

PRESTIGE CARE LIMITED
FINANCIAL STATEMENTS
31ST JULY 2014

THURSDAY



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PRESTIGE CARE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

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PRESTIGE CARE LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Mr S Singh Mrs B Kaur
Company secretary	Mrs M Singh
Registered office	Prestige Group Head Office Roseville Court Ingleby Barwick Stockton on Tees TS17 5BL
Auditor	Tait Walker LLP Chartered Accountants & Statutory Auditor Medway House Fudan Way Teesdale Park Stockton-on-Tees TS17 6EN
Bankers	National Westminster Bank plc 106 Linthorpe Road Middlesbrough TS1 2JX Handlesbanken Winder House Kingfisher Way Stockton on Tees TS18 3EX

PRESTIGE CARE LIMITED

STRATEGIC REPORT

YEAR ENDED 31ST JULY 2014

PRINCIPAL ACTIVITIES

The principal activities of the group during the year were operating residential and nursing care homes and also management of its freehold investment property.

BUSINESS REVIEW

Two of the RBS hedges and one HSBC hedge, which were all subject to the Financial Conduct Authority led review, were found to have been mis-sold to the group and the basic redress compensation awarded has been included in the reported profit / loss for the year of £882,168.

There remain two further hedges that are the subject of a complaint by the group against RBS. The directors remain hopeful of a positive outcome on these also, although a final decision from the bank has yet to be made. The hedges remain the subject of moratorium agreements. In accordance with GAAP, the directors continue to make provision for these costs as if they were due. The reported profit / loss figure for the year includes £258,933 costs in respect of these onerous hedges.

In February 2014, the group completed the lease transfer of one of its homes that had been incurring losses. The lease included a tenant's option to purchase the freehold property. The lease transfer sees a swing in contribution from the asset to the group of approximately £30,000 per month after the initial rent free period and reduced rent period has expired.

FUTURE DEVELOPMENTS

In respect of the two RBS hedges which the group has received basic redress compensation for, the group continues to pursue its complaint in respect of the additional consequential losses claim. At the date of this report, the group's legal advisors still await the bank's response.

The group also continues to pursue its complaint against RBS in respect of the two hedges complaints that remain outstanding and unresolved. The directors remain optimistic of a positive outcome, similar to those hedges which have already seen basic redress payments received by the group.

On 31st March 2015, the group completed on the sale of its care home property that was lease transferred during the year for the sum of £2,625,000. The sale proceeds were utilised to reduce the group's borrowings.

On 23 October 2014, the group received planning permission for the redevelopment of one its properties. The property was previously operated as a nursing home by the group but due to the limitations of the property the operation was closed down in December 2013. The planning permission allows for the demolition of the existing ageing property and the redevelopment of a larger purpose built facility on the site, making it a viable business proposition.

PRINCIPAL RISKS AND UNCERTAINTIES

On an ongoing basis, the group continues to strive to meet its relevant regulatory requirements in respect of its residential and nursing care home business activity.

The main uncertainty facing the group going forward is in respect of the unresolved positions in respect of the hedge mis-selling complaints against RBS. The directors remain

PRESTIGE CARE LIMITED

STRATEGIC REPORT *(continued)*

YEAR ENDED 31ST JULY 2014

optimistic of further positive outcomes in this respect.

Signed on behalf of the directors



Mr S Singh
Director

Approved by the directors on 29/4/15

PRESTIGE CARE LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST JULY 2014

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the group during the year were operating residential and nursing care homes, management of freehold investment property and property development and construction.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £882,168. Particulars of dividends paid are detailed in note 11 to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group has an established, structured approach to risk management. The group's activities expose it to a variety of financial risks, including the effects of credit, along with liquidity and cash flow risk. The group has adopted risk management policies that seek to mitigate these risks in a cost effective manner.

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The group performs ongoing credit evaluation of its customers' financial condition.

Liquidity risk is the risk that the group does not have sufficient liquid assets to meet its obligations as they fall due. Liquidity is maintained at a prudent level and the group ensures there is an adequate liquidity buffer to cover contingencies. The group maintains sufficient cash and open committed credit lines from its bank for its funding requirements.

Interest rate risk re unfavourable movements in interest rates is not perceived as being material to the accounts due to the borrowing agreements in place.

