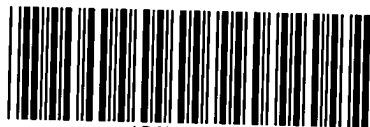


Company Registration Number: SC370558

**Abbotsford Care (Glenrothes) Limited**  
**Financial Statements**  
**For the year ended**  
**31 March 2017**

FRIDAY



\*S6HHAIXV\*

SCT

20/10/2017

#341

COMPANIES HOUSE

C  
|  
—  
T

# **Abbotsford Care (Glenrothes) Limited**

## **Financial Statements**

**Year ended 31 March 2017**

---

<b>Contents</b>	<b>Pages</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2</b>
Director's report	<b>3 to 4</b>
Independent auditor's report to the member	<b>5 to 6</b>
Statement of income and retained earnings	<b>7</b>
Statement of financial position	<b>8</b>
Statement of cash flows	<b>9</b>
Notes to the financial statements	<b>10 to 19</b>

# **Abbotsford Care (Glenrothes) Limited**

## **Officers and Professional Advisers**

---

**Director**

Mrs K McKechnie

**Company Secretary**

Mrs Alyson Vale

**Registered Office**

Unit 4 Midfield Drive  
Dunnikier Business Park  
Kirkcaldy  
Scotland  
KY1 3LW

**Auditor**

Chiene + Tait LLP  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

**Bankers**

Bank of Scotland  
9 Falkland Gate  
Glenrothes  
KY7 5LW

# **Abbotsford Care (Glenrothes) Limited**

## **Strategic Report**

**Year ended 31 March 2017**

---

The director presents her strategic report of the company for the year ended 31 March 2017.

### **REVIEW AND ANALYSIS OF THE BUSINESS DURING THE CURRENT YEAR**

During the year Abbotsford Care (Glenrothes) Limited operated nine nursing homes across Fife.

#### **Key performance indicators**

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators as set out below.

#### **Analysis using key performance indicators**

The company is reporting a pre tax profit of £730,551 for the financial year to 31 March 2017. Turnover for the company has improved by 16.4% from 2016 (£10,641,903) to 2017 (£12,389,453). The company has a gross profit percentage of 24.6% for 2017 compared to 22.8% in 2016.

The company's key non-financial performance indicator is occupancy levels and these are monitored on a regular basis. Average occupancy for the year to 31 March 2017 was 89.23%.

#### **Development and financial performance during the year**

As reported in the Company's statement of income and retained earnings, the profit for the year, after taxation, amounted to £551,073 (2016: £125,059). The increase is due to a higher level of fee income being earned during the year. Particulars of dividends paid are detailed in the notes to the financial statements.

#### **Financial position at the reporting date**

The statement of financial position shows that the Company's net assets at the year end are £2,497,871 (2016: £1,946,798). The company generated cash from operations of £499,800 and invested £149,843 in fixed assets, mainly in fixtures and fittings across the nine nursing homes.

### **PRINCIPAL RISKS AND UNCERTAINTIES FACING THE BUSINESS**

Management continually monitor the key risks facing the Company. The principal risks of Abbotsford Care (Glenrothes) Limited are as follows:


Occupancy, the Company acknowledges the importance to profitability of maintaining high occupancy levels in order to maximise the benefit derived from the substantial fixed costs in place at each care home.

Care Inspectorate gradings and patients' care, the Company acknowledges the importance of maintaining a high level of care in order to achieve customer satisfaction and maintain good Care Inspectorate gradings which have a direct effect on income and profitability.

Loss of key personnel, this would present significant operational difficulties for the Company. Management seek to ensure that key personnel are appropriately remunerated to ensure that good performance is recognised.

These are all monitored closely and procedures are in place to mitigate these risks.

This report was approved by the director on 18/9/2017 and signed by:

  
Mrs K McKechnie  
Director

# **Abbotsford Care (Glenrothes) Limited**

## **Director's Report**

### **Year ended 31 March 2017**

---

The director presents her report and the financial statements of the company for the year ended 31 March 2017.

#### **Principal activities**

The principal activity of the company during the year was that of the operation of nursing homes.

