

Registration number SC366490

Daviot Care Limited

Directors' report and financial statements

for the year ended 31 March 2015

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Daviot Care Limited

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Daviot Care Limited

Directors and other information

Directors	Aidan Hennessey Gerard Hennessey
Secretary	Gavin MacKenzie
Company number	SC366490
Registered office	Caulfield House Cradlehall Business Park Inverness IV2 5GH
Auditor	MCI Chartered Accountants and Registered Auditors Sentinel House 13 Pump Street Derry BT48 6JG

Daviot Care Limited

Strategic report for the year ended 31 March 2015

The directors present their strategic report on the financial statements for the year ended 31 March 2015.

Results

The results for the year are set out in the profit and loss account on page 8. The profit for the year, after providing for depreciation and taxation amounted to £911,266 (2014 profit: £1,719,762).

Review of the business, analysis of key performance indicators and future developments

Turnover for the year decreased by 1.4% as a result of a planned refurbishment to one of its homes. The company continues to focus on training and retention of staff in order to deliver quality care whilst at the same time sustaining profitability. Recruitment and retention of staff in the current labour market remains challenging. The group has responded to these issues by increasing wages to attract and retain high quality staff, and this has put pressure on margins. Administration expenses are closely monitored and these decreased by 2.5% during the year.

Important Key Performance Indicators (KPI's) are bed occupancy rates, average fee income per bed, staffing costs to fee income and earnings before interest, tax, depreciation, amortisation, rent and management fees (EBITDARM). In relation to the KPI's the company, when benchmarked to the sector, is performing at or above regional sector averages.

In terms of future developments the company will continue to focus on the delivery of its care services.

Principal risks and uncertainties

The board is responsible for risk assessment and management within the company. It has in place a documented organisational structure with clearly defined and understood roles and responsibilities. It has identified the following risk areas and uncertainties:

- Financial risks
- Regulatory environment

Financial risks

Banking covenants

The provision of banking facilities is subject to compliance with financial covenants. Should the company's trading performance deteriorate significantly or its interest costs increase significantly, the company could breach these covenants and this may have a material impact on the continued availability of the company's banking facilities.

Interest rate exposure

The company's interest rate risk arises from long term borrowings issued at variable rates which expose the company to the risk of adverse interest rate movements. The company manages this exposure through the appropriate use of fixed and floating debt and interest rate swaps.

Liquidity

The company maintains a mix of medium and long term structured finance designed to ensure that the company has sufficient available funds for day to day operations and planned development expenditure.

Daviot Care Limited

**Strategic report
for the year ended 31 March 2015**

..... continued

Principal risks and uncertainties (continued.....)

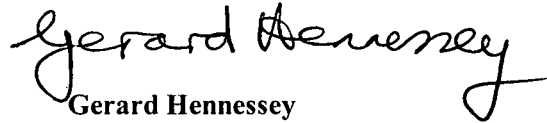
Regulatory environment

The company's services are regulated by Social Care and Social Work Improvement Scotland (SCSWIS) which has significant enforcement powers against operators who do not comply with statutory requirements. As a result of the company's own internal compliance review procedures and external regulatory inspections, the board is confident that the company's services on an ongoing basis meet regulatory standards and that company practices and procedures comply with care regulations.

On behalf of the board



**Aidan Hennessey
Director**



**Gerard Hennessey
Director**

Date: 15 September 2015

Daviot Care Limited

Directors' report for the year ended 31 March 2015

The directors present their report and the financial statements for the year ended 31 March 2015.

Directors and secretary

The directors and secretary who served during the year are as stated below:

Aidan Hennessey (Director)
Gerard Hennessey (Director)
Gavin MacKenzie (Secretary)

Dividends

The directors do not recommend the payment of a dividend.

Political contributions

There were no political contributions made during the year.

Post balance sheet events

No events requiring adjustment or amendment to the financial statements occurred subsequent to the balance sheet date.

Future developments

Future developments in the business of the company are discussed in the strategic report.

Financial instruments and risk management

Information on the use of financial instruments by the company and its management of financial risks is disclosed in the strategic report.

Statement of directors' responsibilities

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 the 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 of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

Daviot Care Limited

Directors' report for the year ended 31 March 2015

..... continued

Statement of directors' responsibilities (continued....)

