

**HILLVIEW LODGE LIMITED**

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**



# **HILLVIEW LODGE LIMITED**

## **COMPANY INFORMATION**

**DIRECTOR** Mrs B Kiernan O'Donnell

**COMPANY SECRETARY** Mr J O'Donnell

**REGISTERED NUMBER** NI025138

**REGISTERED OFFICE** 29 Knockmoyle Road  
Omagh  
BT79 7TB

**INDEPENDENT AUDITORS** GMcG BELFAST  
Chartered Accountants & Statutory Auditor  
Alfred House  
19 Alfred Street  
Belfast  
BT2 8EQ

**BANKERS** First Trust Bank  
8 High Street  
Omagh  
BT78 1BH

Ulster Bank Limited  
14 High Street  
Omagh  
BT78 1BJ

**SOLICITORS** Meyler McGuigan  
11 High Street  
Omagh  
BT78 1BA

## **HILLVIEW LODGE LIMITED**

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# HILLVIEW LODGE LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

### INTRODUCTION

The principal activities of the company during the year were the provision of nursing care for elderly persons and the provision of domiciliary healthcare.

### BUSINESS REVIEW

The director considers the company's key financial performance indicators to be those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit, profit before taxation and net assets.

Turnover has decreased by 31.73% from £9.067 million to £6.190 million, with a gross profit of £6.023 million (2017 - £8.914 million). This is in line with expectations following the cessation of a large contract at the end of June 2017. This has resulted in a decrease in profits before tax from £707k in 2017 to £264k in 2018.

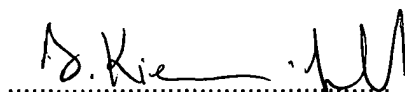
At the year end the company had net assets of £4.828 million (2017 - £4.622 million).

### PRINCIPAL RISKS AND UNCERTAINTIES

The company has operated at high occupancy levels and has provided a significant level of domiciliary healthcare services in recent years. The director has considered the risk of not keeping or obtaining new residents for the forthcoming year and has assessed this risk as low. In the prior year the company was unsuccessful in a Trust tender awarding domiciliary care contracts, the full impact of which took effect during the year from July 2017. However, this will not impact the financial viability of the company. The company is currently pursuing other options and has been successful in a number of new contracts and the occupancy of the nursing home remains high. Overall the director anticipates that the results of the company will remain favourable for the foreseeable future.

The director is also mindful of the risk of rising costs, especially staff costs in order to retain quality staff, which is of key importance to the success of the business. The company operates solely in Northern Ireland, and therefore is not subject to currency risks. The company is in a strong cash position and does not foresee any cash flow risk in the near future. The company's policy is to ensure that sufficient resources are available from cash balances, cash flows and near liquid investments to ensure all obligations can be met when they fall due.

This report was approved by the board and signed on its behalf.



**Mrs B Kiernan O'Donnell**  
Director

Date: 20/12/18

## **HILLVIEW LODGE LIMITED**

### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2018**

The director presents her report and the financial statements for the year ended 31 March 2018.

#### **DIRECTOR**

The director who served during the year was:

Mrs B Kiernan O'Donnell

#### **DIRECTOR'S RESPONSIBILITIES STATEMENT**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the director must not approve the financial statements unless she is satisfied that they give a true and fair view of the state of affairs of the company and 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

#### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £210,865 (2017 - £571,735).

There was a dividend of £5,000 recommended by the director during the year (2017 - £Nil).

## **HILLVIEW LODGE LIMITED**

### **DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018**

#### **EMPLOYEE INVOLVEMENT**

During the year, the policy of providing employees with information about the company has been continued through internal methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

#### **DISABLED EMPLOYEES**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever possible.

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

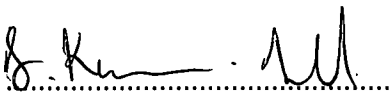
The director at the time when this Director's Report is approved has confirmed that:

- so far as she is aware, there is no relevant audit information of which the company's auditors are unaware, and
- she has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **AUDITORS**

The auditors, GMcG BELFAST, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



**Mrs B Kiernan O'Donnell**  
Director

Date: 20/12/18

29 Knockmoyle Road  
Omagh  
BT79 7TB

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF HILLVIEW LODGE LIMITED

### OPINION

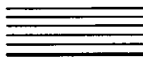
We have audited the financial statements of Hillview Lodge Limited (the 'company') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 March 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.



## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF HILLVIEW LODGE LIMITED (CONTINUED)**

### **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 director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the director has 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 director is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

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.