#### **Director**

The director who served the company during the year was as follows:

Mrs K McKechnie

#### **Dividends**

Particulars of dividends paid during the year are detailed in note 12 to the financial statements.

#### **Employment of disabled persons**

It is the company's policy to give employment and the relevant training to disabled persons wherever practicable. At present we have none of our full time staff registered as disabled.

#### **Employee involvement**

The home managers, the senior managers and the Director are considered to be the key management personnel of the company as they are in charge of directing and controlling, running and operating the company on a day to day basis.

Salaries are reviewed annually by the Director and business development manager. Salaries are benchmarked against the national averages for the sector and equivalent NHS grades.

#### **Disclosure of information in the strategic report**

The strategic report is set out on page 2.

#### **Director's responsibilities statement**

The director is responsible for preparing the strategic report, director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the director is required to:

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

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. She is 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.

# **Abbotsford Care (Glenrothes) Limited**

## **Director's Report** *(continued)*

**Year ended 31 March 2017**

---

### **Auditor**

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

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have 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.

A resolution to reappoint Chiene + Tait LLP as auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the director on 18/9/2017 and signed by:



Mrs K McKechnie  
Director

# **Abbotsford Care (Glenrothes) Limited**

## **Independent Auditor's Report to the Member of Abbotsford Care (Glenrothes) Limited**



**Year ended 31 March 2017**

---

We have audited the financial statements of Abbotsford Care (Glenrothes) Limited for the year ended 31 March 2017 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of director and auditor**

As explained more fully in the director's responsibilities statement, the director is 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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, based on the work undertaken in the course of the audit:

- 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.; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

# Abbotsford Care (Glenrothes) Limited

## Independent Auditor's Report to the Member of Abbotsford Care (Glenrothes) Limited *(continued)*



**Year ended 31 March 2017**

---

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

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

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

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

Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)

For and on behalf of  
Chiene + Tait LLP  
Chartered Accountants & Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

12.10.17



**Abbotsford Care (Glenrothes) Limited**  
**Statement of Income and Retained Earnings**

**Year ended 31 March 2017**

	Note	2017 £	2016 £
Turnover	4	12,389,453	10,641,903
Cost of sales		9,223,169	8,212,249
<b>Gross profit</b>		<b>3,166,284</b>	<b>2,429,654</b>
Administrative expenses		2,436,403	2,230,374
Other operating income		452	—
<b>Operating profit</b>	5	<b>730,333</b>	<b>199,280</b>
Other interest receivable and similar income	9	218	81
Interest payable and similar expenses	10	—	46
<b>Profit before taxation</b>		<b>730,551</b>	<b>199,315</b>
Tax on profit	11	179,478	74,256
<b>Profit for the financial year and total comprehensive income</b>		<b>551,073</b>	<b>125,059</b>
Dividends paid and payable	12	—	(5,000)
<b>Retained earnings at the start of the year</b>		<b>1,944,798</b>	<b>1,824,739</b>
<b>Retained earnings at the end of the year</b>		<b>2,495,871</b>	<b>1,944,798</b>

All the activities of the company are from continuing operations.

The notes on pages 10 to 19 form part of these financial statements.

# Abbotsford Care (Glenrothes) Limited

## Statement of Financial Position

31 March 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	13	482,921	648,442
Tangible assets	14	455,841	509,854
		<u>938,762</u>	<u>1,158,296</u>
<b>Current assets</b>			
Stocks	15	36,776	35,285
Debtors	16	1,305,753	1,146,440
Cash at bank and in hand		1,298,974	936,180
		<u>2,641,503</u>	<u>2,117,905</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>1,054,054</u>	<u>1,292,861</u>
<b>Net current assets</b>		<u>1,587,449</u>	<u>825,044</u>
<b>Total assets less current liabilities</b>		<u>2,526,211</u>	<u>1,983,340</u>
<b>Provisions</b>			
Taxation including deferred tax	18	28,340	36,542
<b>Net assets</b>		<u>2,497,871</u>	<u>1,946,798</u>
<b>Capital and reserves</b>			
Called up share capital	22	2,000	2,000
Profit and loss account	23	2,495,871	1,944,798
<b>Member funds</b>		<u>2,497,871</u>	<u>1,946,798</u>

These financial statements were approved by the director and authorised for issue on 18/4/2017 and are signed by:



Mrs K McKechnie  
Director

Company registration number: SC370558

The notes on pages 10 to 19 form part of these financial statements.