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 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.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion. Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the company has been continued through the newsletter 'Meallmore Matters' in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

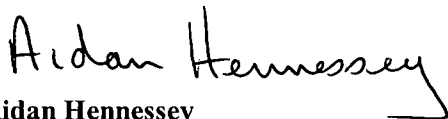
Statement of disclosure of information to auditor

The directors who held office at the date of approval of the directors' report, confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of the information.

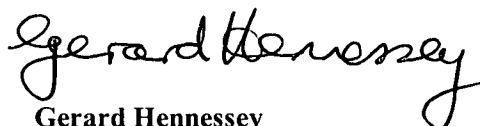
Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and MCI will therefore continue in office.

On behalf of the board



Aidan Hennessey
Director



Gerard Hennessey
Director

Date: 15 September 2015

Daviot Care Limited

Independent auditor's report to the members of Daviot Care Limited

We have audited the financial statements of Daviot Care Limited for the year ended 31 March 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 - 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' 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 company's affairs as at 31 March 2015 and of its 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Daviot Care Limited

Independent auditor's report to the members of Daviot Care Limited

.....continued

Matters on which we are required to report by exception

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

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


Ian McIvor (Senior Statutory Auditor)
For and on behalf of MCI, Statutory Auditor

15 September 2015

Sentinel House, 13 Pump Street
Derry, BT48 6JG

Daviot Care Limited

**Profit and loss account
for the year ended 31 March 2015**

	Notes	2015 £	2014 £
Turnover	2	14,744,197	14,955,031
Direct costs		9,437,779	8,769,001
Gross profit		5,306,418	6,186,030
Administrative expenses		3,266,565	3,352,279
Operating profit	3	2,039,853	2,833,751
Interest payable and similar charges	4	847,997	851,826
Profit on ordinary activities before taxation		1,191,856	1,981,925
Tax on profit on ordinary activities	7	280,590	262,163
Profit for the financial year	17	911,266	1,719,762

The company had no recognised gains or losses other than as shown above for the current or preceding financial years. Accordingly no statement of total recognised gains or losses has been presented.

There were no acquisitions and no discontinued operations in the year.

The notes on pages 11 to 24 form an integral part of these financial statements.

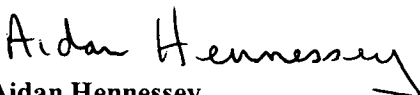
Daviot Care Limited

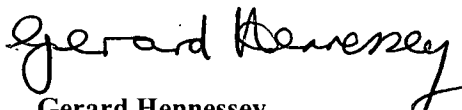
**Balance sheet
as at 31 March 2015**

	Notes	2015 £	2014 £
Fixed assets			
Intangible assets	8	379,552	461,109
Tangible fixed assets	9	35,597,093	35,629,866
		<u>35,976,645</u>	<u>36,090,975</u>
Current assets			
Stocks	10	30,546	38,504
Debtors	11	479,809	425,291
Cash at bank and in hand		447,863	1,141,192
		<u>958,218</u>	<u>1,604,987</u>
Creditors: amounts falling due within one year	12	2,880,095	2,838,478
Net current liabilities		<u>(1,921,877)</u>	<u>(1,233,491)</u>
Total assets less current liabilities		34,054,768	34,857,484
Creditors: amounts falling due after more than one year	13	27,933,271	29,627,287
Provision for liabilities	15	293,561	313,527
Net assets		<u>5,827,936</u>	<u>4,916,670</u>
Capital and reserves			
Called up share capital	16	100	100
Profit and loss account	17	5,827,836	4,916,570
Shareholders' funds	18	<u>5,827,936</u>	<u>4,916,670</u>

The notes on pages 11 to 24 form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board on 15 September 2015 and signed on its behalf by


