year      | —  | 116,105   | 1,264                           | 9,247                  | 126,616            |
| <b>At 31 March 2014</b>  | <b>—</b>   | <b>1,098,090</b>  | <b>24,762</b>                   | <b>19,409</b>          | <b>1,142,261</b>   |
| <b>NET BOOK VALUE</b>    |  |   |                                 |                        |                    |
| <b>At 31 March 2014</b>  | <b>10,109,090</b>                                  | <b>574,738</b>  | <b>3,788</b>                    | <b>8,331</b>           | <b>10,695,947</b>  |
| At 31 March 2013         | 10,179,002   | 542,185   | 5,052                           | 11,301                 | 10,737,540         |

The properties were revalued, in accordance with the RICS Valuation Standards 6th Edition, on the basis of their market value, by Savills Chartered Surveyors on 1 November 2010. The values attributed at that date were: Abbeyside Nursing Home £1,195,000 (cost £675,743); Abbeyvale Nursing Home £4,000,000 (cost £2,140,080); The Grove Nursing Home £4,080,000 (cost £3,929,471); Whinnybank Residential Home £440,000 (cost £450,211) and Roja £100,000 (cost £209,476).

The Directors are confident that the market values of the properties obtained at the above dates correctly reflect the values as at 31 March 2014.

Whinnybank Day Care Centre was sold on 12 November 2014 for £215,000 (cost £243,360), the directors consider that this would have been an appropriate value for the building as at 31 March 2014.

No provision for deferred tax has been made on revaluation gains. See note 8 for full details.

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **13. INVESTMENTS**

| <b>Company</b>                     | <b>Total<br/>£</b> |
|------------------------------------|--------------------|
| <b>COST</b>                        |                    |
| At 1 April 2013 and 31 March 2014  | <u>3,035,130</u>   |
| <b>NET BOOK VALUE</b>              |                    |
| At 31 March 2014 and 31 March 2013 | <u>3,035,130</u>   |

| <b>Subsidiary undertakings</b>   | <b>Country of<br/>incorporation</b> | <b>Proportion<br/>of voting<br/>rights and<br/>holding shares held</b> | <b>Nature of business</b> |
|--|-------------------------------------|--|---------------------------|
| All held by the company:<br>MacDonald and Forster<br>Limited (SC 191684) | Scotland                            | Ordinary shares 100%   | Non-trading company       |

### **14. STOCKS**

|       | <b>Group</b>  |               | <b>Company</b> |               |
|-------|---------------|---------------|----------------|---------------|
|       | <b>2014</b>   | <b>2013</b>   | <b>2014</b>    | <b>2013</b>   |
|       | <b>£</b>      | <b>£</b>      | <b>£</b>       | <b>£</b>      |
| Stock | <u>15,150</u> | <u>15,150</u> | <u>15,150</u>  | <u>15,150</u> |

### **15. DEBTORS**

|                                | <b>Group</b>   |                | <b>Company</b> |                |
|--------------------------------|----------------|----------------|----------------|----------------|
|                                | <b>2014</b>    | <b>2013</b>    | <b>2014</b>    | <b>2013</b>    |
|                                | <b>£</b>       | <b>£</b>       | <b>£</b>       | <b>£</b>       |
| Trade debtors                  | 368,866        | 748,492        | 368,866        | 748,492        |
| Other debtors                  | 37,950         | 2,407          | 37,950         | 2,407          |
| Directors current accounts     | 155,107        | —              | 155,107        | —              |
| Prepayments and accrued income | <u>21,365</u>  | <u>2,255</u>   | <u>21,365</u>  | <u>2,255</u>   |
|                                | <u>583,288</u> | <u>753,154</u> | <u>583,288</u> | <u>753,154</u> |

