Registration number: 03025072

PRESTIGE CARE LIMITED

Annual Report and Financial Statements
for the Year Ended 31 July 2018

Prestige Care Limited

Contents

Prestige Care Limited

Company Information

Director	Mr S Singh
Registered office	c/o Prestige Group Head Office Roseville Court Blair Avenue Ingleby Barwick TS17 5BL
Bankers	Yorkshire Bank 94-96 Briggate Leeds LS1 6NP
Auditor	Tait Walker LLP Chartered Accountants & Statutory Auditor Medway House Fudan Way Teesdale Park Stockton on Tees TS17 6EN

Prestige Care Limited

Strategic Report for the Year Ended 31 July 2018

The director presents his strategic report for the year ended 31 July 2018.

Principal activity

The principal activity of the company is operating the Parkville Care Centre residential care home.

Fair review of the business

The group has reported a pre-tax profit of £85,154 excluding exceptional income, loan interest payable (which was effectively subsequently credited back via the exceptional income) and director pension contributions.
During the year, the company continued to trade the Parkville Care Centre care home which is split over 2 building on the same site. The first building has been operated throughout both the current and the previous financial year with strong occupancy levels of 95%+. The second building had been mothballed throughout the previous year and was subject to a major refurbishment project during the current year with its doors reopening in June 2018. This increased maximum capacity from 54 beds to 92 in total whilst also adding nursing to complement the existing residential services, further diversifying the care category offerings.
The adjusted pre-tax profit above would have been higher if it had not been for the costs incurred in re-commissioning and staffing the second building in the final two months of the year.
Exceptional income relates to a credit resulting from the company settling its longstanding dispute with its former bankers. More details in relation to this are shown in note 4. The company no longer has any bank borrowings or any loans.
On 1 March 2018, the company's entire shareholding was transferred by Mr Sukhraj Singh to Prestige Care Group Holdings Ltd following a share for share exchange. This transaction pre-dated the completion of the sale and leaseback transaction on the Parkville Care Centre freehold property on 16 March 2018. The sale and leaseback transaction was one of a number of transactions entered into by the wider Prestige group and Prestige Care Group Holdings Ltd and its subsidiaries as part of the director's wider strategy to create a care home operating group.

Key performance indicators

Occupancy levels for the company remained strong. Occupancy in the first building was 98% (2017: 94%). The second building has a maximum capacity of 37 beds and was only opened in the final two months of the year with an occupancy of 19% at the year end.
The average weekly fee achieved for the year was £565 (2017: £507).
The directors were satisfied that operating costs during the year were broadly in line with expectations.

Strategic Report for the Year Ended 31 July 2018 (continued)

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 16 March 2018. The company does not operate and is not reliant on a bank overdraft and has no other borrowings.
The company continues to strive to meet its relevant regulatory requirements. The most significant and visible being the CQC inspection report. The last report was dated 16 October 2018 and rated the home as Good in three areas with two areas requiring improvement. Management have taken measures to ensure the required improvements have been made and the company eagerly awaits a re-inspection.

Future developments

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

Approved by the director on 25 April 2019 and signed on its behalf by:

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Mr S Singh
Director

Prestige Care Limited

Director's Report for the Year Ended 31 July 2018

The director presents his report and the financial statements for the year ended 31 July 2018.

Directors of the company

The directors who held office during the year were as follows:

Mrs B Kaur (resigned 11 January 2018)

Mr S Singh

Future developments

See disclosures within the Strategic Report regarding future developments of the Company.

Disclosure of information to the auditor

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Tait Walker LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the director on 25 April 2019 and signed on its behalf by:

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Mr S Singh
Director

Prestige Care Limited

Statement of Director's Responsibilities

The director acknowledges his responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

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

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

Independent Auditor's Report to the Members of Prestige Care Limited

Opinion

We have audited the financial statements of Prestige Care Limited (the 'company') for the year ended 31 July 2018, which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company 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 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Independent Auditor's Report to the Members of Prestige Care Limited (continued)

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.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Director's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 the director

As explained more fully in the Statement of Director's Responsibilities (set out on page 5), the director is 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 director determines 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 director is responsible for assessing the 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of Prestige Care Limited (continued)

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

....

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

For and on behalf of Tait Walker LLP

Chartered Accountants and Statutory Auditor

Medway House

Fudan Way

Teesdale Park

Stockton on Tees

TS17 6EN

26 April 2019

Prestige Care Limited

Income Statement for the Year Ended 31 July 2018

	Note	2018 £	2017 £
Turnover	3	1,557,643	1,341,242
Cost of sales		(1,063,133)	(888,351)
Gross profit		494,510	452,891
Administrative expenses		(553,056)	(339,509)
Other operating income	4	3,229,894	-
Operating profit	5	3,171,348	113,382
Other interest receivable and similar income	6	176	-
Interest payable and similar expenses	7	(122,065)	(195,944)
Profit/(loss) before tax		3,049,459	(82,562)
Taxation	11	(562,779)	(3,246)
Profit/(loss) for the financial year		2,486,680	(85,808)

The above results were derived from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

The notes on pages 14 to 29 form an integral part of these financial statements.