DIRECTORS

The directors who served the company during the year were as follows:

Mr S Singh
Mrs B Kaur

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 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;

PRESTIGE CARE LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST JULY 2014

DIRECTORS' RESPONSIBILITIES STATEMENT *(continued)*

- make judgements and 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.

DONATIONS

During the year the company made the following contributions:

	2014	2013
	£	£
Charitable	<u>2,840</u>	<u>525</u>

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

In so far as the directors are aware:

- there is no relevant audit information of which the group's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITOR

A resolution to re-appoint Tait Walker LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006.

Signed on behalf of the directors



Mr S Singh
Director

Approved by the directors on ...29/4/15.....

PRESTIGE CARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE COMPANY'S SHAREHOLDERS

YEAR ENDED 31ST JULY 2014

We have audited the group and parent company financial statements ("the financial statements") of Prestige Care Limited for the year ended 31st July 2014 set out on pages 8 to 30. 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 pages 4 to 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 (APB'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 31st July 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.

OPINION ON OTHER MATTERS 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.

PRESTIGE CARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE COMPANY'S SHAREHOLDERS

(continued)

YEAR ENDED 31ST JULY 2014

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime, take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

TAIT WALKER LLP

CHRISTOPHER POTTER BA(HONS) ACA (Senior Statutory Auditor)

For and on behalf of

TAIT WALKER LLP

Chartered Accountants & Statutory Auditor

Medway House
Fudan Way
Teesdale Park
Stockton-on-Tees
TS17 6EN

24 APRIL 2015

PRESTIGE CARE LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST JULY 2014

		2014			2013
	Note	Continuing operations £	Discontinued operations £	Total £	Total £
Turnover	3	1,886,576	669,742	2,556,318	4,524,246
Cost of sales		<u>1,386,985</u>	<u>645,660</u>	<u>2,032,645</u>	<u>4,229,182</u>
GROSS PROFIT		499,591	24,082	523,673	295,064
Net operating expenses	4	<u>(1,679,554)</u>	<u>528,405</u>	<u>(1,151,149)</u>	<u>1,507,591</u>
OPERATING PROFIT/(LOSS)	5	<u>2,179,145</u>	<u>(504,323)</u>	1,674,822	(1,212,527)
Interest receivable				–	183
Profit on disposal of investments			25	126,995	594,777
Interest payable and similar charges			8	<u>(565,321)</u>	<u>(539,735)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION				1,236,496	(1,157,302)
Tax on profit/(loss) on ordinary activities	9			<u>354,328</u>	<u>(135,216)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	10			<u>882,168</u>	<u>(1,022,086)</u>

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 15 to 30 form part of these financial statements.

PRESTIGE CARE LIMITED

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 31ST JULY 2014

	2014 £	2013 £
Profit/(Loss) for the financial year attributable to the shareholders of the parent company	882,168	(1,022,086)
Loss on revaluation of certain fixed assets	(1,396,929)	-
Profit/(loss) on revaluation of tangible fixed assets:		
Freehold property	157,667	(36,179)
Total recognised gains and losses relating to the year	<u>(357,094)</u>	<u>(1,058,265)</u>
Prior year adjustment	-	(47,778)
Total gains and losses recognised since the last annual report	<u>(357,094)</u>	<u>(1,106,043)</u>

The notes on pages 15 to 30 form part of these financial statements.

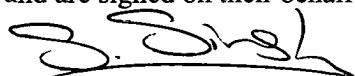
PRESTIGE CARE LIMITED

GROUP BALANCE SHEET

31ST JULY 2014

	Note	2014		2013	
		£	£	£	£
FIXED ASSETS					
Tangible assets	12		12,389,592		14,008,090
CURRENT ASSETS					
Debtors	14	2,405,106		1,428,699	
Cash at bank and in hand		91,455		14,496	
		<u>2,496,561</u>		<u>1,443,195</u>	
CREDITORS: amounts falling due within one year	15	<u>5,160,792</u>		<u>1,675,600</u>	
NET CURRENT LIABILITIES			<u>(2,664,231)</u>		<u>(232,405)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,725,361</u>		<u>13,775,685</u>
CREDITORS: amounts falling due after more than one year	16		6,899,086		9,947,840
PROVISIONS FOR LIABILITIES					
Deferred taxation	17		55,499		-
			<u>2,770,776</u>		<u>3,827,845</u>
CAPITAL AND RESERVES					
Called-up equity share capital	20		10		10
Revaluation reserve	21		3,728,529		5,151,952
Profit and loss account	21		(957,763)		(1,324,117)
SHAREHOLDERS' FUNDS	22		<u>2,770,776</u>		<u>3,827,845</u>