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **16. CREDITORS: Amounts falling due within one year**

|   | <b>Group</b>            |                  | <b>Company</b>          |                  |
|---|-------------------------|------------------|-------------------------|------------------|
|   | <b>2014</b>             | <b>2013</b>      | <b>2014</b>             | <b>2013</b>      |
|   | <b>£</b>                | <b>£</b>         | <b>£</b>                | <b>£</b>         |
| Bank loans and overdrafts                               | <b>6,040,258</b>        | 403,064          | <b>6,040,258</b>        | 403,064          |
| Trade creditors   | <b>96,235</b>           | 171,032          | <b>96,235</b>           | 171,031          |
| Directors' loan accounts                                | –                       | 73,573           | –                       | 73,573           |
| Other creditors including taxation and social security: |                         |                  |                         |                  |
| Corporation tax   | <b>68,596</b>           | 27,740           | <b>68,596</b>           | 27,740           |
| Other taxation and social security                      | <b>37,857</b>           | 190,842          | <b>37,857</b>           | 190,842          |
| Other creditors   | <b>105,065</b>          | 113,730          | <b>105,065</b>          | 113,730          |
| Accruals and deferred income                            | <b>35,889</b>           | 36,945           | <b>35,888</b>           | 36,945           |
|   | <u><b>6,383,900</b></u> | <u>1,016,926</u> | <u><b>6,383,899</b></u> | <u>1,016,925</u> |

After the year end the secured treasury and ordinary bank loans were refinanced as such these loans are shown as payable within one year.

During the year the treasury bank loan interest rate had been fixed at 5.055% plus a margin which of 2.85% per annum.

The secured ordinary bank loan interest rate had been set at base rate plus a margin of 2.85% per annum.

The secured treasury and ordinary bank borrowings at the balance sheet date, were secured by means of a Floating Charge over the company's assets and undertakings, a Standard Security over the company's freehold land and buildings and an unlimited cross guarantee between the company and MacDonald & Forster Limited.

Details of the security given to the new provider of finance are shown in note 27.

The following liabilities disclosed under creditors falling due within one year are secured by the company:

|                           | <b>Group</b>            |                | <b>Company</b>          |                |
|---------------------------|-------------------------|----------------|-------------------------|----------------|
|                           | <b>2014</b>             | <b>2013</b>    | <b>2014</b>             | <b>2013</b>    |
|                           | <b>£</b>                | <b>£</b>       | <b>£</b>                | <b>£</b>       |
| Bank loans and overdrafts | <u><b>6,040,258</b></u> | <u>403,064</u> | <u><b>6,040,258</b></u> | <u>403,064</u> |

# ABBEYSIDE NURSING HOME LIMITED - GROUP

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

### 17. CREDITORS: Amounts falling due after more than one year

|   | Group         |                  | Company          |                  |
|---|---------------|------------------|------------------|------------------|
|   | 2014          | 2013             | 2014             | 2013             |
|   | £             | £                | £                | £                |
| Bank loans and overdrafts               | –             | 5,854,218        | –                | 5,854,218        |
| Amounts owed to group undertakings      | –             | –                | 3,444,332        | 3,444,332        |
| Shares classed as financial liabilities | 31,800        | 31,800           | 31,800           | 31,800           |
|   | <u>31,800</u> | <u>5,886,018</u> | <u>3,476,132</u> | <u>9,330,350</u> |

After the year end the secured treasury and ordinary bank loans were refinanced as such these loans are shown as payable within one year, as detailed in notes 16 and 27.

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

|                           | Group |           | Company |           |
|---------------------------|-------|-----------|---------|-----------|
|                           | 2014  | 2013      | 2014    | 2013      |
|                           | £     | £         | £       | £         |
| Bank loans and overdrafts | –     | 5,854,218 | –       | 5,854,218 |

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

|                           | Group |           | Company |           |
|---------------------------|-------|-----------|---------|-----------|
|                           | 2014  | 2013      | 2014    | 2013      |
|                           | £     | £         | £       | £         |
| Bank loans and overdrafts | –     | 4,618,378 | –       | 4,618,378 |

### 18. PENSIONS

The group operates a defined contributions pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year. The amount of contribution paid under the scheme is £4,113 (2013 - £2,913).

