

Company Registration No. 06032284 (England and Wales)

MAJESTIC 3 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

MAJESTIC 3 LIMITED

COMPANY INFORMATION

Directors	Mr R W M Pratap Mr S Oakes
Secretary	Mr S Oakes
Company number	06032284
Registered office	Holly Villa 27 Crewe Road Alsager Stoke on Trent Staffordshire ST7 2EY
Auditor	DJH Accountants Limited Porthill Lodge High Street Wolstanton Newcastle under Lyme Staffordshire ST5 0EZ

MAJESTIC 3 LIMITED

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MAJESTIC 3 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present the strategic report for the year ended 30 September 2016.

Fair review of the business

The principal activity of the company continued to be operating care homes.

The directors aim to present a balanced and comprehensive review of the development and performance of their business during the year and its position at the end of the year. The review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties they face.

The business operates from the following freehold care homes as at the end of the year:-

	<u>Registered Beds</u>
Blenheim House	53
St Pauls	22

The strategy was to continue developing existing care homes through refurbishment and extension programmes and the quality of our homes remains of paramount importance.

The financial performance during the year was in line with Directors' expectations, delivering the benefits of recent capital expenditure and strategic developments. The turnover achieved was £3.3m, generating a gross profit of £1.2m and a net profit before tax of £0.4m.

The business's key performance indicators communicate the financial performance of the homes and the strength of the Group:-

- *Average fees* - The Directors are striving to maximise the quality of earnings, through offering luxury environments and highly trained staff teams. Driven by the increased proportion of self-funding residents, average fees per resident continued to rise.
- *Occupancy* - The occupancy levels continue to remain strong and as at year end was 92% of available beds.
- *Gross margin* - The gross margin of 35.00% was generated.

The business environment in which the company operates continues to be challenging. The long term care market is highly competitive and the company aims to continue to exceed the recommended care standards.

The directors are continually assessing risks and uncertainties and are aware that any plans for the future development of the business may be subject to unforeseen future events outside of their control.

On behalf of the board

Mr S Oakes
Director

2 March 2017
Date

MAJESTIC 3 LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their annual report and financial statements for the year ended 30 September 2016.

Principal activities

The principal activity of the company continued to be operating care homes.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr R W M Pratap

Mrs E J Hart

Mr S Oakes

(Resigned 1 August 2016)

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that DJH Accountants Limited be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then 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;
- 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.

MAJESTIC 3 LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr S Oakes

Director

2 March 2017

Date

MAJESTIC 3 LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAJESTIC 3 LIMITED

We have audited the financial statements of Majestic 3 Limited for the year ended 30 September 2016 set out on pages 6 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

MAJESTIC 3 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MAJESTIC 3 LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Porthill Lodge
High Street
Wolstanton
Newcastle under Lyme
Staffordshire
ST5 0EZ

13 March 2017

**Mr Gary Neil Chadwick FCCA
(Senior Statutory Auditor)
for and on behalf of
DJH ACCOUNTANTS LIMITED**

Chartered Certified Accountants
Statutory Auditor

MAJESTIC 3 LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

		2016	2015
	Notes	£	£
Turnover	3	3,307,296	2,995,292
Cost of sales		(2,149,856)	(2,056,679)
Gross profit		1,157,440	938,613
Administrative expenses		(716,572)	(687,284)
Costs of fundamental reorganisation	4	(15,279)	(16,684)
Operating profit	5	425,589	234,645
Interest payable and similar charges	8	(40,658)	(38,591)
Profit before taxation		384,931	196,054
Taxation	9	-	-
Profit for the financial year		384,931	196,054

The profit and loss account has been prepared on the basis that all operations are continuing operations.

