COMPANY REGISTRATION NUMBER: 03025072

PRESTIGE CARE LIMITED

Financial Statements

31st July 2017

PRESTIGE CARE LIMITED

Financial Statements

Year ended 31st July 2017

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PRESTIGE CARE LIMITED

Officers and Professional Advisers

The board of directors	Mr S Singh Mrs B Kaur (resigned 11th January 2018)
Registered office	Prestige Group Head Office Roseville Court Ingleby Barwick Stockton on Tees TS17 5BL
Auditor	Tait Walker LLP Chartered accountant & statutory auditor Medway House Fudan Way Teesdale Park Stockton-on-Tees TS17 6EN
Bankers	National Westminster Bank plc 106 Linthorpe Road Middlesbrough TS1 2JX
	Handelsbanken Winder House Kingfisher Way Stockton on Tees TS18 3EX

PRESTIGE CARE LIMITED

Strategic Report

Year ended 31st July 2017

The principal activity of the group during the year was operating the Parkville Care Centre residential care home.

Business review

The group has reported a pre-tax loss of £223,778. It is noted that substantial non cash flow expenses are included in this figure and accounted for in accordance with GAAP, namely a standard £124,853 depreciation charge on its Parkville Care Centre freehold property. Furthermore, a provision of £115,545 is included in relation costs accrued under an interest rate hedging product and for which payments were suspended under a moratorium agreement with the company's bank, NatWest. The company was subsequently released from its obligations under the interest rate hedging product upon settlement of the main bank facility. See notes below under Future Developments

Operationally, the directors were pleased with the performance of Parkville Care Centre. Throughout the year, the home operated the main building with occupancy levels consistently above 90% and with trading expenses in line with budget. The site on which the care home is located also has a second building on it which remained mothballed during the year pending a planned renovation and recommissioning. See notes below under Future Developments for further details

Future developments

On 16th March 2018, the company completed on a sale and leaseback transaction of its Parkville Care Centre property. At the same time the company completed a settlement agreement with NatWest, the terms of which are subject to a confidentiality clause. These two transactions have put the company on a sound financial footing going forward, ensuring it is completely free from bank debt and released from its interest rate hedging product liabilities.

In addition to the upfront consideration received as part of the sale, the company expects to benefit from a further deferred consideration clause linked to the recommissioning of the second building on the Parkville Care Centre site. The amount of deferred consideration achievable is linked to the future performance of the second building.

Renovation works on the second building commenced early 2018 and are expected to be completed Spring 2018.

Principal risks and uncertainties

The directors are not aware of any material risks or uncertainties that are likely to affect the company. All indications are that demand in the market place for quality care home services within modern purpose built facilities (such as Parkville Care Centre) is only going to grow stronger over the long term. By investing in capital projects such as the renovation of the second building, the company is ensuring that it remains future proof. The directors are of the opinion that the financial risk is being managed and has been greatly reduced following the settlement of all bank debt on 30th March 2018. The company does not operate and is not reliant on a bank overdraft. The company continues to strive to meet its relevant regulatory requirements. The most significant being the annual CQC inspection report. The last report was dated 14th July 2016 and rated the home as Good.

This report was approved by the board of directors on ....24/4/18........ and signed on behalf of the board by:

S. Singh

Mr S Singh
Director

The directors present their report and the financial statements of the group for the year ended 31st July 2017.

Directors

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

Mr S Singh
Mrs B Kaur (resigned 11th January 2018)

Dividends

The directors do not recommend the payment of a dividend.

Financial risk management objectives and policies

The group's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk and credit risk.

Liquidity risk
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 lenders to meet its funding requirements.

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

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

Events after the end of the reporting period

Particulars of events after the reporting date are detailed in note 21 to the financial statements.

Principal activities

The principal activity of the group during the year was operating the Parkville Care Centre residential care home.

Disclosure of information in the strategic report

See disclosures within the strategic report regarding principal risks and uncertainties and future developments.

Directors' responsibilities statement

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

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

In preparing these financial statements, the directors are 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 group and 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 group and the company's auditor is aware of that information.