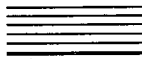
We have nothing to report in this regard.

### **OPINION ON OTHER 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 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 the Director's Report have been prepared in accordance with applicable legal requirements.





**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF HILLVIEW LODGE LIMITED  
(CONTINUED)**

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the 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 or the Director's Report.

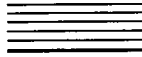
We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

**RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Director's Responsibilities Statement on page 2, 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 AUDITORS' REPORT TO THE SHAREHOLDER OF HILLVIEW LODGE LIMITED  
(CONTINUED)**

**AUDITORS' 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 Auditors' 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' 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 Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Mr. Jackie Smith FCA (Senior Statutory Auditor)

for and on behalf of  
**GMcG BELFAST**

Chartered Accountants  
Statutory Auditor

Alfred House  
19 Alfred Street  
Belfast  
BT2 8EQ

20 December 2018

# HILLVIEW LODGE LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	6,190,363	9,067,602
Cost of sales		(166,868)	(152,764)
<b>GROSS PROFIT</b>		<b>6,023,495</b>	<b>8,914,838</b>
Administrative expenses		(5,797,619)	(8,231,073)
Other operating income	5	36,986	22,196
<b>OPERATING PROFIT</b>	6	<b>262,862</b>	<b>705,961</b>
Interest receivable and similar income	9	2,024	1,319
Interest payable and expenses	10	(643)	(442)
<b>PROFIT BEFORE TAX</b>		<b>264,243</b>	<b>706,838</b>
Tax on profit	11	(53,378)	(135,103)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>210,865</b>	<b>571,735</b>

There was no other comprehensive income for 2018 (2017:£NIL).

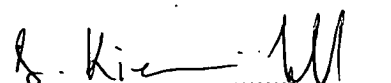
The notes on pages 12 to 26 form part of these financial statements.

**HILLVIEW LODGE LIMITED**  
**REGISTERED NUMBER: NI025138**

**BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	2018 £	As restated 2017 £
<b>FIXED ASSETS</b>			
Tangible assets	13	167,156	147,262
Investment property	14	132,097	132,097
		<u>299,253</u>	<u>279,359</u>
<b>CURRENT ASSETS</b>			
Debtors: amounts falling due within one year	15	2,332,786	2,105,998
Cash at bank and in hand	16	2,722,598	2,962,732
		<u>5,055,384</u>	<u>5,068,730</u>
Creditors: amounts falling due within one year	17	(506,526)	(714,168)
		<u>4,548,858</u>	<u>4,354,562</u>
<b>NET CURRENT ASSETS</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>4,848,111</u>	<u>4,633,921</u>
Creditors: amounts falling due after more than one year	18	(14,933)	(8,525)
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	19	(5,340)	(3,423)
		<u>(5,340)</u>	<u>(3,423)</u>
<b>NET ASSETS</b>		<u>4,827,838</u>	<u>4,621,973</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	100	100
Profit and loss account	21	4,827,738	4,621,873
		<u>4,827,838</u>	<u>4,621,973</u>

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



**Mrs B Kiernan O'Donnell**  
Director

Date: 20/12/18

The notes on pages 12 to 26 form part of these financial statements.

# HILLVIEW LODGE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017 (as previously stated)	100	4,576,121	4,576,221
Prior year adjustment (note 22)	-	45,752	45,752
At 1 April 2017 (as restated)	100	4,621,873	4,621,973
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	210,865	210,865
<b>CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS</b>			
Dividends: Equity capital	-	(5,000)	(5,000)
<b>AT 31 MARCH 2018</b>	<b>100</b>	<b>4,827,738</b>	<b>4,827,838</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016 (as previously stated)	100	4,004,386	4,004,486
Prior year adjustment (note 22)	-	45,752	45,752
At 1 April 2016 (as restated)	100	4,050,138	4,050,238
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>			
Profit for the year	-	571,735	571,735
<b>AT 31 MARCH 2017</b>	<b>100</b>	<b>4,621,873</b>	<b>4,621,973</b>

The notes on pages 12 to 26 form part of these financial statements.