These financial statements were approved by the directors and authorised for issue on 29/4/14, and are signed on their behalf by:



Mr S Singh
Director

The notes on pages 15 to 30 form part of these financial statements.

PRESTIGE CARE LIMITED
COMPANY REGISTRATION NUMBER 03025072

BALANCE SHEET

31ST JULY 2014

	Note	2014		2013	
		£	£	£	£
FIXED ASSETS					
Tangible assets	12		5,755,716		5,828,258
Investments	13		311,711		311,811
			<u>6,067,427</u>		<u>6,140,069</u>
CURRENT ASSETS					
Debtors	14	4,073,265		3,003,433	
Cash at bank and in hand		64,761		9,887	
		<u>4,138,026</u>		<u>3,013,320</u>	
CREDITORS: amounts falling due within one year	15	<u>729,189</u>		<u>735,705</u>	
NET CURRENT ASSETS			<u>3,408,837</u>		<u>2,277,615</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,476,264</u>		<u>8,417,684</u>
CREDITORS: amounts falling due after more than one year	16		4,693,141		4,472,418
PROVISIONS FOR LIABILITIES					
Deferred taxation	17		67,306		—
			<u>4,715,817</u>		<u>3,945,266</u>
CAPITAL AND RESERVES					
Called-up equity share capital	20		10		10
Revaluation reserve	21		3,728,529		3,807,579
Profit and loss account	21		987,278		137,677
SHAREHOLDERS' FUNDS			<u>4,715,817</u>		<u>3,945,266</u>

These financial statements were approved by the directors and authorised for issue on ...29/4/14....., and are signed on their behalf by:



Mr S Singh
 Director

The notes on pages 15 to 30 form part of these financial statements.

PRESTIGE CARE LIMITED

GROUP CASH FLOW

YEAR ENDED 31ST JULY 2014

	2014		2013	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		1,054,774		578,311
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received	–		183	
Interest paid	<u>(565,321)</u>		<u>(539,735)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(565,321)		(539,552)
TAXATION		18,280		7,450
CAPITAL EXPENDITURE				
Payments to acquire tangible fixed assets	(146,305)		(49,214)	
Receipts from sale of fixed assets	<u>–</u>		<u>16,350</u>	
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(146,305)		(32,864)
ACQUISITIONS AND DISPOSALS				
Net cash disposed of with trade/business	<u>4,469</u>		<u>(102)</u>	
NET CASH INFLOW/(OUTFLOW) FROM ACQUISITIONS AND DISPOSALS		4,469		(102)
EQUITY DIVIDENDS PAID		(699,975)		(90,000)
CASH OUTFLOW BEFORE FINANCING		(334,078)		(76,757)
FINANCING				
Issue of equity share capital	–		6	
Increase in/(repayment of) bank loans	309,700		(180,997)	
Net outflow from other long-term creditors	<u>–</u>		<u>(11,560)</u>	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		309,700		(192,551)
DECREASE IN CASH		(24,378)		(269,308)

The notes on pages 15 to 30 form part of these financial statements.

PRESTIGE CARE LIMITED

GROUP CASH FLOW

YEAR ENDED 31ST JULY 2014

RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Operating profit/(loss)	1,674,822	(1,212,527)
Depreciation and impairment	497,228	1,058,418
Loss on disposal of fixed assets	–	5,757
Increase in stocks	–	(75,221)
(Increase)/decrease in debtors	(1,044,100)	306,723
(Decrease)/increase in creditors	(73,176)	495,161
Net cash inflow from operating activities	<u>1,054,774</u>	<u>578,311</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2014		2013	
	£	£	£	£
Decrease in cash in the period	(24,378)		(269,308)	
Net cash (inflow) from/outflow from bank loans	(309,700)		180,997	
Net cash outflow from other long-term creditors	–		11,560	
		<u>(334,078)</u>		<u>(76,751)</u>
Change in net debt		(334,078)		(76,751)
Net debt at 1 August 2013		<u>(10,257,180)</u>		<u>(10,180,429)</u>
Net debt at 31 July 2014		<u>(10,591,258)</u>		<u>(10,257,180)</u>

The notes on pages 15 to 30 form part of these financial statements.