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

This report was approved by the board of directors on ....24/4/18....... and signed on behalf of the board by:

Mr S Singh
Director

Opinion

We have audited the financial statements of Prestige Care Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31st July 2017 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st July 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tait Walker LLP

Christopher Potter BA(Hons) ACA (Senior Statutory Auditor)

For and on behalf of
Tait Walker LLP
Chartered accountant & statutory auditor
Medway House
Fudan Way
Teesdale Park
Stockton-on-Tees
TS17 6EN

28/4/18

PRESTIGE CARE LIMITED

Consolidated Income Statement

Year ended 31st July 2017

	Note	2017 Continuing operations £	2017 Discont'd operations £	2017 **Total** £	2016 Continuing operations £	2016 Discont'd operations £	2016 Total £
Turnover	**4**	1,341,242	–	**1,341,242**	1,317,918	–	1,317,918
Cost of sales		888,351	–	**888,351**	1,012,455	–	1,012,455
Gross profit		452,891	–	**452,891**	305,463	–	305,463
Administrative expenses		465,959	–	**465,959**	368,808	14,060	382,868
Other operating income	**5**	–	–	–	1,121,109	22,714	1,143,823
Loss on impairment or disposal of operations		–	–	–	–	808,081	808,081
Operating (loss)/profit	**6**	(13,068)	–	**(13,068)**	1,057,764	(799,427)	258,337
Interest payable and similar expenses	**9**	210,710	–	**210,710**	287,708	54,919	342,627
Loss before taxation		(223,778)	–	**(223,778)**	770,056	(854,346)	(84,290)
Tax on loss	**10**	3,246	–	**3,246**	12,311	–	12,311
Loss for the financial year		(227,024)	–	**(227,024)**	757,745	(854,346)	(96,601)

The group has no other recognised items of income and expenses other than the result for the year as set out above.

The notes on pages 17 to 29 form part of these financial statements.

PRESTIGE CARE LIMITED

Consolidated Statement of Comprehensive Income

Year ended 31st July 2017

	2017 £	2016 £
Loss for the financial year	**(227,024)**	(96,601)
Impairment of revalued tangible assets	**(2,200,294)**	–
Deferred tax movement relating to revalued tangible assets	**378,863**	78,635
Other comprehensive income for the year	**(1,821,431)**	78,635
Total comprehensive income for the year	**(2,048,455)**	(17,966)

The notes on pages 17 to 29 form part of these financial statements.

PRESTIGE CARE LIMITED

Consolidated Statement of Financial Position

31st July 2017

	Note		2017 £	2016 £
Fixed assets				
Tangible assets	11		**3,092,683**	5,441,332
Current assets				
Debtors: due within one year	13	**2,408,797**		685,187
Debtors: due after more than one year	13	–		1,598,152
Cash at bank and in hand		**168,119**		56,715
		2,576,916		2,340,054
Creditors: amounts falling due within one year	14	**6,097,148**		1,227,302
Net current (liabilities)/assets			**(3,520,232)**	1,112,752
Total assets less current liabilities			**(427,549)**	6,554,084
Creditors: amounts falling due after more than one year	15		–	4,546,614
Provisions	16		**54,476**	441,040
Net (liabilities)/assets			**(482,025)**	1,566,430
Capital and reserves				
Called up share capital	19		**10**	10
Revaluation reserve	20		**759,834**	2,913,345
Profit and loss account	20		**(1,241,869)**	(1,346,925)
Shareholders (deficit)/funds			**(482,025)**	1,566,430

These financial statements were approved by the board of directors and authorised for issue on ...24/4/18....., and are signed on behalf of the board by:

Mr S Singh
Director

Company registration number: 03025072

The notes on pages 17 to 29 form part of these financial statements.

PRESTIGE CARE LIMITED

Company Statement of Financial Position

31st July 2017

	Note		2017 £	2016 £
Fixed assets				
Tangible assets	11		3,092,683	5,441,332
Investments	12		2	2
			3,092,685	5,441,334
Current assets				
Debtors: due within one year	13	2,408,579		685,079
Debtors: due after more than one year	13	–		1,598,152
Cash at bank and in hand		167,854		56,658
		2,576,433		2,339,889
Creditors: amounts falling due within one year	14	5,447,112		718,800
Net current (liabilities)/assets			(2,870,679)	1,621,089
Total assets less current liabilities			222,006	7,062,423
Creditors: amounts falling due after more than one year	15		–	4,546,614
Provisions	16		54,476	441,040
Net assets			167,530	2,074,769
Capital and reserves				
Called up share capital	19		10	10
Revaluation reserve	20		759,834	2,913,345
Profit and loss account	20		(592,314)	(838,586)
Shareholders funds			167,530	2,074,769

The loss for the financial year of the parent company was £85,808 (2016: £45,368).