Aidan Hennessey
Director


Gerard Hennessey
Director

Registration number SC366490

Daviot Care Limited

**Cash flow statement
for the year ended 31 March 2015**

	Notes	2015 £	2014 £
Net cash inflow from operating activities	19	1,968,820	2,490,291
Returns on investments and servicing of finance	20	(924,770)	(854,301)
Taxation	20	(412,682)	(368,806)
Capital expenditure	20	(433,786)	(172,115)
		197,582	1,095,069
Financing	20	(890,911)	(749,632)
(Decrease)/increase in cash in the year		<u>(693,329)</u>	<u>345,437</u>
Reconciliation of net cash (outflow)/inflow to movement in net debt			
(Decrease)/increase in cash in the year	21	(693,329)	345,437
Cash outflow from decrease in debt		890,911	749,632
Change in net debt resulting from cash flows		197,582	1,095,069
New hire purchase contracts	21	(310,228)	-
Movement in net debt in the year		(112,646)	1,095,069
Net debt at 1 April	21	(22,050,377)	(23,145,446)
Net debt at 31 March	21	<u>(22,163,023)</u>	<u>(22,050,377)</u>

Daviot Care Limited

Notes forming part of the financial statements for the year ended 31 March 2015

1. Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:-

1.1. Basis of preparation

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) under the historical cost accounting rules. There were no material departures from these standards.

As the company is a wholly owned subsidiary of Meallmore Limited, the company has taken advantage of the exemption contained in FRS 8 : Related Party Disclosures and has therefore not disclosed transactions or balances with other wholly owned subsidiaries which form part of the group.

1.2. Turnover

Turnover relates to income earned from the provision of nursing care services.

1.3. Goodwill

Purchased goodwill arising on the acquisition of nursing homes represents the excess of the acquisition cost over the fair value of the identifiable net assets acquired.

Purchased goodwill is capitalised in the balance sheet and amortised over its estimated useful economic life of 10 years being the period during which the benefits are expected to accrue.

The carrying value of goodwill is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may be impaired. Impairment losses are recognised in the profit and loss account.

Daviot Care Limited

Notes forming part of the financial statements for the year ended 31 March 2015

..... continued

1.4. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less residual value, of each asset over its estimated economic life, as follows:

Buildings	-	2% straight line
Computer equipment	-	25% straight line
Plant and equipment	-	10% straight line
Fixtures and fittings	-	20% straight line

Depreciation is not provided for on freehold land.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of these assets.

The carrying amounts of the company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

1.5. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is the expenditure incurred in the normal course of business in bringing the product to its present location and condition. Net realisable value is the actual or expected selling price less selling costs.

1.6. Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the company's taxable profits and the profits as stated in the financial statements, and arise from the inclusion of gains and losses in taxable profits in periods different from those in which they are recognised in the financial statements.

1.7. Pensions

The assets of the company's externally managed defined contribution funds are held separately from those of the company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting period.

Daviot Care Limited

Notes forming part of the financial statements for the year ended 31 March 2015

..... continued

1.8. Derivative financial instruments

Interest rate swaps and interest rate caps are accounted for on the same basis as the underlying liability being hedged, with income and expenses being recognised in the profit and loss account under net interest expense.

1.9. Finance costs

Finance costs, other than those capitalised within tangible fixed assets, incurred directly in connection with the raising of debt are offset against the carrying amount of debt and are charged to the profit and loss account over the term of the debt, at a constant rate of the carrying amount.

1.10. Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

1.11. Hire purchase commitments

Assets obtained under hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

2. Turnover

The total turnover of the company for the year has been derived from the company's principal activities wholly undertaken in Scotland.

3. Operating profit

	2015	2014
	£	£
Operating profit is stated after charging:		
Amortisation of goodwill	81,557	81,557
Depreciation of tangible fixed assets	767,778	800,564
Depreciation of tangible fixed assets held under hire purchase contracts	9,009	767
Loss on disposal of tangible fixed assets	-	3,261
Amounts receivable by auditors:		
- auditor's remuneration	10,000	10,000
- taxation	3,500	3,500
- other	4,343	4,340
	<u> </u>	<u> </u>

Daviot Care Limited

**Notes forming part of the financial statements
for the year ended 31 March 2015**

..... continued

4. Interest payable and similar charges	2015	2014
	£	£
Bank loan interest	841,142	851,669
Hire purchase interest	6,855	157
	<u>847,997</u>	<u>851,826</u>

In accordance with the company's accounting policy, bank loan interest includes £25,647 (2014: £37,647) of amortised finance costs.