# Abbotsford Care (Glenrothes) Limited

## Statement of Cash Flows

Year ended 31 March 2017

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	551,073	125,059
<i>Adjustments for:</i>		
Depreciation of tangible assets	196,240	191,438
Amortisation of intangible assets	165,521	165,560
Other interest receivable and similar income	(218)	(81)
Interest payable and similar expenses	—	46
Gains on disposal of tangible assets	(5,883)	—
Tax on profit	179,478	74,256
Accrued (income)/expenses	(393,123)	91,491
<i>Changes in:</i>		
Stocks	(1,491)	(3,190)
Trade and other debtors	(159,313)	(1,460)
Trade and other creditors	46,868	(4,290)
Cash generated from operations	579,152	638,829
Interest paid	—	(46)
Interest received	218	81
Tax paid	(79,570)	(16,392)
Net cash from operating activities	<u>499,800</u>	<u>622,472</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(149,843)	(103,366)
Proceeds from sale of tangible assets	13,499	—
Net cash used in investing activities	<u>(136,344)</u>	<u>(103,366)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	(662)	(3,663)
Dividends paid	—	(5,000)
Net cash used in financing activities	<u>(662)</u>	<u>(8,663)</u>
<b>Net increase in cash and cash equivalents</b>	<b>362,794</b>	<b>510,443</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>936,180</b>	<b>425,737</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>1,298,974</u></b>	<b><u>936,180</u></b>

The notes on pages 10 to 19 form part of these financial statements.

# **Abbotsford Care (Glenrothes) Limited**

## **Notes to the Financial Statements**

**Year ended 31 March 2017**

---

### **1. General information**

The company is a private company limited by shares, registered in Scotland. The address of the registered office is Unit 4 Midfield Drive, Dunnikier Business Park, Kirkcaldy, KY1 3LW, Scotland.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Going concern**

The financial statements have been prepared on a going concern basis. The director has assessed the Company's ability to continue as a going concern and has reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future as disclosed in note 25. On this basis she continues to adopt the going concern basis of accounting in preparing these financial statements.

#### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

# **Abbotsford Care (Glenrothes) Limited**

## **Notes to the Financial Statements *(continued)***

**Year ended 31 March 2017**

---

### **Judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### **Useful economic lives of tangible assets**

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 14 for carrying amounts of tangible assets.

### **Revenue recognition**

The turnover shown in the Statement of Income and Retained Earnings represents amounts receivable during the year.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

### **Deferred tax**

Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and the treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

### **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 10 years. 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.

### **Amortisation**

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

Goodwill - 10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

# Abbotsford Care (Glenrothes) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

---

### 3. Accounting policies *(continued)*

#### Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### Depreciation

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

Property improvements	- 5% straight line
Fixtures and fittings	- 20% straight line
Motor vehicles	- 25% straight line
Office equipment	- 20% straight line

#### Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

#### Debtors

Short term debtors are measured at transaction price, less any impairment.

#### Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

#### Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand.

# Abbotsford Care (Glenrothes) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

---

### 3. Accounting policies *(continued)*

#### Creditors

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

#### Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

### 4. Turnover

Turnover arises from:

	2017 £	2016 £
Rendering of services	<u>12,389,453</u>	<u>10,641,903</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

### 5. Operating profit

Operating profit or loss is stated after charging:

	2017 £	2016 £
Amortisation of intangible assets	165,521	165,560
Depreciation of tangible assets	196,240	191,438
Gains on disposal of tangible assets	(5,883)	—
Impairment of trade debtors	<u>8,625</u>	<u>30,162</u>

# Abbotsford Care (Glenrothes) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

### 6. Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor:		
Audit services	5,500	5,250
Other non-audit services	42,762	48,901

### 7. Staff costs

The average number of persons employed by the company during the year, including the director, amounted to:

	2017 No.	2016 No.
Number of full time staff	353	371
Number of part time staff	90	85
	<u>443</u>	<u>456</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £	2016 £
Wages and salaries	7,208,080	6,224,590
Social security costs	485,764	398,848
Other pension costs	159,459	30,162
	<u>7,853,303</u>	<u>6,653,600</u>