These financial statements were approved by the board of directors and authorised for issue on ....24.4.18......, and are signed on behalf of the board by:

S. Singh

Mr S Singh
Director

Company registration number: 03025072

The notes on pages 17 to 29 form part of these financial statements.

PRESTIGE CARE LIMITED

Consolidated Statement of Changes in Equity

Year ended 31st July 2017

	Note	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1st August 2015		10	2,913,760	(1,329,374)	1,584,396
Loss for the year				(96,601)	(96,601)
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account		–	(79,050)	79,050	–
Deferred tax movement relating to revalued tangible assets		–	78,635	–	78,635
Total comprehensive income for the year		–	(415)	(17,551)	(17,966)
At 31st July 2016		10	2,913,345	(1,346,925)	**1,566,430**
Loss for the year				(227,024)	**(227,024)**
Other comprehensive income for the year:					
Revaluation of tangible assets	11	–	(2,200,294)	–	**(2,200,294)**
Reclassification from revaluation reserve to profit and loss account		–	(332,080)	332,080	–
Deferred tax movement relating to revalued tangible assets		–	378,863	–	**378,863**
Total comprehensive income for the year		–	(2,153,511)	105,056	**(2,048,455)**
At 31st July 2017		10	759,834	(1,241,869)	**(482,025)**

The notes on pages 17 to 29 form part of these financial statements.

PRESTIGE CARE LIMITED

Company Statement of Changes in Equity

Year ended 31st July 2017

	Note	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1st August 2015		10	2,913,760	(872,268)	2,041,502
Loss for the year				(45,368)	(45,368)
Other comprehensive income for the year:					
Reclassification from revaluation reserve to profit and loss account		–	(79,050)	79,050	–
Deferred tax movement relating to revalued tangible assets		–	78,635	–	78,635
Total comprehensive income for the year		–	(415)	33,682	33,267
At 31st July 2016		10	2,913,345	(838,586)	**2,074,769**
Loss for the year				(85,808)	**(85,808)**
Other comprehensive income for the year:					
Revaluation of tangible assets	**11**	–	(2,200,294)	–	**(2,200,294)**
Reclassification from revaluation reserve to profit and loss account		–	(332,080)	332,080	–
Deferred tax movement relating to revalued tangible assets		–	378,863	–	**378,863**
Total comprehensive income for the year		–	(2,153,511)	246,272	**(1,907,239)**
At 31st July 2017		10	759,834	(592,314)	**167,530**

The notes on pages 17 to 29 form part of these financial statements.

PRESTIGE CARE LIMITED

Consolidated Statement of Cash Flows

Year ended 31st July 2017

	2017	2016
	£	£
Cash flows from operating activities		
Loss for the financial year	**(227,024)**	(96,601)
Adjustments for:		
Depreciation of tangible assets	**152,035**	155,330
Interest payable and similar expenses	**210,710**	342,627
Loss on disposal of tangible assets	**–**	3,905
Loss on impairment or disposal of operations	**–**	808,081
Tax on loss	**3,246**	12,311
Changes in:		
Trade and other debtors	**39,578**	(38,471)
Trade and other creditors	**277,961**	(146,801)
Cash generated from operations	**456,506**	1,040,381
Interest paid	**(210,710)**	(342,627)
Tax (paid)/received	**(2,973)**	54,746
Net cash from operating activities	**242,823**	752,500
Cash flows from investing activities		
Purchase of tangible assets	**(3,680)**	(8,960)
Proceeds from sale of tangible assets	**–**	10,000
Other investing cash flow adjustment	**–**	15,720
Net cash (used in)/from investing activities	**(3,680)**	16,760
Cash flows from financing activities		
Proceeds from borrowings	**37,297**	71,756
Loans (to)/from related parties	**(165,036)**	(443,611)
Net cash used in financing activities	**(127,739)**	(371,855)
Net increase in cash and cash equivalents	**111,404**	397,405
Cash and cash equivalents at beginning of year	**56,715**	(340,690)
Cash and cash equivalents at end of year	**168,119**	56,715

The notes on pages 17 to 29 form part of these financial statements.