PRESTIGE CARE LIMITED

GROUP CASH FLOW

YEAR ENDED 31ST JULY 2014

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Aug 2013 £	Cash flows £	At 31 Jul 2014 £
Net cash:			
Cash in hand and at bank	14,496	76,959	91,455
Overdrafts	<u>(147,190)</u>	<u>(101,337)</u>	<u>(248,527)</u>
	<u>(132,694)</u>	<u>(24,378)</u>	<u>(157,072)</u>
Debt:			
Debt due within 1 year	(176,646)	(3,358,454)	(3,535,100)
Debt due after 1 year	<u>(9,947,840)</u>	<u>3,048,754</u>	<u>(6,899,086)</u>
	<u>(10,124,486)</u>	<u>(309,700)</u>	<u>(10,434,186)</u>
Net debt	<u>(10,257,180)</u>	<u>(334,078)</u>	<u>(10,591,258)</u>

The notes on pages 15 to 30 form part of these financial statements.

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

1. GOING CONCERN

At the year end the group reported net current liabilities of £2,664,231. Following the year end the group disposed of a loss making care home property for £2,625,000 and subsequently paid down this amount of its external borrowings. In addition to this the group has also received a number of positive enquiries in relation to a freehold property that it is planning to re-develop into a new 80 bed care home. The Directors have prepared high level forecasts for the next 12 months which show that, taking account of reasonable possible changes in trading performance, the group is able to operate within the current level of facilities it has available to it.

The Directors have a reasonable expectation that, particularly with the continued support from the lending banks that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly it continues to adopt the going concern basis in preparing the annual reports and accounts.

If the going concern basis was not appropriate, adjustments would have to be made to reduce the value of assets to their recoverable amount and to provide further liabilities that might arise.

2. 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.

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 goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. 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.

Turnover

Turnover represents the value of services provided during the year net of discounts and Value Added Tax. For services provided, turnover is recognised to the extent that and when there is a right to consideration.

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

2. ACCOUNTING POLICIES *(continued)*

Fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation and any provision for impairment. Individual freehold properties are revalued as required with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over the depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Depreciation

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

Plant & machinery - 4 to 5 years straight line
Fixtures & fittings - 3 to 5 years straight line
Motor vehicles - 25% reducing balance
Office equipment - 3 years straight line
Freehold property - 50 years straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Investment properties

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike the Companies Act 2006, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

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:

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

2. ACCOUNTING POLICIES *(continued)*

Deferred taxation *(continued)*

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 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.

3. TURNOVER

The turnover and loss before tax are attributable to the principal activities of the group. An analysis of turnover is given below:

	2014	2013
	£	£
Property investment and development	-	1,355,000
Nursing home operations	2,556,318	3,169,246
	<u>2,556,318-</u>	<u>4,524,246</u>

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

4. ANALYSIS OF TURNOVER, COST OF SALES AND NET OPERATING EXPENSES

	Continuing operations £	Discontinued operations £	Total £
YEAR ENDED 31ST JULY 2014			
Cost of sales	<u>1,386,985</u>	<u>645,660</u>	<u>2,032,645</u>
Administrative expenses	539,494	528,405	1,067,899
Other operating income	(2,219,048)	-	(2,219,048)
Net operating expenses	<u>(1,679,554)</u>	<u>528,405</u>	<u>(1,151,149)</u>
YEAR ENDED 31ST JULY 2013			
Turnover	3,169,246	1,355,000	4,524,246
Cost of sales	<u>2,739,469</u>	<u>1,489,713</u>	<u>4,229,182</u>
Gross profit/(loss)	<u>429,777</u>	<u>(134,713)</u>	<u>295,064</u>
Administrative expenses	1,605,562	135,782	1,741,344
Other operating income	(233,753)	-	(233,753)
Net operating expenses	<u>1,371,809</u>	<u>135,782</u>	<u>1,507,591</u>
Operating loss	<u>(942,032)</u>	<u>(270,495)</u>	<u>(1,212,527)</u>

5. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2014 £	2013 £
Directors' remuneration	-	-
Depreciation of owned fixed assets	142,263	327,811
Impairment of owned fixed assets	354,965	728,821
Loss on disposal of fixed assets	-	5,757
Auditor's remuneration		
- as auditor	14,610	17,850
- for other services	2,435	13,812
Exceptional other operating income	<u>(2,130,563)</u>	<u>-</u>

Exceptional other operating income relates entirely to redress payments and interest received from National Westminster Bank Plc and HSBC Plc in respect of mis-sold interest rate hedging products.

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

6. PARTICULARS OF EMPLOYEES

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

	2014	2013
	No	No
Number of construction staff	–	2
Number of administrative staff	–	1
Number of management staff	4	7
Number of care staff	153	172
	<u>157</u>	<u>182</u>

The aggregate payroll costs of the above were:

	2014	2013
	£	£
Wages and salaries	1,815,624	2,487,963
Social security costs	64,444	91,793
	<u>1,880,068</u>	<u>2,579,756</u>

7. PROFIT ON DISPOSAL OF INVESTMENTS

	2014	2013
	£	£
Amounts written off investments	<u>(126,995)</u>	<u>(594,777)</u>

The above relates to amounts written off following the cessation of trade in Prestige Care (Arundel) Limited.

25. PROFIT ON DISPOSAL OF INVESTMENTS

	2014	2013
	£	£
Amount written off investments	<u>(126,995)</u>	<u>(594,777)</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Interest payable on bank borrowing	222,997	213,047
Other similar charges payable	342,324	326,688
	<u>565,321</u>	<u>539,735</u>

PRESTIGE CARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST JULY 2014

9. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2014		2013	
	£	£	£	£
Current tax:				
UK Corporation tax based on the results for the year at 22.33% (2013 - 23.67%)		<u>233,691</u>		-
Total current tax		<u>233,691</u>		-
Deferred tax:				
Origination and reversal of timing differences	<u>120,637</u>		<u>(135,216)</u>	
Total deferred tax (note 17)		<u>120,637</u>		<u>(135,216)</u>
Tax on profit/(loss) on ordinary activities		<u>354,328</u>		<u>(135,216)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 22.33% (2013 - 23.67%).

	2014	2013
	£	£
Profit/(loss) on ordinary activities before taxation	<u>1,236,496</u>	<u>(1,157,302)</u>
Profit/(loss) on ordinary activities by rate of tax	276,127	(273,843)
Expenses not deductible for tax purposes	112,650	416,974
Capital allowances for period in excess of depreciation	(19,524)	(5,791)
Utilisation of tax losses	(114,411)	144,676
Marginal relief	(440)	-
Income not taxable	<u>(20,711)</u>	<u>(282,016)</u>
Total current tax (note 9(a))	<u>233,691</u>	-

10. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company was £1,470,526 (2013 - £(407,190)).

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

11. DIVIDENDS

Equity dividends

	2014 £	2013 £
Paid during the year:		
Ordinary shares of £1 each	<u>699,975</u>	<u>90,000</u>

During the year the company declared a dividend of £139,995 per share. Mrs Balbir Kaur subsequently waived her right and entitlement to this dividend.