5. Employees		
Number of employees	2015	2014
The average monthly numbers of employees during the year was:	Number	Number
Administration	16	16
Nursing and housekeeping	542	550
	<u>558</u>	<u>566</u>
 Employment costs	 2015	 2014
	£	£
Wages and salaries	7,962,206	7,359,940
Social security costs	475,942	458,442
Employee pension costs	45,636	23,214
	<u>8,483,784</u>	<u>7,841,596</u>

6. Pension costs

The company operates a number of defined contribution pension schemes, including schemes covered by the requirements of auto-enrolment legislation. The assets of the schemes are held separately from those of the company in independently administered funds. The charge for the year represents the contributions payable by the company to the funds and amounted to £45,636 (2014 : £23,214). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Daviot Care Limited

Notes forming part of the financial statements for the year ended 31 March 2015

..... continued

7. Taxation

(a) Analysis of charge for the year	2015	2014
	£	£
Current tax:		
Corporation tax	199,635	308,046
Adjustments in respect of previous years	624	(2,666)
Payment for trading losses group relieved	100,297	-
Total current tax charge (note 7(b))	<u>300,556</u>	<u>305,380</u>
Deferred tax:		
Origination and reversal of timing differences (note 15)	(19,966)	(43,217)
Tax on profit on ordinary activities	<u>280,590</u>	<u>262,163</u>
(b) Factors affecting tax charge for the year	2015	2014
	£	£
Profit on ordinary activities before tax	<u>1,191,856</u>	<u>1,981,925</u>
Profit on ordinary activities multiplied by standard rate of corporation tax at 21% (2014 : 23%)	250,290	455,843
Effects of:		
Permanent differences	83,244	90,077
Capital allowances in excess of depreciation	(19,092)	(10,171)
Trading losses group relieved	(100,297)	(369,340)
Other timing differences	5,807	6,360
Non deductible expenses	195	-
Adjustments to tax charge in respect of previous years	624	(2,666)
World wide debt cap adjustment	32,288	135,277
Imputed interest charged	(52,800)	-
Payment for trading losses group relieved	<u>100,297</u>	<u>-</u>
Current tax charge for the year (note 7 (a))	<u><u>300,556</u></u>	<u><u>305,380</u></u>

During the year ended 31 March 2010, Daviot Care Limited purchased a number of care homes from its parent company Meallmore Limited. The sales resulted in a profit on disposal for Meallmore Limited of £13.5m. For tax purposes, the disposals qualified for group relief and accordingly the assets transferred at no tax cost to Meallmore Limited. Daviot Care Limited is now primarily responsible for any tax liabilities that may arise in relation to a future disposal of these homes.

The directors do not consider it appropriate to provide for any potential tax liabilities that may arise in relation to the above purchases as they do not currently foresee any circumstances in which potential tax liabilities would crystallise.

Daviot Care Limited

**Notes forming part of the financial statements
for the year ended 31 March 2015**

..... continued

8. Goodwill

	Goodwill £
Cost	
At 1 April 2014 and at 31 March 2015	815,567
Amortisation	
At 1 April 2014	354,458
Charge for the year	81,557
At 31 March 2015	436,015
Net book values	
At 31 March 2015	379,552
At 31 March 2014	461,109

9. Tangible fixed assets	Land and buildings £	Computer equipment £	Plant and equipment £	Fixtures and fittings £	Total £
Cost					
At 1 April 2014	36,691,095	146,429	527,877	1,400,401	38,765,802
Additions	242,660	-	348,391	152,963	744,014
At 31 March 2015	36,933,755	146,429	876,268	1,553,364	39,509,816
Depreciation					
At 1 April 2014	1,870,097	97,285	235,279	933,275	3,135,936
Charge for the year	438,838	30,293	65,342	242,314	776,787
At 31 March 2015	2,308,935	127,578	300,621	1,175,589	3,912,723
Net book values					
At 31 March 2015	34,624,820	18,851	575,647	377,775	35,597,093
At 31 March 2014	34,820,998	49,144	292,598	467,126	35,629,866

Included within land and buildings is land with a cost of £5,423,000 (2014 : £5,423,000).