Prestige Care Limited

Statement of Comprehensive Income for the Year Ended 31 July 2018

	2018 £	2017 £
Profit/(loss) for the year	2,486,680	(85,808)
Surplus/(deficit) on property, plant and equipment revaluation	-	(1,821,431)
Total comprehensive income for the year	2,486,680	(1,907,239)

The notes on pages 14 to 29 form an integral part of these financial statements.

Prestige Care Limited

(Registration number: 03025072)
Statement of Financial Position as at 31 July 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	12	621,970	3,092,683
Investments	13	-	2
		621,970	3,092,685
Current assets			
Stocks	14	97	-
Debtors	15	2,412,299	2,408,579
Cash at bank and in hand		730,385	167,854
		3,142,781	2,576,433
Creditors: Amounts falling due within one year	17	(1,052,327)	(858,948)
Net current assets		2,090,454	1,717,485
Total assets less current liabilities		2,712,424	4,810,170
Creditors: Amounts falling due after more than one year	17	-	(4,588,164)
Provisions for liabilities	19	(58,214)	(54,476)
Net assets		2,654,210	167,530
Capital and reserves			
Called up share capital	21	10	10
Revaluation reserve	22	-	759,834
Profit and loss account	22	2,654,200	(592,314)
Total equity		2,654,210	167,530

Approved and authorised by the director on 25 April 2019

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Mr S Singh

Director

The notes on pages 14 to 29 form an integral part of these financial statements.

Prestige Care Limited

Statement of Changes in Equity for the Year Ended 31 July 2018

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 August 2016	10	2,913,345	(838,586)	2,074,769
Loss for the year	-	-	(85,808)	(85,808)
Other comprehensive income	-	(1,821,431)	-	(1,821,431)
Total comprehensive income	-	(1,821,431)	(85,808)	(1,907,239)
Transfers	-	(332,080)	332,080	-
At 31 July 2017	10	759,834	(592,314)	167,530

	Share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 August 2017	10	759,834	(592,314)	167,530
Profit for the year	-	-	2,486,680	2,486,680
Total comprehensive income	-	-	2,486,680	2,486,680
Transfers	-	(759,834)	759,834	-
At 31 July 2018	10	-	2,654,200	2,654,210

The notes on pages 14 to 29 form an integral part of these financial statements.

Prestige Care Limited

Statement of Cash Flows for the Year Ended 31 July 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit/(loss) for the year		2,486,680	(85,808)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	24,860	152,036
Exceptional income	4	(3,227,401)	-
Loss on disposal of tangible assets		29	-
Finance income	6	(176)	-
Finance costs	7	122,065	195,944
Income tax expense	11	562,779	3,246
		(31,164)	265,418
Working capital adjustments			
Increase in stocks	14	(97)	-
Increase in debtors	15	(3,720)	(130,386)
Increase in creditors	17	108,777	155,492
Cash generated from operations		73,796	290,524
Income taxes paid	11	(10,948)	(21,254)
Net cash flow from operating activities		62,848	269,270
Cash flows from investing activities			
Interest received	6	176	-
Acquisitions of tangible assets		(428,428)	(3,680)
Proceeds from sale of tangible assets		3,050,000	-
Net cash flows from investing activities		2,621,748	(3,680)
Cash flows from financing activities			
Interest paid	7	(122,065)	(195,944)
Repayment of bank borrowing		(2,000,000)	41,550
Net cash flows from financing activities		(2,122,065)	(154,394)
Net increase in cash and cash equivalents		562,531	111,196
Cash and cash equivalents at 1 August		167,854	56,658
Cash and cash equivalents at 31 July		730,385	167,854

The notes on pages 14 to 29 form an integral part of these financial statements.

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is c/o Prestige Group Head Office, Roseville Court, Blair Avenue, Ingleby Barwick, TS17 5BL.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

The financial statements have been prepared on the historical cost basis. In the previous year the company elected to use the previous UK GAAP valuation of land and buildings as deemed cost of transition to FRS 102.

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

Summary of disclosure exemptions

The Company has taken advantage of the the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

2 Accounting policies (continued)

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 my 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 occupation.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised when 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 and that are expected to apply to the reversal of the timing difference.