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Prestige Group Head Office, Roseville Court, Ingleby Barwick, Stockton on Tees, TS17 5BL.

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' and applicable legislation as set out in the Companies Act 2006 and Schedule I of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis. The group has elected to use the previous UK GAAP valuation of land and buildings as deemed cost on transition to FRS102.

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

Going concern

At the year end the group reported net liabilities of £482,025. However as noted in the Strategic Report and note 21 since the year end the group has completed on the sale and leaseback of its Parkville Care Centre property and a settlement agreement with NatWest. As a result of these transactions the group is now free of bank debt and released from its interest rate hedging product liabilities.

In the circumstances, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Accordingly it continues to adopt the going concern basis of accounting.

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.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

(a) Disclosures in respect of each class of share capital have not been presented.
(b) No cash flow statement has been presented for the company.
(c) Disclosures in respect of financial instruments have not been presented.
(e) No disclosure has been given for the aggregate remuneration of key management personnel.

3. Accounting policies *(continued)*

Consolidation

The financial statements consolidate the financial statements of Prestige Care Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

Carrying value of tangible fixed assets
Assessing whether tangible fixed assets may be impaired requires a review for indicators of impairment and, where such indications exist, an estimate of the asset's recoverable amount by reference to value in use. Management are required to exercise significant judgement in reviewing for and identifying asset indicators of impairment and subsequently calculating value in use.

Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

No significant accounting estimates have been made in preparing the financial statements.

Revenue recognition

Revenue from providing nursing and care services is measured by reference to period of occupancy.

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible 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 valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	-	50 years straight line
Fixtures and Fittings	-	3 to 5 years straight line
Motor Vehicles	-	25% reducing balance
Office Equipment	-	3 years straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

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.

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

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.

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.

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.

4. Turnover

Turnover arises from:

	2017	2016
	£	£
Care home operations	**1,341,242**	1,317,918

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

5. Other operating income

	2017	2016
	£	£
Rental income	–	22,714
Other operating income	–	1,121,109
	–	1,143,823

6. Operating profit

Operating profit or loss is stated after charging:

	2017	2016
	£	£
Depreciation of tangible assets	152,036	155,329
Loss on disposal of tangible assets	–	3,905
Impairment of trade debtors	(2,596)	–

7. Auditor's remuneration

	2017	2016
	£	£
Fees payable for the audit of the financial statements	9,200	12,580

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2017	2016
	No.	No.
Management staff	1	3
Number of care staff	66	73
	67	76

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

	2017	2016
	£	£
Wages and salaries	804,824	916,049
Social security costs	50,250	51,542
	855,074	967,591

9. Interest payable and similar expenses

	2017	2016
	£	£
Interest on banks loans and overdrafts	195,944	(29,129)
Other interest payable and similar charges	14,766	371,756
	210,710	342,627

10. Tax on loss

Major components of tax expense

	2017	2016
	£	£
Current tax:		
UK current tax expense	**10,947**	21,254
Adjustments in respect of prior periods	**–**	(371)
Total current tax	**10,947**	20,883
Deferred tax:		
Origination and reversal of timing differences	**(7,701)**	(8,572)
Tax on loss	**3,246**	12,311

Tax recognised as other comprehensive income or equity

Tax recognised as other comprehensive income relates to the reversal of a deferred tax liability recognised on the revaluation of certain tangible fixed assets. The aggregate amount recognised in the year was £79,050 (2016: £78,635).

Reconciliation of tax expense

The tax assessed on the loss on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.67% (2016: 20%).