Daviot Care Limited

**Notes forming part of the financial statements
for the year ended 31 March 2015**

..... continued

9. Tangible fixed assets (continued)

Included above are assets held under hire purchase contracts as follows:

Asset description	2015		2014	
	book value	Net Depreciation charge	book value	Net Depreciation charge
	£	£	£	£
Plant and equipment	301,218	9,009	-	-
Computer equipment	-	-	2,300	767
	<u>301,218</u>	<u>9,009</u>	<u>2,300</u>	<u>767</u>

10. Stocks

	2015	2014
	£	£
Consumables	<u>30,546</u>	<u>38,504</u>

If stocks were stated at replacement cost (latest purchase price) they would not differ materially from above.

11. Debtors

	2015	2014
	£	£
Trade debtors	413,889	384,004
Sundry debtors	7,446	5,336
Prepayments	58,474	35,951
	<u>479,809</u>	<u>425,291</u>

Daviot Care Limited

**Notes forming part of the financial statements
for the year ended 31 March 2015**

..... continued

12. Creditors: amounts falling due within one year	2015 £	2014 £
Bank loan	902,353	817,353
Net obligations under hire purchase contracts	49,708	1,375
Trade creditors	749,910	672,757
Amounts due to group companies	269,966	371,948
Corporation tax	48,378	160,504
PAYE and social security	151,724	145,439
Accruals	708,056	669,102
	<u>2,880,095</u>	<u>2,838,478</u>
Creditors above include:		
Secured liabilities (note 14)	<u>1,222,027</u>	<u>1,190,676</u>

Daviot Care Limited

**Notes forming part of the financial statements
for the year ended 31 March 2015**

..... continued

13. Creditors: amounts falling due after more than one year	2015 £	2014 £
Bank loan	21,470,488	22,372,841
Amounts due to group companies	6,274,446	7,254,446
Net obligations under hire purchase contracts	188,337	-
	<u>27,933,271</u>	<u>29,627,287</u>
Creditors above include:		
Secured liabilities (note 14)	<u>27,933,271</u>	<u>29,627,287</u>
Amounts repayable by instalments between one and two years	954,353	902,353
Amounts repayable by instalments between two and five years	3,396,219	3,108,059
Amounts repayable by instalments after more than five years	17,308,253	18,362,429
	<u>21,658,825</u>	<u>22,372,841</u>
Amounts repayable other than by instalments after more than five years	<u>6,274,446</u>	<u>7,254,446</u>

Otherwise than with prior approval from the company's bankers, repayments of the amounts due to group companies falling due after more than one year are subordinated to the loan facilities provided by the company's bankers. In 2014 £3,000,000 of the intercompany debt was waived by the company's parent, Meallmore limited, and the amount of debt waived was treated as a capital contribution to company reserves as detailed in note 17 below.

Daviot Care Limited

Notes forming part of the financial statements for the year ended 31 March 2015

..... continued

14. Borrowings and securities

Securities

As security for the bank loan, Bank of Scotland holds a first ranking floating charge over all of the assets of the company and a first ranking fixed charge over all of the property assets of the company.

As security for loans advanced to the company by Meallmore Limited, the company's parent, Meallmore Limited holds a second ranking floating charge over all of the assets of the company.

Siemens Financial Services Limited and Lombard North Central Plc holds specific charges over the assets held under hire purchase contracts.

Borrowing terms

The Bank of Scotland term loan is repayable by way of 76 quarterly interest and capital repayments commencing in February 2011 and ending in November 2029. The continued provision of banking facilities is subject to ongoing compliance with financial covenants.

Derivative financial instruments

The company uses an interest rate swap to manage its exposure to changes in interest rates. The interest rate swap has a fixed rate of 1.85% (plus margin) and expires in 2019. In accordance with the company's accounting policy, the fair value of these derivative instruments is not recognised at the balance sheet date. The fair value of the derivative financial instruments at 31 March 2015 was a liability of £474,581 (2014: £158,812).

Arrangement fees

Bank arrangement fees incurred in relation to the provision of banking facilities in 2010 were capitalised and, in accordance with the company's accounting policy, the fees are being amortised over the period of the loan at a constant rate of the carrying amount. The unamortised costs at 31 March 2015 were £24,149 (31 March 2014 : £49,796).