12. TANGIBLE FIXED ASSETS

Group	Investment property £	Fixtures & Fittings £	Motor Vehicles £	Office equipment £	Freehold property £	Total £
COST OR VALUATION						
At 1 Aug 2013	1,500,000	94,308	14,074	3,240	13,528,821	15,140,443
Additions	–	68,314	–	1,097	76,894	146,305
Disposals	–	(37,556)	–	–	–	(37,556)
Revaluation	(1,396,929)	–	–	–	–	(1,396,929)
Transfers	4,300,000	–	–	–	(4,300,000)	–
At 31 Jul 2014	<u>4,403,071</u>	<u>125,066</u>	<u>14,074</u>	<u>4,337</u>	<u>9,305,715</u>	<u>13,852,263</u>
DEPRECIATION						
At 1 Aug 2013	–	20,496	4,398	971	1,106,488	1,132,353
Charge for the year	–	18,542	2,419	1,302	120,000	142,263
Impairment for the year	278,071	–	–	–	76,894	354,965
On disposals	–	(9,243)	–	–	–	(9,243)
Revaluation adjustment	–	–	–	–	(157,667)	(157,667)
At 31 Jul 2014	<u>278,071</u>	<u>29,795</u>	<u>6,817</u>	<u>2,273</u>	<u>1,145,715</u>	<u>1,462,671</u>
NET BOOK VALUE						
At 31 Jul 2014	<u>4,125,000</u>	<u>95,271</u>	<u>7,257</u>	<u>2,064</u>	<u>8,160,000</u>	<u>12,389,592</u>
At 31 Jul 2013	<u>1,500,000</u>	<u>73,812</u>	<u>9,676</u>	<u>2,269</u>	<u>12,422,333</u>	<u>14,008,090</u>

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

During the year Prestige Properties (North East) Limited transferred its care home business at Lakeside Darlington to a third party operator and entered into a lease on the freehold property this business operates from, consequently the property has been transferred from freehold property to investment property. This lease contained an option which the lessee has subsequently exercised. At the year end the property was revalued to the option price.

The group's remaining freehold property was subject to professional valuation during 2011. The directors are of the opinion that there has been no significant movement in the value since this date.

The group's investment property was valued by the directors at the year end.

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2014 £	2013 £
Net book value at end of year	<u>5,660,000</u>	<u>5,780,000</u>
Historical cost	<u>2,047,496</u>	<u>2,047,496</u>
Depreciation:		
At 1 Aug 2013	75,075	-
Charge for year	<u>49,050</u>	<u>75,075</u>
At 31 Jul 2014	<u>124,125</u>	<u>75,075</u>
Net historical cost value:		
At 31 Jul 2014	<u>1,923,371</u>	<u>1,972,421</u>
At 1 Aug 2013	<u>1,972,421</u>	<u>2,047,496</u>

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

12. TANGIBLE FIXED ASSETS *(continued)*

Company	Investment property £	Fixtures & Fittings £	Motor Vehicles £	Office equipment £	Freehold property £	Total £
COST OR VALUATION						
At 1 Aug 2013	–	44,253	14,074	3,240	6,000,000	6,061,567
Additions	–	66,242	–	499	–	66,741
At 31 Jul 2014	–	110,495	14,074	3,739	6,000,000	6,128,308
DEPRECIATION						
At 1 Aug 2013	–	7,940	4,398	971	220,000	233,309
Charge for the year	–	15,728	2,419	1,136	120,000	139,283
At 31 Jul 2014	–	23,668	6,817	2,107	340,000	372,592
NET BOOK VALUE						
At 31 Jul 2014	–	86,827	7,257	1,632	5,660,000	5,755,716
At 31 Jul 2013	–	36,313	9,676	2,269	5,780,000	5,828,258

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2014	2013
	£	£
Net book value at end of year	5,660,000	5,780,000
Historical cost	2,047,496	2,047,496
Depreciation:		
At 1 Aug 2013	75,075	–
Charge for year	49,050	75,075
At 31 Jul 2014	124,125	75,075
Net historical cost value:		
At 31 Jul 2014	1,923,371	1,972,421
At 1 Aug 2013	1,972,421	2,047,496

PRESTIGE CARE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST JULY 2014

13. INVESTMENTS

Company	Group companies £
COST	
At 1st August 2013	1,500,105
Disposals	(101)
At 31st July 2014	<u>1,500,004</u>
AMOUNTS WRITTEN OFF	
At 1st August 2013	1,188,294
Written off in prior years written back	(1)
At 31st July 2014	<u>1,188,293</u>
NET BOOK VALUE	
At 31st July 2014	<u>311,711</u>
At 31st July 2013	<u>311,811</u>

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

13. INVESTMENTS *(continued)*

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital are as follows:

	Country of registration and operation	Proportion of share Holding capital held	Nature of business
Subsidiary undertakings			
Prestige Leisure (North East) Limited Limited	England	Ordinary shares 100%	Property developer
Prestige Properties (North East) Limited	England	Ordinary shares 100%	Investment property & care home operator
Prestige Care (Arundel) Limited	England	Ordinary shares 100%	Care home operator

On 23rd January 2014 Prestige Care (Arundel) Limited was subject to a winding up order.