# HILLVIEW LODGE LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the financial year	210,865	571,735
<b>ADJUSTMENTS FOR:</b>		
Depreciation of tangible assets	24,439	21,307
Loss on disposal of tangible assets	-	34
Interest paid	643	442
Interest received	(2,024)	(1,319)
Taxation charge	53,378	135,103
Decrease in debtors	275,273	203,011
(Decrease)/increase in creditors	(99,270)	35,569
Corporation tax paid	(256,892)	(102,000)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>206,412</b>	<b>863,882</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(17,688)	(27,230)
Interest received	2,024	1,319
HP interest paid	(643)	(442)
Loans to director	(427,327)	(362,955)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(443,634)</b>	<b>(389,308)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of/new finance leases	(2,912)	(899)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2,912)</b>	<b>(899)</b>
<b>(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(240,134)</b>	<b>473,675</b>
Cash and cash equivalents at beginning of year	2,962,732	2,489,057
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>2,722,598</b>	<b>2,962,732</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:</b>		
Cash at bank and in hand	2,722,598	2,962,732
	<b>2,722,598</b>	<b>2,962,732</b>

The notes on pages 12 to 26 form part of these financial statements.

## **HILLVIEW LODGE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **1. GENERAL INFORMATION**

The principal activities of the company during the year were the provision of nursing care for elderly persons and the provision of domiciliary healthcare. The entity is a limited liability company incorporated in Northern Ireland. The company's principal place of business is its nursing home at 23 Old Mountfield Road, Omagh, BT79 7EL and the company also operates several offices, based in Omagh, Strabane, Limavady (closed during year), Ballymoney and Ebrington in relation to domiciliary healthcare.

#### **2. ACCOUNTING POLICIES**

##### **2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### **2.2 REVENUE**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

## HILLVIEW LODGE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

## 2. ACCOUNTING POLICIES (CONTINUED)

### 2.3 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using both the straight line method and reducing balance bases.

Depreciation is provided on the following basis:

Freehold property	-	2% straight line
Leasehold improvements	-	10% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	20% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

### 2.4 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

### 2.5 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.6 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.



## **HILLVIEW LODGE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **2. ACCOUNTING POLICIES (CONTINUED)**

##### **2.7 FINANCIAL INSTRUMENTS**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

##### **2.8 CREDITORS**

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

##### **2.9 FINANCE COSTS**

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.10 DIVIDENDS**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

##### **2.11 OPERATING LEASES: THE COMPANY AS LESSEE**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

## **HILLVIEW LODGE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **2. ACCOUNTING POLICIES (CONTINUED)**

##### **2.12 LEASED ASSETS: THE COMPANY AS LESSEE**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

##### **2.13 PENSIONS**

###### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

##### **2.14 HOLIDAY PAY ACCRUAL**

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

##### **2.15 INTEREST INCOME**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### **2.16 PROVISIONS FOR LIABILITIES**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.17 CURRENT AND DEFERRED TAXATION**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES 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 for assets and liabilities as at the balance sheet date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following are the company's key sources of estimation uncertainty:

**Fixed Assets** - the annual depreciation charge on fixed assets depends primarily on the estimated lives of each type of asset and estimates of residual values. The director regularly reviews these asset lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful lives is included in the accounting policies.

**Investment Property** - the director made key assumptions in the determination of the fair value of an investment property in respect of the state of the property market in the location where the property is situated and in respect of the range of reasonable fair value estimates of the asset.

**Debtors** - short term debtors are measured at transaction price, less any impairment. Impairment of such debtors involves some estimation uncertainty.

**Taxation** - judgements are in relation to the calculation of certain aspects of the year end tax provisions and the respective tax charge. The management used external professional advice to support the year end provisions.

## HILLVIEW LODGE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 4. TURNOVER

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Nursing and residential healthcare	882,242	891,029
Domiciliary healthcare	5,233,688	8,128,519
Recharge for preparation and supply of food	43,314	28,054
Respite services	31,119	20,000
	<u>6,190,363</u>	<u>9,067,602</u>

All turnover arose within the United Kingdom.

#### 5. OTHER OPERATING INCOME

	2018 £	2017 £
Recharge of utility costs	36,986	22,196
	<u>36,986</u>	<u>22,196</u>

#### 6. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets	24,439	21,307
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	12,000	11,000
Defined contribution pension cost	29,652	59,067
	<u></u>	<u></u>

## HILLVIEW LODGE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 7. EMPLOYEES

Staff costs, including director's remuneration, were as follows:

	2018 £	2017 £
Wages and salaries	5,035,650	7,246,630
Social security costs	383,293	580,458
Cost of defined contribution scheme	29,652	59,067
	<u>5,448,595</u>	<u>7,886,155</u>

The average monthly number of employees, including the director, during the year was as follows:

	2018 No.	2017 No.
Hillview Lodge - number of administrative staff	1	1
Hillview Lodge - number of nursing and other staff	39	41
Glen Caring Services - number of administrative staff	10	10
Glen Caring Services - number of nursing and other staff	267	410
	<u>317</u>	<u>462</u>