Daviot Care Limited

**Notes forming part of the financial statements
for the year ended 31 March 2015**

..... continued

15. Provision for liabilities

Deferred taxation	2015	2014
	£	£
Accelerated capital allowances	<u>293,561</u>	<u>313,527</u>
Movements on the provision for deferred taxation are as follows:	2015	2014
	£	£
At 1 April	313,527	356,744
Transferred to profit and loss account (note 7)	<u>(19,966)</u>	<u>(43,217)</u>
At 31 March	<u>293,561</u>	<u>313,527</u>

16. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid equity		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

17. Profit and loss account

	2015	2014
	£	£
At 1 April	4,916,570	196,808
Profit for the financial year	<u>911,266</u>	<u>1,719,762</u>
	5,827,836	1,916,570
Capital contribution	<u>-</u>	<u>3,000,000</u>
At 31 March	<u>5,827,836</u>	<u>4,916,570</u>

The capital contribution in 2014 relates to the waiver of intercompany debt by the company's parent, Meallmore Limited.

Daviot Care Limited

**Notes forming part of the financial statements
for the year ended 31 March 2015**

..... continued

18. Shareholders' funds

Reconciliation of movements in shareholders' funds for the year:	2015	2014
	£	£
Profit for the financial year	911,266	1,719,762
Capital contribution (note 17)	-	3,000,000
	<u>911,266</u>	<u>4,719,762</u>
Opening shareholders' funds	<u>4,916,670</u>	<u>196,908</u>
Closing shareholders' funds	<u><u>5,827,936</u></u>	<u><u>4,916,670</u></u>

19. Reconciliation of operating profit to net cash inflow from operating activities

	2015	2014
	£	£
Operating profit	2,039,853	2,833,751
Depreciation	776,787	801,331
Amortisation of goodwill	81,557	81,557
Loss on disposal of fixed assets	-	3,261
Decrease/(increase) in stocks	7,958	(1,867)
Increase in debtors	(54,518)	(79,094)
Decrease in creditors	(882,817)	(1,148,648)
Net cash inflow from operating activities	<u><u>1,968,820</u></u>	<u><u>2,490,291</u></u>

Daviot Care Limited

**Notes forming part of the financial statements
for the year ended 31 March 2015**

..... continued

20. Analysis of cash flows

	2015	2014
	£	£
Returns on investments and servicing of finance		
Interest paid	(917,915)	(854,144)
Interest element of hire purchase payments	(6,855)	(157)
	<u>(924,770)</u>	<u>(854,301)</u>
Taxation		
Corporation tax paid	(412,682)	(368,806)
Capital expenditure		
Purchase of tangible fixed assets	(433,786)	(172,115)
Financing		
Bank term loans repaid	(817,353)	(748,354)
Capital element of hire purchase contracts	(73,558)	(1,278)
	<u>(890,911)</u>	<u>(749,632)</u>

21. Analysis of changes in net debt

	Opening balance £	Cash flows £	Non cash movements £	Closing balance £
Cash at bank and in hand	1,141,192	(693,329)	-	447,863
Debt due within one year	(817,353)	(85,000)	-	(902,353)
Debt due after one year	(22,372,841)	902,353	-	(21,470,488)
Hire purchase contracts	(1,375)	73,558	(310,228)	(238,045)
	<u>(23,191,569)</u>	<u>890,911</u>	<u>(310,228)</u>	<u>(22,610,886)</u>
Net debt	<u>(22,050,377)</u>	<u>197,582</u>	<u>(310,228)</u>	<u>(22,163,023)</u>

Daviot Care Limited

Notes forming part of the financial statements for the year ended 31 March 2015

..... continued

22. Related party transactions and control

The company has availed of the exemption available in FRS 8 Related Party Disclosures from disclosing transactions with wholly owned group undertakings.

The directors had no related party transactions with the company and received no remuneration from the company for their services.

The company is controlled by its ultimate parent undertaking, Meallmore Limited, incorporated in Scotland. The ultimate controlling parties of Meallmore Limited are Aidan Hennessey and Gerard Hennessey.

23. Parent undertaking

The largest group in which the results of the company are consolidated is that headed by Meallmore Limited. No other group financial statements include the results of the company. The consolidated financial statements of Meallmore Limited are available to the public and may be obtained from Companies House, Fourth Floor, Edinburgh Quay 2, 129 Fountainbridge, Edinburgh, EH3 9FF.