	2017	2016
	£	£
Loss on ordinary activities before taxation	**(223,778)**	(84,290)
Loss on ordinary activities by rate of tax	**(44,017)**	(16,857)
Adjustment to tax charge in respect of prior periods	**–**	(371)
Effect of expenses not deductible for tax purposes	**47,200**	187,819
Effect of different UK tax rates on some earnings	**(2,244)**	(6,599)
Income not taxable	**–**	(154,470)
Deferred tax asset not recognised	**2,307**	2,789
Tax on loss	**3,246**	12,311

11. Tangible assets

Group and company	Freehold property £	Fixtures and fittings £	Other Assets £	Total £
Cost				
At 1st August 2016	6,242,670	142,082	3,879	**6,388,631**
Additions	–	2,886	794	**3,680**
At 31st July 2017	6,242,670	144,968	4,673	**6,392,311**
Depreciation				
At 1st August 2016	867,523	76,282	3,494	**947,299**
Charge for the year	124,853	26,730	452	**152,035**
Impairment losses	2,200,294	–	–	**2,200,294**
At 31st July 2017	3,192,670	103,012	3,946	**3,299,628**
Carrying amount				
At 31st July 2017	3,050,000	41,956	727	**3,092,683**
At 31st July 2016	5,375,147	65,800	385	5,441,332

The company's freehold property was sold post year end. An impairment charge has been booked in these accounts to reduce the asset's value down to the sales value received.

Tangible assets held at valuation

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

11. Tangible assets *(continued)*

In respect of tangible assets held at valuation, aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

Group and company	**Freehold property £**
At 31st July 2017	
Aggregate cost	**2,290,166**
Aggregate depreciation	**261,130**
Carrying value	**2,551,296**
At 31st July 2016	
Aggregate cost	2,290,166
Aggregate depreciation	215,327
Carrying value	2,505,493

12. Investments

The group has no investments.

Company	**Shares in group undertakings £**
Cost	
At 1st August 2016 and 31st July 2017	**2**
Impairment	
At 1st August 2016 and 31st July 2017	**–**
Carrying amount	
At 1st August 2016 and 31st July 2017	**2**
At 31st July 2016	2

12. Investments *(continued)*

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Prestige Leisure (North East) Limited	Ordinary	100

The results and net assets of Prestige Leisure (North East) Limited are included in the consolidated financial statements.

13. Debtors

Debtors falling due within one year are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Trade debtors	**111,178**	198,080	**111,178**	198,080
Prepayments and accrued income	**12,299**	18,346	**12,299**	18,346
Other debtors	**2,285,320**	468,761	**2,285,102**	468,653
	2,408,797	685,187	**2,408,579**	685,079

Debtors falling due after one year are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Other debtors	**–**	1,598,152	**–**	1,598,152

14. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Bank loans and overdrafts	**4,588,164**	–	**4,588,164**	–
Trade creditors	**50,576**	40,076	**38,515**	28,015
Amounts owed to group undertakings	**–**	–	**11,900**	8,400
Accruals and deferred income	**715,396**	600,719	**714,285**	599,623
Corporation tax	**546,581**	538,607	**39,555**	49,862
Social security and other taxes	**12,648**	7,374	**12,648**	7,374
Director loan accounts	**786**	5,039	**786**	5,039
Other creditors	**182,997**	35,487	**41,259**	20,487
	6,097,148	1,227,302	**5,447,112**	718,800

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

15. Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Bank loans and overdrafts	**–**	4,546,614	**–**	4,546,614

Included within creditors: amounts falling due after more than one year is an amount of £Nil (2016: £3,655,180) for the group and £Nil (2016: £3,655,180) for the company in respect of liabilities payable or repayable by instalments which fall due for payment after more than five years from the reporting date.

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

16. Provisions

Group and company	**Deferred tax (note 17)**
	£
At 1st August 2016	**441,040**
Charge against provision	**(386,564)**
At 31st July 2017	**54,476**

17. Deferred tax

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

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Included in provisions (note 16)	**54,476**	441,040	**54,476**	441,040

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

	Group		Company	
	2017	2016	**2017**	2016
	£	£	**£**	£
Accelerated capital allowances	**54,476**	62,177	**54,476**	62,177
Revaluation of tangible assets	**–**	378,863	**–**	378,863
	54,476	441,040	**54,476**	441,040

18. *Financial instruments*

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

Financial assets that are debt instruments measured at amortised cost

	Group	
	2017	2016
	£	£
Financial assets that are debt instruments measured at amortised cost	**2,564,399**	2,321,708

Financial liabilities measured at amortised cost

	Group	
	2017	2016
	£	£
Financial liabilities measured at amortised cost	**4,835,171**	4,634,614

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and bank loans and overdrafts.