#### 8. DIRECTOR'S REMUNERATION

	2018 £	2017 £
Director's emoluments	30,000	30,000
	<u>30,000</u>	<u>30,000</u>

#### 9. INTEREST RECEIVABLE

	2018 £	2017 £
Bank and other interest receivable	2,024	1,319
	<u>2,024</u>	<u>1,319</u>

# HILLVIEW LODGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 10. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Finance leases and hire purchase contracts	643	442
	<u>643</u>	<u>442</u>

### 11. TAXATION

	2018 £	2017 £
<b>CORPORATION TAX</b>		
Current tax on profits for the year	51,461	138,932
Adjustments in respect of previous periods	-	(7,252)
<b>TOTAL CURRENT TAX</b>	<u>51,461</u>	<u>131,680</u>
<b>DEFERRED TAX</b>		
Origination and reversal of timing differences	1,917	2,636
Origination and reversal of timing differences - prior year	-	787
<b>TOTAL DEFERRED TAX</b>	<u>1,917</u>	<u>3,423</u>
<b>TAXATION ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>53,378</u>	<u>135,103</u>

## HILLVIEW LODGE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 11. TAXATION (CONTINUED)

##### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2017 -lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	264,243	706,838
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 -20%)	50,206	141,368
<b>EFFECTS OF:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,172	380
Adjustments to tax charge in respect of prior periods	-	(6,465)
Effect of changes in corporation tax rates	-	(180)
<b>TOTAL TAX CHARGE FOR THE YEAR</b>	<b>53,378</b>	<b>135,103</b>

##### FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A reduction in the UK corporation tax rate to 18% from 1 April 2020 was substantively enacted on 26 October 2015. A further reduction to 17% from 1 April 2020 has been substantively enacted.

#### 12. DIVIDENDS

	2018 £	2017 £
Dividends paid on equity capital	5,000	-
	5,000	-

# HILLVIEW LODGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 13. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold improvem'ts £	Motor vehicles £	Fixtures and fittings £	Total £
<b>COST OR VALUATION</b>					
At 1 April 2017	54,063	17,750	46,767	185,521	304,101
Additions	-	15,000	23,099	6,234	44,333
At 31 March 2018	54,063	32,750	69,866	191,755	348,434
<b>DEPRECIATION</b>					
At 1 April 2017	4,169	673	24,073	127,924	156,839
Charge for the year on owned assets	857	3,275	3,932	12,123	20,187
Charge for the year on financed assets	-	-	4,252	-	4,252
At 31 March 2018	5,026	3,948	32,257	140,047	181,278
<b>NET BOOK VALUE</b>					
At 31 March 2018	49,037	28,802	37,609	51,708	167,156
At 31 March 2017	49,894	17,077	22,694	57,597	147,262

Included in land and buildings is freehold land at a cost of £11,200 (2017 - £11,200) which is not depreciated.

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Motor vehicles	19,737	9,343
	19,737	9,343



# HILLVIEW LODGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 14. INVESTMENT PROPERTY

	Freehold investment property £
<b>VALUATION</b>	
At 1 April 2017	132,097
<b>AT 31 MARCH 2018</b>	<u>132,097</u>

The 2018 valuations were made by the director who is not a professionally qualified valuer, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2018 £	2017 £
Historic cost	178,552	178,552
	<u>178,552</u>	<u>178,552</u>

### 15. DEBTORS

	2018 £	As restated 2017 £
Trade debtors	435,974	527,986
Other debtors	1,875,045	1,563,127
Prepayments and accrued income	21,767	14,885
	<u>2,332,786</u>	<u>2,105,998</u>

### 16. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	2,722,598	2,962,732
	<u>2,722,598</u>	<u>2,962,732</u>

# HILLVIEW LODGE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 17. CREDITORS: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	29,293	9,022
Corporation tax	188,717	314,413
Other taxation and social security	46,239	155,561
Obligations under finance lease and hire purchase contracts	4,112	1,788
Other creditors	181,725	165,510
Accruals and deferred income	56,440	67,874
	<u>506,526</u>	<u>714,168</u>

Obligations under finance lease and hire purchase contracts are secured on the assets acquired.

### 18. CREDITORS: Amounts falling due after more than one year

	2018 £	2017 £
Net obligations under finance leases and hire purchase contracts	14,933	8,525
	<u>14,933</u>	<u>8,525</u>

Obligations under finance lease and hire purchase contracts are secured on the assets acquired.