### 8. Director's remuneration

The director's aggregate remuneration in respect of qualifying services was:

	2017 £	2016 £
Remuneration	62,256	54,454
Company contributions to defined contribution pension plans	120,000	—
	<u>182,256</u>	<u>54,454</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017 No.	2016 No.
Defined contribution plans	<u>1</u>	<u>1</u>

### 9. Other interest receivable and similar income

	2017 £	2016 £
Interest on cash and cash equivalents	213	25
Interest from group undertakings	5	56
	<u>218</u>	<u>81</u>



# Abbotsford Care (Glenrothes) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

### 10. Interest payable and similar expenses

	2017 £	2016 £
Other interest payable and similar charges	<u>—</u>	<u>46</u>

### 11. Tax on profit

#### Major components of tax expense

	2017 £	2016 £
<b>Current tax:</b>		
UK current tax expense	187,680	79,570
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(6,375)	(5,314)
Impact of change in tax rate	<u>(1,827)</u>	<u>—</u>
Total deferred tax	<u>(8,202)</u>	<u>(5,314)</u>
<b>Tax on profit</b>	<u><b>179,478</b></u>	<u><b>74,256</b></u>

#### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	<u>730,551</u>	<u>199,315</u>
Profit on ordinary activities by rate of tax	146,110	39,863
Effect of expenses not deductible for tax purposes	33,104	33,196
Fixed asset differences	—	1,197
Other timing difference	1,755	—
Difference in tax rates	<u>(1,491)</u>	<u>—</u>
<b>Tax on profit</b>	<u><b>179,478</b></u>	<u><b>74,256</b></u>

#### Factors that may affect future tax expense

A reduction from 20% to 19% was enacted in November 2015 and will take effect from 1 April 2017. A further reduction from 19% to 17% was also enacted in November 2015 and will take effect from April 2020.

### 12. Dividends

Dividends paid during the year (excluding those for which a liability existed at the end of the prior year):

	2017 £	2016 £
Dividends on equity shares	<u>—</u>	<u>5,000</u>

# Abbotsford Care (Glenrothes) Limited

## Notes to the Financial Statements (continued)

Year ended 31 March 2017

### 13. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 Apr 2016 and 31 Mar 2017	<u>1,655,599</u>
<b>Amortisation</b>	
At 1 April 2016	1,007,157
Charge for the year	165,521
<b>At 31 March 2017</b>	<u>1,172,678</u>
<b>Carrying amount</b>	
At 31 March 2017	<u>482,921</u>
At 31 March 2016	<u>648,442</u>

Goodwill arises on the acquisition of Abbotsford Nursing Homes on 28 February 2010 and is being amortised over ten years.

### 14. Tangible assets

	Property improvements £	Fixtures and fittings £	Motor vehicles £	Equipment £	Total £
<b>Cost</b>					
At 1 April 2016	–	1,060,912	39,576	29,805	1,130,293
Additions	48,797	60,371	31,947	8,728	149,843
Disposals	–	–	(26,001)	–	(26,001)
<b>At 31 March 2017</b>	<u>48,797</u>	<u>1,121,283</u>	<u>45,522</u>	<u>38,533</u>	<u>1,254,135</u>
<b>Depreciation</b>					
At 1 April 2016	–	571,176	28,659	20,604	620,439
Charge for the year	537	184,544	5,947	5,212	196,240
Disposals	–	–	(18,385)	–	(18,385)
<b>At 31 March 2017</b>	<u>537</u>	<u>755,720</u>	<u>16,221</u>	<u>25,816</u>	<u>798,294</u>
<b>Carrying amount</b>					
At 31 March 2017	<u>48,260</u>	<u>365,563</u>	<u>29,301</u>	<u>12,717</u>	<u>455,841</u>
At 31 March 2016	–	<u>489,736</u>	<u>10,917</u>	<u>9,201</u>	<u>509,854</u>