### 19. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

|                           | Group         |               | Company       |               |
|---------------------------|---------------|---------------|---------------|---------------|
|                           | 2014          | 2013          | 2014          | 2013          |
|                           | £             | £             | £             | £             |
| Provision brought forward | 47,723        | 36,361        | 47,723        | 36,361        |
| Increase in provision     | 16,657        | 11,362        | 16,657        | 11,362        |
| Provision carried forward | <u>64,380</u> | <u>47,723</u> | <u>64,380</u> | <u>47,723</u> |

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **19. DEFERRED TAXATION** *(continued)*

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of:

| Group   | 2014          |                 | 2013          |                 |
|---|---------------|-----------------|---------------|-----------------|
|   | Provided<br>£ | Unprovided<br>£ | Provided<br>£ | Unprovided<br>£ |
| Excess of taxation allowances over depreciation on fixed assets | <u>64,380</u> | <u>-</u>        | <u>47,723</u> | <u>-</u>        |

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of:

| Company   | 2014          |                 | 2013          |                 |
|---|---------------|-----------------|---------------|-----------------|
|   | Provided<br>£ | Unprovided<br>£ | Provided<br>£ | Unprovided<br>£ |
| Excess of taxation allowances over depreciation on fixed assets | <u>64,380</u> | <u>-</u>        | <u>47,723</u> | <u>-</u>        |

### **20. DERIVATIVES**

The group had a rate swap agreement in place fixing the loan interest rate at 5.055% per annum until 31 March 2028. This swap rate was refinanced after the year end and detailed in note 27.

### **21. CONTINGENCIES**

There is a cross guarantee between the parent company and its subsidiary, MacDonald & Forster Limited, in favour of the Bank.

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **22. RELATED PARTY TRANSACTIONS**

The group was under the control of Mrs S Yeats, the managing director, and members of her close family, who are also directors in the group, throughout the current and prior year. Mrs S Yeats is personally interested in 60% (2013 - 60%) of the group's share capital. In addition, her adult children control in aggregate a further 40% (2013 - 40%) of the group's issued share capital.

During the year the group made advances totalling £56,358 (2013 - £21,887) to Mrs S Yeats in relation to private expenditure. During the year Mrs S Yeats repaid £33,200 (2013 - £52,533) and the balance due by Mrs S Yeats at the year end was £2,566 (2013 - due to Mrs S Yeats £20,701). The maximum balance outstanding at any time during the year was £6,011 (2013 - £17,325) due by Mrs S Yeats to the group. No repayment terms are in place for this balance and interest of £109 has been charged on the outstanding balance.

During the year the group made advances totalling £118,221 (2013 - £8,099) to Mr Brian Yeats in relation to private expenditure. During the year Mr Brian Yeats repaid £14,000 (2013 - £36,862) and the balance owed by Mr Brian Yeats at the year end was £77,049 (2013 - due to Mr Brian Yeats £28,763). The maximum balance outstanding at any time during the year was £77,049 (2013 - £7,571) due by Mr Brian Yeats to the group. No repayment terms are in place for this balance and interest of £1,591 is being charged on the outstanding balance.

During the year the group made advances totalling £111,944 (2013 - £229,224) to Mr Bruce Yeats in relation to private expenditure. During the year Mr Bruce Yeats repaid £14,000 (2013 - £253,333) and the balance owed by Mr Bruce Yeats at the year end was £75,493 (2013 - due to Mr Bruce Yeats £24,109). The maximum balance outstanding at any time during the year was £77,076 (2013 - £220,000) due by Mr Bruce Yeats to the group. No repayment terms are in place for this balance and interest of £1,658 is being charged on the outstanding balance.

During the year dividends were paid to Mrs Sheena Yeats of £37,610 (2013 - £52,834).

During the year dividends were paid to Mr Brian Yeats of £14,000 (2013 - £36,333).

During the year dividends were paid to Mr Bruce Yeats of £14,000 (2013 - £33,333).

Included within trade creditors at the balance sheet date is £196 (2013 - £274) due by the group to McKerron & Milne Limited, a company under the control of Mr Brian Yeats, a director and shareholder of Abbesside Nursing Home Limited. During the year, there were transactions of £42,086 (2013 - £125,064) with this company, which related to the provision of goods and services in the normal course of business.