2 Accounting policies (continued)

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.
An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Fixture & fittings	3 to 5 years straight line
Office equipment	3 years straight line
Freehold property	50 years straight line
Leasehold improvements	Lifetime of lease

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.
Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.
Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.
Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.
Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial instruments

Recognition and measurement
Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.
Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.
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.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2018 £	2017 £
Rendering of services	1,557,643	1,341,242

4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2018 £	2017 £
Miscellaneous other operating income	2,493	-
Exceptional income	3,227,401	-
	3,229,894	-

In recent years the company has been involved in a dispute with its former bankers in relation to the bank's practices, specifically centred around the mis-selling on interest rate protection products, as noted in previous years' Directors' Reports. During the year the company agreed a settlement figure with its former bankers in respect of amounts owed to the bank by the company under a facilities agreement and the last remaining interest rate protection product. The resultant net credit has been classified as exceptional income in the Income Statement.

5 Operating profit

Arrived at after charging/(crediting)

	2018 £	2017 £
Depreciation expense	24,860	152,036
Loss on disposal of property, plant and equipment	29	-

6 Other interest receivable and similar income

	2018 £	2017 £
Interest income on bank deposits	176	-

7 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and borrowings	122,065	195,944

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2018 £	2017 £
Wages and salaries	971,858	803,620
Social security costs	60,152	50,250
Pension costs, defined contribution scheme	106,553	1,204
	1,138,563	855,074

8 Staff costs (continued)

The average number of persons employed by the company (including the director) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Management staff	3	3
Care staff	75	64
	78	67

9 Director's remuneration

The directors' remuneration for the year was as follows:

	2018 £	2017 £
Contributions paid to money purchase schemes	100,000	-

10 Auditor's remuneration

	2018 £	2017 £
Audit of the financial statements	4,175	5,600
Other fees to auditors		
Taxation compliance services	1,500	1,470

11 Taxation

Tax charged/(credited) in the income statement

	2018 £	2017 £
Current taxation		
UK corporation tax	559,041	10,947
Deferred taxation		
Arising from origination and reversal of timing differences	3,738	(7,701)
Tax expense in the income statement	562,779	3,246

11 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 19.67%).
The differences are reconciled below:

	2018 £	2017 £
Profit/(loss) before tax	3,049,459	(82,562)
Corporation tax at standard rate	579,397	(16,240)
Effect of expense not deductible in determining taxable profit (tax loss)	(13,003)	19,423
Other tax effects for reconciliation between accounting profit and tax expense (income)	(3,615)	63
Total tax charge	562,779	3,246

Deferred tax

Deferred tax assets and liabilities

2018	Liability £
Accelerated capital allowances	58,214

2017	Liability £
Accelerated capital allowances	54,476

12 Tangible assets

	Freehold land and buildings £	Leasehold property improve-ments £	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation					
At 1 August 2017	6,242,670	-	144,968	4,673	6,392,311
Additions	-	579,703	24,001	472	604,176
Disposals	(6,242,670)	-	(1,469)	-	(6,244,139)
At 31 July 2018	-	579,703	167,500	5,145	752,348
Depreciation					
At 1 August 2017	3,192,670	-	103,012	3,946	3,299,628
Charge for the year	-	-	24,561	299	24,860
Eliminated on disposal	(3,192,670)	-	(1,440)	-	(3,194,110)
At 31 July 2018	-	-	126,133	4,245	130,378
Carrying amount					
At 31 July 2018	-	579,703	41,367	900	621,970
At 31 July 2017	3,050,000	-	41,956	727	3,092,683

13 Investments in subsidiaries, joint ventures and associates

	2018 £	2017 £
Investments in subsidiaries	-	2

Subsidiaries	**£**
Cost or valuation	
At 1 August 2017	2
Disposals	(2)
At 31 July 2018	-
Provision	
Carrying amount	
At 31 July 2018	-
At 31 July 2017	2

The above represented a 100% investment in Prestige Leisure (North East) Limited. The company disposed of this investment on 31 January 2018, the proceeds realised were the book value.

14 Stocks

	2018 £	2017 £
Other inventories	97	-

15 Debtors

	2018 £	2017 £
Trade debtors	144,434	111,178
Other debtors	2,222,451	2,285,102
Prepayments	45,414	12,299
	2,412,299	2,408,579
Total non current element of loans and receivables	(1,991,317)	(1,598,152)
	420,982	810,427

15 Debtors (continued)

Details of non-current trade and other debtors

£1,991,317 (2017 - £1,598,152) of Other debtors is classified as non current.