19. Called up share capital

Authorised share capital

	2017		2016	
	No.	**£**	No.	£
Ordinary shares of £1 each	**100**	**100**	100	100

Issued, called up and fully paid

	2017		2016	
	No.	**£**	No.	£
Ordinary shares of £1 each	**10**	**10**	10	10

20. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

21. Events after the end of the reporting period

On 16th March 2018 the company completed on a sale and leaseback transaction of the company's freehold property to Impact Property 3 Limited, a subsidiary of Impact Healthcare REIT plc. This transaction involves the company's care home property being transferred to Impact Healthcare and this company entering into a long term lease for the use of the property in its trade. Following this sale the company's bank debt was settled in full.

On 31st January 2018 the company transferred its shareholding in Prestige Leisure (North East) Limited to Mr S Singh. Prestige Leisure (North East) Limited was the last remaining subsidiary of the company.

On 1st March 2018 the company became a wholly owned subsidiary of Prestige Care Group Holdings Ltd. Prestige Care Group Holdings Ltd is controlled by Mr S Singh.

22. Directors' advances, credits and guarantees

At the start of the year the company owed Mr S Singh the sum of £5,039 in respect of his Directors' current account. During the year further sums totalling £13,089 were drawn and repayments totalling £8,836 were made. The maximum overdrawn during the year was £841. At the year end the company owed the sum of £786 to Mr S Singh. The Directors' current account is interest free and repayable on demand.

23. Related party transactions

Company

At the year end debtors includes £177,883 (2016: £56,160) due from Prestige Estates (North East) Limited. During the year the group paid expenses to the value of £24,827 (2016: £29,623) on behalf of Prestige Estates (North East) Limited, there were also transfers of £106,400 (2016: £29,472) to Prestige Estates (North East) Limited.

During the year the group purchased services to the value of £4,381 (2016: £5,221) from P&R Construction Limited. During the year P&R Construction Limited paid expenses to the value of £674 (2016: £nil) on behalf of the group, there were also transfers of £15,000 (2016: £nil) to the group. During the year, the group made transfers of £50,000 (2016: £nil) to P&R Construction Limited. At the year end the group were due the sum of £51,607 (2016: £12,091) from P&R Construction Limited. P&R Construction Limited is controlled by Mr S Singh.

At the year end debtors includes £61,334 (2016: £32,473) due from Prestige Care (Redcar SM) Limited. During the year the group paid expenses to the value of £39,901 (2016: £48,539) on behalf of Prestige Care (Redcar SM) Limited and Prestige Care (Redcar SM) Limited paid expenses to the value of £11,040 (2016: £15,004) on behalf of the group. Prestige Care (Redcar SM) Limited is controlled by Mrs B Kaur.

At the year end debtors includes £1,598,152 (2016: £1,598,152) due from Starline Holdings Limited. During the year, the group made transfers of £nil (2016: £60,000) to Starline Holdings Limited. During the year, the group received transfers of £nil (2016: £16,800) from Starline Holdings Limited. Starline Holdings Limited is controlled by Mr S Singh.

At the year end debtors includes £393,175 (2016: £365,393) due from Prestige (Fir Tree) Limited. During the year the group paid expenses to the value of £26,236 (2016: £365,939) on behalf of Prestige (Fir Tree) Limited. During the year, the group made transfers of £1,000 (2016: £nil) to Prestige (Fir Tree) Limited. Prestige (Fir Tree) Limited is controlled by Mr S Singh.

At the year end creditors includes £2,013 (2016: debtor £1,046) due to Leven Stables Limited. During the year Leven Stables Limited paid expenses to the value of £nil (2015: £3,954) on behalf of the group. During the year, the group made transfers of £4,501 (2016: £5,000) to Leven Stables Limited. Leven Stables Limited is controlled by Mr S Singh.

During the year, the group made transfers of £nil (2016: £90,000) to West Acres Park Limited. During the year the group paid expenses to the value of £300 (2016: £nil) on behalf of West Acres Park Limited. During the year, the group received transfers of £300 (2016: £9,000) from West Acres Park Limited. West Acres Park Limited is controlled by Mr S Singh.

At the year end debtors includes £2,950 (2016: £nil) due from Prestige Properties (North East) Holdings Limited. During the year the group paid expenses to the value of £150 (2016: £450) on behalf of Prestige Properties (North East) Holdings Limited. Prestige Properties (North East) Holdings Limited is controlled by Mr S Singh.