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **23. SHARE CAPITAL**

**Allotted, called up and fully paid:**

|                              | <b>2014</b>          |                      | <b>2013</b>   |               |
|------------------------------|----------------------|----------------------|---------------|---------------|
|                              | <b>No</b>            | <b>£</b>             | <b>No</b>     | <b>£</b>      |
| B Ordinary shares of £1 each | <b>10,600</b>        | <b>10,600</b>        | 10,600        | 10,600        |
| C Ordinary shares of £1 each | <b>10,600</b>        | <b>10,600</b>        | 10,600        | 10,600        |
| A Ordinary shares of £1 each | <b>31,800</b>        | <b>31,800</b>        | 31,800        | 31,800        |
|                              | <u><b>53,000</b></u> | <u><b>53,000</b></u> | <u>53,000</u> | <u>53,000</u> |

|                                     | <b>2014</b>          |  | <b>2013</b>   |  |
|-------------------------------------|----------------------|--|---------------|--|
|                                     | <b>£</b>             |  | <b>£</b>      |  |
| <b>Amounts presented in equity:</b> |                      |  |               |  |
| 10,600 B Ordinary shares of £1 each | <b>10,600</b>        |  | 10,600        |  |
| 10,600 C Ordinary shares of £1 each | <b>10,600</b>        |  | 10,600        |  |
|                                     | <u><b>21,200</b></u> |  | <u>21,200</u> |  |

|  |                      |               |
|--|----------------------|---------------|
| <b>Amounts presented in liabilities:</b> |                      |               |
| 31,800 A Ordinary shares of £1 each      | <u><b>31,800</b></u> | <u>31,800</u> |

After payment of the preference dividend, A, B and C shares rank pari passu.

### **24. RESERVES**

| <b>Group</b>                  | <b>Revaluation<br/>reserve<br/>£</b> | <b>Profit and loss<br/>account<br/>£</b> |
|-------------------------------|--------------------------------------|--|
| Balance brought forward       | <b>3,642,423</b>                     | <b>1,375,369</b>                         |
| Profit for the year           | —                                    | <b>97,215</b>                            |
| Equity dividends              | —                                    | <b>(42,000)</b>                          |
| Other gains and losses        |                                      |  |
| - Revaluation of fixed assets | <b>(46,640)</b>                      | —  |
| Balance carried forward       | <u><b>3,595,783</b></u>              | <u><b>1,430,584</b></u>                  |

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **24. RESERVES** *(continued)*

| <b>Company</b>                | <b>Revaluation<br/>reserve<br/>£</b> | <b>Profit and loss<br/>account<br/>£</b> |
|-------------------------------|--------------------------------------|--|
| Balance brought forward       | 3,493,089                            | 1,138,662                                |
| Profit for the year           | –                                    | 82,351                                   |
| Equity dividends              | –                                    | (42,000)                                 |
| Other gains and losses        |                                      |  |
| - Revaluation of fixed assets | (46,640)                             | –  |
| Balance carried forward       | <u>3,446,449</u>                     | <u>1,179,013</u>                         |

### **25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

|                                       | <b>2014<br/>£</b> | <b>2013<br/>£</b> |
|---------------------------------------|-------------------|-------------------|
| Profit for the financial year         | 97,215            | 353,573           |
| Other net recognised gains and losses | (46,640)          | –                 |
| Equity dividends                      | (42,000)          | (103,000)         |
| Net addition to shareholders' funds   | 8,575             | 250,573           |
| Opening shareholders' funds           | 5,038,992         | 4,788,419         |
| Closing shareholders' funds           | <u>5,047,567</u>  | <u>5,038,992</u>  |

### **26. NOTES TO THE CASH FLOW STATEMENT**

#### **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

|   | <b>2014<br/>£</b> | <b>2013<br/>£</b> |
|---|-------------------|-------------------|
| Operating profit                          | 660,716           | 893,467           |
| Amortisation                              | 12,890            | 12,890            |
| Depreciation                              | 126,616           | 103,404           |
| Profit on disposal of fixed assets        | –                 | (133)             |
| Increase in stocks                        | –                 | (1,800)           |
| Decrease/(increase) in debtors            | 169,866           | (492,151)         |
| (Decrease)/increase in creditors          | (311,076)         | 313,688           |
| Net cash inflow from operating activities | <u>659,012</u>    | <u>829,365</u>    |

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **26. NOTES TO THE CASH FLOW STATEMENT** *(continued)*

#### **RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

|   | <b>2014</b>             | <b>2013</b>             |
|---|-------------------------|-------------------------|
|   | <b>£</b>                | <b>£</b>                |
| Interest received   | <b>5,402</b>            | 4,543                   |
| Interest paid   | <b>(470,598)</b>        | (485,835)               |
| Dividends on shares classed as financial liabilities                  | <b>(23,610)</b>         | (19,500)                |
| Net cash outflow from returns on investments and servicing of finance | <b><u>(488,806)</u></b> | <b><u>(500,792)</u></b> |