16 Cash and cash equivalents

	2018 £	2017 £
Cash on hand	315	326
Cash at bank	730,070	167,528
	730,385	167,854

17 Creditors

	Note	2018 £	2017 £
Due within one year			
Trade creditors		88,864	38,515
Amounts owed to group undertakings	24	41,030	11,900
Social security and other taxes		15,404	12,648
Directors loan accounts		4,788	786
Other creditors		40,147	41,259
Accrued expenses		274,446	714,285
Corporation tax liability		587,648	39,555
		1,052,327	858,948
Due after one year			
Loans and borrowings	18	-	4,588,164

18 Loans and borrowings

	2018 £	2017 £
Non-current loans and borrowings		
Bank borrowings	-	4,588,164

Included in the loans and borrowings are the following amounts due after more than five years:

18 Loans and borrowings (continued)

	2018 £	2017 £
After more than five years by instalments	-	3,450,525

19 Deferred tax and other provisions

	Deferred tax £
At 1 August 2017	54,476
Increase (decrease) in existing provisions	3,738
At 31 July 2018	58,214

20 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £106,553 (2017 - £1,204).

Included within current liabilities is £1,911 (2017: £264) relating to pension contributions.

21 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary shares of £1 each	10	10	10	10

22 Reserves

Revaluation reserve

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

Profit and loss account

This reserve records retained earnings and accumulated losses.

23 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	224,597	-
Later than one year and not later than five years	949,768	-
Later than five years	6,073,577	-
	7,247,942	-

During the year the company sold its freehold property, the commitment shown above relates to a lease entered into subsequent to the sale.

The amount of non-cancellable operating lease payments recognised as an expense during the year was £83,632 (2017 - £401).

24 Related party transactions

Transactions with directors

2018	At 1 August 2017 £	Advances to directors £	Repayments by director £	At 31 July 2018 £
Mr S Singh				
Director's loan account	(786)	8,357	(12,359)	(4,788)

2017	At 1 August 2016 £	Advances to directors £	Repayments by director £	At 31 July 2017 £
Mr S Singh				
Director's loan account	(5,039)	13,089	(8,836)	(786)

The company has taken advantage of the exemption available under paragraph 33.1A of FRS 102 and does not disclose related party transactions with members of the same group that are wholly owned.

Summary of transactions with entities with joint control or significant interest

At the year end debtors includes £1,598,142 (2017: £1,598,152) due from Starline Holdings Limited. This company and Starline Holdings Limited are subject to common control.

24 Related party transactions (continued)

At the year end debtors includes £393,175 (2017: £393,175) due from Prestige (Fir Tree) Ltd. During the year the company paid expenses to the value of £nil (2017: £26,236) on behalf of Prestige (Fir Tree) Ltd. During the year, the company made transfers of £nil (2017: £1,000) to Prestige (Fir Tree) Ltd. This company and Prestige (Fir Tree) Ltd are subject to common control.
At the year end debtors includes £79,105 (2017: £61,334) due from Sandbanks Property Redcar Limited. During the year the company paid expenses to the value of £39,158 (2017: £39,901) on behalf of Sandbanks Property Redcar Limited. During the year Sandbanks Property Redcar Limited paid expenses to the value of £21,387 (2017: £11,040) on behalf of the company. During the year this company and Sandbanks Property Redcar Limited had a director in common with significant influence.
At the year end debtors includes £nil (2017: £51,607) due from P&R Construction Limited. At the year end creditors includes £121,893 (2017: £nil) in respect of work carried out for the company by P&R Construction Limited. During the year P&R Construction Limited carried out work to the value of £525,748 (2017: £nil) for the company, this amount is included in fixed assets as leasehold property improvements. During the year the company recharged expenses to the value of £2,248 (2017: £nil). During the year P&R Construction Limited paid costs to the value of £nil (2017: £674) on behalf of this company. This company and P&R Construction Limited are subject to common control.

At the year end creditors includes £nil (2017:£2,013) due to Leven Stables Limited. During the year Leven Stables Limited paid expenses to the value of £5,040 (2017: £nil) on behalf of the company. During the year, the company made transfers of £7,053 (2017: £4,501) to Leven Stables Limited. Leven Stables Limited is controlled by Mr S Singh.
At the year end creditors includes £10,314 (2017: £11,900) due to Prestige Leisure (North East) Limited. During the year to Prestige Leisure (North East) Limited made transfers to the company to the value of £nil (2017: £3,500). During the year, the company made transfers of £1,586 (2017: £nil) to Prestige Leisure (North East) Limited. Prestige Leisure (North East) Limited is controlled by Mr S Singh.

25 Financial instruments

Categorisation of financial instruments

	2018 £	2017 £
Financial assets that are debt instruments measured at amortised cost	3,150,810	2,563,808
	3,150,810	2,563,808
Financial liabilities measured at amortised cost	462,100	5,394,909
	462,100	5,394,909

26 Parent and ultimate parent undertaking

At the start of the year there was no ultimate controlling party. On 11 January 2018 as a result of the acquisition of the company's remaining share capital Mr S Singh became the ultimate controlling party. Subsequent to this on 1 March 2018 Mr S Singh transferred his entire shareholding to Prestige Care Group Holdings Ltd.
At the reporting date the company's immediate parent is Prestige Care Group Holdings Ltd and the ultimate controlling party is Mr S Singh.