### 19. DEFERRED TAXATION

	2018 £	2017 £
At beginning of year	(3,423)	-
Charged to profit or loss	(1,917)	(3,423)
<b>AT END OF YEAR</b>	<u>(5,340)</u>	<u>(3,423)</u>

## HILLVIEW LODGE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

#### 19. DEFERRED TAXATION (CONTINUED)

The provision for deferred taxation is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	(8,282)	(9,183)
Other timing differences	2,942	5,760
	<u>(5,340)</u>	<u>(3,423)</u>

#### 20. SHARE CAPITAL

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
100 (2017 -100) Ordinary shares of £1.00 each	<u>100</u>	<u>100</u>

#### 21. RESERVES

##### Profit and loss account

The profit and loss account represents the retained earnings of the company that are available for distribution.

#### 22. PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to monies of £45,752 received in December 2017 in relation to a retrospective input VAT claim in respect of the period 19 June 1993 to 21 March 2002. A prior year adjustment has been processed to account for the VAT that should have been reclaimed in previous years. As a result of this adjustment the profit and loss reserve has increased by £45,752 at 1 April 2016 and 31 March 2017.

#### 23. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £29,652 (2017 - £59,067). Contributions totalling £2,055 (2017 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

**24. COMMITMENTS UNDER OPERATING LEASES**

At 31 March 2018 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	6,000	-
Later than 1 year and not later than 5 years	24,000	-
	<u>30,000</u>	<u>-</u>

**25. TRANSACTIONS WITH DIRECTORS**

During the year the company made payments of £165,356 (2017 - £29,630) on behalf of the director. In addition, the director made personal drawings of £325,000 (2017 - £583,325). Repayments totalling £68,029 (2017 - £Nil) were made by the director during the year, including a dividend of £5,000 (2017 - £Nil) credited to the director's current account.

At the year end the director owed the company £881,497 (2017 - £459,170).

There are no terms of interest or other conditions associated with the director's current account and it is considered to be repayable on demand.

## **HILLVIEW LODGE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

#### **26. RELATED PARTY TRANSACTIONS**

##### **Director**

The director owns 50% of one of the properties occupied by the company. During the year rent of £15,000 (2017 - £15,000) was charged to the company by the director for use of the property.

Mrs B Kiernan O'Donnell is a director and majority shareholder in Springlawn House Limited and Knockmoyle Lodge Limited, companies incorporated in Northern Ireland.

##### **(i) Springlawn House Limited**

At the balance sheet date £178,065 (2017 - £164,021) was due to Springlawn House Limited. The balance has arisen as a result of cash advances and payments made by Springlawn House Limited on behalf of the company. The balance is repayable on demand and no interest is charged on outstanding amounts.

During the year Springlawn House Limited charged Hillview Lodge Limited £14,043 (2017 - £14,018) for the preparation and supply of meals to Glen Caring Services, a domiciliary care unit operating within Hillview Lodge Limited.

##### **(ii) Knockmoyle Lodge Limited**

Knockmoyle Lodge Limited owns a property which is occupied by Hillview Lodge Limited. Rentals charged to Hillview Lodge Limited during the year ended 31 March 2018 amounted to £75,000 (2017 - £75,000). In the opinion of the director the amount payable in the current year in relation to rentals reflects an open market value.

During the year, Hillview Lodge Limited charged Knockmoyle Lodge Limited £43,314 (2017 - £28,054) for the preparation and supply of meals for the residents of Hillcrest Care Facility, a nursing home operating within Knockmoyle Lodge Limited.

In addition, an amount of £27,636 (2017 - £21,067) was recharged to Knockmoyle Lodge Limited, in relation to electricity costs incurred by Hillcrest Care Facility during the year. An amount of £9,350 (2017 - £1,129) was also recharged to Knockmoyle Lodge Limited from Hillview Lodge Limited in relation to water rates. These charges arise due to the fact that Hillview Lodge Limited and Hillcrest Care Facility share the same site.

At the balance sheet date £714,279 (2017 - £711,215) was due from to Knockmoyle Lodge Limited. The balance is repayable on demand and no interest is charged on outstanding amounts.

##### **(iv) Key management personnel**

Key management includes the company secretary and other members of the company management. Salaries totalling £92,890 (2017 - £101,890) were paid to key management personnel during the year.

#### **27. CONTROLLING PARTY**

The company was under the control of Mrs B Kiernan O'Donnell throughout the current and prior year. Mrs B Kiernan O'Donnell is the managing director and sole shareholder.