#### **TAXATION**

|          | <b>2014</b>          | <b>2013</b>            |
|----------|----------------------|------------------------|
|          | <b>£</b>             | <b>£</b>               |
| Taxation | <b><u>11,178</u></b> | <b><u>(62,444)</u></b> |

#### **CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

|   | <b>2014</b>             | <b>2013</b>             |
|---|-------------------------|-------------------------|
|   | <b>£</b>                | <b>£</b>                |
| Payments to acquire tangible fixed assets                         | <b>(160,023)</b>        | (219,948)               |
| Receipts from sale of fixed assets                                | <b>-</b>                | 1,400                   |
| Net cash outflow for capital expenditure and financial investment | <b><u>(160,023)</u></b> | <b><u>(218,548)</u></b> |

#### **FINANCING**

|                                 | <b>2014</b>             | <b>2013</b>             |
|---------------------------------|-------------------------|-------------------------|
|                                 | <b>£</b>                | <b>£</b>                |
| Repayment of bank loans         | <b>(232,699)</b>        | (218,176)               |
| Net cash outflow from financing | <b><u>(232,699)</u></b> | <b><u>(218,176)</u></b> |

#### **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

|                                  | <b>2014</b>               | <b>2013</b>               |
|----------------------------------|---------------------------|---------------------------|
|                                  | <b>£</b>                  | <b>£</b>                  |
| Decrease in cash in the period   | <b>(253,338)</b>          | (273,595)                 |
| Net cash outflow from bank loans | <b><u>232,699</u></b>     | <b><u>218,176</u></b>     |
|                                  | <b>(20,639)</b>           | (55,419)                  |
| Change in net debt               | <b><u>(20,639)</u></b>    | <b><u>(55,419)</u></b>    |
| Net debt at 1 April 2013         | <b><u>(5,927,798)</u></b> | <b><u>(5,872,379)</u></b> |
| Net debt at 31 March 2014        | <b><u>(5,948,437)</u></b> | <b><u>(5,927,798)</u></b> |

# **ABBEYSIDE NURSING HOME LIMITED - GROUP**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

### **26. NOTES TO THE CASH FLOW STATEMENT** *(continued)*

#### **ANALYSIS OF CHANGES IN NET DEBT**

|                          | At<br>1 Apr 2013<br>£ | Cash flows<br>£  | Other<br>changes<br>£ | At<br>31 Mar 2014<br>£ |
|--------------------------|-----------------------|------------------|-----------------------|------------------------|
| Net cash:                |                       |                  |                       |                        |
| Cash in hand and at bank | 361,284               | (237,663)        | -                     | 123,621                |
| Overdrafts               | (87,738)              | (15,675)         | -                     | (103,413)              |
|                          | <u>273,546</u>        | <u>(253,338)</u> | <u>-</u>              | <u>20,208</u>          |
| Debt:                    |                       |                  |                       |                        |
| Debt due within 1 year   | (315,326)             | 232,699          | (5,854,218)           | (5,936,845)            |
| Debt due after 1 year    | (5,886,018)           | -                | 5,854,218             | (31,800)               |
|                          | <u>(6,201,344)</u>    | <u>232,699</u>   | <u>-</u>              | <u>(5,968,645)</u>     |
| Net debt                 | <u>(5,927,798)</u>    | <u>(20,639)</u>  | <u>-</u>              | <u>(5,948,437)</u>     |

### **27. POST BALANCE SHEET EVENTS**

On 20 November 2014 the treasury and secured ordinary bank loans were refinanced with another financial institution. Cancellation costs totalled £1,352,000.

The refinanced loan is secured by a Bond and Floating Charge over the company's assets and undertakings, a Personal Bond and First Ranking Standard Security over the company's freehold land and buildings and a Guarantee and Indemnity for the loan balance and interest by MacDonald and Forster Limited supported by a Bond and Floating Charge.

### **28. CAPITAL COMMITMENTS**

Amounts contracted for but not provided in the financial statements amounted to £Nil (2013 - £19,800).