### 15. Stocks

	2017 £	2016 £
Raw materials and consumables	<u>36,776</u>	<u>35,285</u>

# Abbotsford Care (Glenrothes) Limited

## Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

### 16. Debtors

	2017 £	2016 £
Trade debtors	660,098	504,639
Prepayments and accrued income	49,516	98,112
Director's loan account	1,175	—
Other debtors	594,964	543,689
	<u>1,305,753</u>	<u>1,146,440</u>

### 17. Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	242,192	186,346
Accruals and deferred income	242,274	635,397
Corporation tax	171,288	63,178
Social security and other taxes	152,636	144,481
Director loan accounts	—	662
Other creditors	245,664	262,797
	<u>1,054,054</u>	<u>1,292,861</u>

### 18. Provisions

	Deferred tax (note 19) £
At 1 April 2016	36,542
Additions	(8,202)
At 31 March 2017	<u>28,340</u>

### 19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £	2016 £
Included in provisions (note 18)	<u>28,340</u>	<u>36,542</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017 £	2016 £
Accelerated capital allowances	28,935	36,542
Deferred tax - other timing differences	(595)	—
	<u>28,340</u>	<u>36,542</u>

The company has no unused tax losses or credits.

The net reversal of deferred tax assets and liabilities in 2017 is not possible to quantify at this stage but this is not expected to be significant.

# Abbotsford Care (Glenrothes) Limited

## Notes to the Financial Statements (continued)

Year ended 31 March 2017

### 20. Employee benefits

#### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £159,459 (2016: £30,162).

### 21. Financial instruments

The carrying amount for each category of financial instrument is as follows:

	2017 £	2016 £
<b>Financial assets that are debt instruments measured at amortised cost</b>		
Financial assets measured at amortised cost	<u>1,322,145</u>	<u>1,146,440</u>
<b>Financial liabilities measured at amortised cost</b>		
Financial liabilities measured at amortised cost	<u>882,766</u>	<u>1,292,861</u>

### 22. Called up share capital

#### Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

### 23. Reserves

Called up share capital - represents the nominal value of shares that have been issued.

Profit and loss account - includes all current and prior period retained profits and losses.

### 24. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Not later than 1 year	9,600	—
Later than 1 year and not later than 5 years	<u>34,400</u>	<u>—</u>
	<u>44,000</u>	<u>—</u>

### 25. Contingencies

A bond and floating charge over the assets of the company is in place in favour of the Bank of Scotland. The company has granted Bank of Scotland a cross-corporate guarantee to Abbotsford Property (Dunfermline) Limited, a related party company, for funding totalling £9,018,021 as at 31 March 2017.

The borrowing group has prepared forecasts and projections for the years ending 31 March 2018 and 31 March 2019 that indicate it will meet all financial covenants within the loan agreements.

On the basis of the continuing support of the bankers, the director is satisfied that it is appropriate to prepare the financial statements on the going concern basis.

# Abbotsford Care (Glenrothes) Limited

## Notes to the Financial Statements (continued)

Year ended 31 March 2017

### 26. Director's advances, credits and guarantees

During the year the director entered into the following advances and credits with the company:

2017				
	Balance brought forward £	Advances/ (credits) to the director £	Amounts repaid £	Balance outstanding £
Mrs K McKechnie	(662)	11,837	(10,000)	1,175

2016				
	Balance brought forward £	Advances/ (credits) to the director £	Amounts repaid £	Balance outstanding £
Mrs K McKechnie	(4,325)	28,765	(25,102)	(662)

There are no fixed terms for repayment. Interest is charged on the outstanding loan amount at 3% per annum.

### 27. Related party transactions

The company rents nursing homes owned by Abbotsford Property (Dunfermline) Limited of which Mrs K McKechnie is a director. Rents are charged to the company in line with agreed terms and total rental payments during the year were £949,132 (2016: £808,992). At the balance sheet date the company is owed £592,349 (2016: £499,927) from Abbotsford Property (Dunfermline) Limited. This loan is included in other debtors, there are no fixed terms for repayment and no interest terms attached. Abbotsford Property (Dunfermline) Limited is controlled by Mr A M McKechnie, husband of Mrs K McKechnie and Mrs K McKechnie is a shareholder.

### 28. Ultimate controlling party

The company was under the control of Mrs K McKechnie throughout the year. Mrs K McKechnie is the sole director and shareholder.