Aggregate capital and reserves

	2014 £	2013 £
Prestige Leisure (North East) Limited	(442,673)	(515,840)
Prestige Properties (North East) Limited	(1,190,657)	776,720
Prestige Care (Arundel) Limited	—	(109,516)
	<u>(1,633,330)</u>	<u>151,364</u>

Profit for the year

	2014 £	2013 £
Prestige Leisure (North East) Limited	73,167	1,660
Prestige Properties (North East) Limited	(728,115)	372,857
Prestige Care (Arundel) Limited	—	15,094
	<u>(654,948)</u>	<u>389,611</u>

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

14. DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	238,466	312,745	225,133	229,460
Amounts owed by group undertakings	–	–	1,693,701	1,823,049
VAT recoverable	288	589	–	–
Other debtors	2,138,694	1,028,052	2,132,918	894,485
Deferred taxation (Note 17)	–	70,745	–	48,930
Prepayments and accrued income	27,658	16,568	21,513	7,509
	<u>2,405,106</u>	<u>1,428,699</u>	<u>4,073,265</u>	<u>3,003,433</u>

The debtors above include the following amounts falling due after more than one year:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Amounts owed by group undertakings	–	–	1,736,250	1,823,049
Other debtors	199,860	885,189	199,860	885,189
	<u>199,860</u>	<u>885,189</u>	<u>1,936,110</u>	<u>2,708,238</u>

15. CREDITORS: amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	3,783,627	323,836	–	257,178
Trade creditors	76,150	178,247	59,593	83,917
Amounts owed to group undertakings	–	–	–	7,179
Directors' loan accounts	4,856	2,940	4,856	639
Other creditors including taxation and social security:				
Corporation tax	725,948	479,584	251,677	28,608
PAYE and social security	12,030	166,008	12,030	74,203
Other creditors	25,512	68,407	5,169	10,978
Accruals and deferred income	532,669	456,578	395,864	273,003
	<u>5,160,792</u>	<u>1,675,600</u>	<u>729,189</u>	<u>735,705</u>

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

15. CREDITORS: amounts falling due within one year *(continued)*

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

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	<u>3,783,627</u>	<u>323,864</u>	<u>-</u>	<u>257,178</u>

The group's bank loans are secured by a debenture and legal charge over its freehold property.

16. CREDITORS: amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	6,661,486	9,710,240	4,455,541	4,234,818
Other creditors	<u>237,600</u>	<u>237,600</u>	<u>237,600</u>	<u>237,600</u>
	<u>6,899,086</u>	<u>9,947,840</u>	<u>4,693,141</u>	<u>4,472,418</u>

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	<u>6,661,486</u>	<u>9,710,240</u>	<u>4,455,541</u>	<u>4,234,818</u>

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	<u>3,742,847</u>	<u>3,528,235</u>	<u>3,742,847</u>	<u>3,528,235</u>

The group's bank loans are repayable at variable rates linked to LIBOR and Base Rate.

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

17. DEFERRED TAXATION

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

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Asset/Provision brought forward	(70,745)	69,695	(48,930)	11,272
Increase/(Decrease) in provision	<u>126,244</u>	<u>(140,440)</u>	<u>116,236</u>	<u>(60,202)</u>
Provision/Asset carried forward	<u>55,499</u>	<u>(70,745)</u>	<u>67,306</u>	<u>(48,930)</u>

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

Group	2014		2013	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	123,731	-	111,601	-
Tax losses available	<u>(68,232)</u>	<u>-</u>	<u>(182,346)</u>	<u>-</u>
	<u>55,499</u>	<u>-</u>	<u>(70,745)</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	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	67,306	-	54,221	-
Tax losses available	<u>-</u>	<u>-</u>	<u>(103,151)</u>	<u>-</u>
	<u>67,306</u>	<u>-</u>	<u>(48,930)</u>	<u>-</u>

18. TRANSACTIONS WITH THE DIRECTORS

During the year interest free loan facilities were made available to directors by group companies.

	2014
	£
Balance at the beginning of the year	(2,940)
Total drawn during the year	17,709
Total repaid during the year	<u>(19,625)</u>
Balance at the end of the year	<u>(4,856)</u>

Mr S Singh has provided a personal guarantee to the value of £250,000 in respect of the bank borrowings of Prestige Properties (North East) Limited.

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

19. RELATED PARTY TRANSACTIONS

During the year Mr S Singh received dividends of £699,975 (2013: £18,000) from Prestige Care Limited. Mr S Singh is a Director of all group companies.

During the year Mrs B Kaur received dividends of £nil (2013: £72,000) from Prestige Care Limited. Mrs B Kaur is a Director of all group companies.

During the year Mrs B Kaur waived her right to dividends of £699,975 (2013: £nil) from Prestige Care Limited. Mrs B Kaur is a Director of all group companies.

During the year the group made sales to the value of £nil (2013: £850,000) to Prestige Care (Humberside) Limited. At the year end the group was owed £nil (2012: £596,407) by Prestige Care (Humberside) Limited. At the year end the group owed £5,027 (2013: £5,322) to Prestige Care (Humberside) Limited. During the year the group paid expenses to the value of £17,905 (2013: £nil) on behalf of Prestige Care (Humberside) Limited. During the year Prestige Care (Humberside) Limited paid expenses to the value of £28,384 on behalf of the group, there were also transfers of £5,027 (2013:£nil) from Prestige Care (Humberside) Limited. During the year a creditor balances of £nil (2013:£18,199) due to Prestige Care (Humberside) Limited were written off by the group. Prestige Care (Humberside) Limited is jointly controlled by Mr S Singh and Mrs B Kaur.

At the year end debtors includes £189,859 (2013: £885,539) due from Prestige Estates (North East) Limited. At the year end creditors includes £nil (2013: £80,833) due to Prestige Estates (North East) Limited. During the year the group made sales to the value of £nil (2013: £500) to Prestige Estates (North East) Limited. During the year the group paid expenses to the value of £32,589 (2013: £28,260) on behalf of Prestige Estates (North East) Limited, there were also transfer of £40,502 (2013 £536,825) to Prestige Estates (North East) Limited. During the year Prestige Estates (North East) Limited paid expenses to the value of £101,902 (2013: £33,979) on behalf of the group, there were also transfers of £764,075 (2013: £72,000) from Prestige Estates (North East) Limited. Prestige Estates (North East) Limited is controlled by Mr S Singh.

20. SHARE CAPITAL

Authorised share capital:

	2014	2013
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
10 Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>

PRESTIGE CARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JULY 2014

21. RESERVES

Group	Revaluation reserve £	Profit and loss account £
Balance brought forward	5,151,952	(1,324,117)
Profit for the year	–	882,168
Equity dividends	–	(699,975)
Other gains and losses		
- Revaluation of fixed assets	(1,396,929)	–
Other movements		
- transfer to/from revaluation reserve	(26,494)	184,161
Balance carried forward	<u>3,728,529</u>	<u>(957,763)</u>

Company	Revaluation reserve £	Profit and loss account £
Balance brought forward	3,807,579	137,677
Profit for the year	–	1,470,526
Equity dividends	–	(699,975)
Other movements		
- transfer to/from revaluation reserve	(79,050)	79,050
Balance carried forward	<u>3,728,529</u>	<u>987,278</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Profit/(Loss) for the financial year	882,168	(1,022,086)
Other net recognised gains and losses	(1,396,929)	(36,179)
New ordinary share capital subscribed	–	6
Equity dividends	(699,975)	(90,000)
Transfer from revaluation reserve	184,161	386,111
Transfer to profit and loss account	(26,494)	(386,111)
Net reduction to shareholders' funds	<u>(1,057,069)</u>	<u>(1,148,259)</u>
Opening shareholders' funds	3,827,845	5,023,882
Prior year adjustment	–	(47,778)
Closing shareholders' funds	<u>2,770,776</u>	<u>3,827,845</u>

23. POST BALANCE SHEET EVENTS

On 31st March 2015 Prestige Properties (North East) Limited completed the sale of its investment property at Lakeside Darlington for the sum of £2,625,000.