MAJESTIC 3 LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016	2015
	£	£
Profit for the year	384,931	196,054
Other comprehensive income	-	-
Total comprehensive income for the year	<u>384,931</u>	<u>196,054</u>

MAJESTIC 3 LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2016

		2016		2015	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		7,906,032		6,164,287
Current assets					
Stocks	13	8,648		8,648	
Debtors	14	237,253		271,386	
Cash at bank and in hand		2,530		16,039	
		<u>248,431</u>		<u>296,073</u>	
Creditors: amounts falling due within one year	15	<u>(9,561,654)</u>		<u>(9,714,006)</u>	
Net current liabilities			<u>(9,313,223)</u>		<u>(9,417,933)</u>
Total assets less current liabilities			<u>(1,407,191)</u>		<u>(3,253,646)</u>
Creditors: amounts falling due after more than one year	16		<u>(2,706,635)</u>		<u>(1,438,154)</u>
Net liabilities			<u><u>(4,113,826)</u></u>		<u><u>(4,691,800)</u></u>
Capital and reserves					
Called up share capital	19		1		1
Equity reserve			579,130		386,087
Profit and loss reserves			<u>(4,692,957)</u>		<u>(5,077,888)</u>
Total equity			<u><u>(4,113,826)</u></u>		<u><u>(4,691,800)</u></u>

The financial statements were approved by the board of directors and authorised for issue on 2 March 2017 and are signed on its behalf by:

Mr S Oakes
Director

Company Registration No. 06032284

MAJESTIC 3 LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Share capital	Equity reserves	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 October 2014	1	-	(5,273,942)	(5,273,941)
Effect of change in accounting policy	-	386,087	-	386,087
As restated	1	386,087	(5,273,942)	(4,887,854)
Year ended 30 September 2015:				
Profit and total comprehensive income for the year	-	-	196,054	196,054
Balance at 30 September 2015	1	386,087	(5,077,888)	(4,691,800)
Year ended 30 September 2016:				
Profit and total comprehensive income for the year	-	-	384,931	384,931
Amortised cost adjustment to long term debt	-	193,043	-	193,043
Balance at 30 September 2016	1	579,130	(4,692,957)	(4,113,826)

MAJESTIC 3 LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

		2016	2015
	Notes	£	£
Cash flows from operating activities			
Cash generated from operations	24	577,504	2,506,589
Interest paid		(40,658)	(38,591)
Net cash inflow from operating activities		536,846	2,467,998
Investing activities			
Purchase of tangible fixed assets		(2,031,090)	(109,748)
Net cash used in investing activities		(2,031,090)	(109,748)
Financing activities			
Repayment of borrowings		499,333	(680,486)
Repayment of bank loans		998,589	(1,690,000)
Payment of finance leases obligations		(17,187)	(883)
Net cash generated from/(used in) financing activities		1,480,735	(2,371,369)
Net decrease in cash and cash equivalents		(13,509)	(13,119)
Cash and cash equivalents at beginning of year		16,039	29,158
Cash and cash equivalents at end of year		2,530	16,039

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

Company information

Majestic 3 Limited is a private company limited by shares incorporated in England and Wales. The registered office is Holly Villa, 27 Crewe Road, Alsager, Stoke on Trent, Staffordshire, ST7 2EY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 30 September 2016 are the first financial statements of Majestic 3 Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 October 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 25.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Majestic 3 Limited is a wholly owned subsidiary of Majesticare Holdings 6 Limited and the results of Majestic 3 Limited are included in the consolidated financial statements of Majesticare Holdings 6 Limited which are available from Companies house.

1.2 Going concern

At 30 September 2016 the balance sheet showed net liabilities of £4,113,826 (2015 - £4,691,800). The director's do not consider there to be a going concern issue due to support provided by the directors and their associated companies.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

1.4 Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of unincorporated businesses over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	45 years straight line
Fixtures, plant and equipment	5 years straight line
Motor vehicles	4 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

(Continued)

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Judgements and key sources of estimation uncertainty

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2016 £	2015 £
Turnover		
Provision of care services	3,307,296	2,995,292

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	3,307,296	2,995,292

4 Exceptional costs

	2016 £	2015 £
Costs of fundamental reorganisation	15,279	16,684

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

5 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	276,908	293,372
Depreciation of tangible fixed assets held under finance leases	12,437	4,146
Operating lease charges	4,603	10,349
	<u> </u>	<u> </u>

6 Auditor's remuneration

	2016	2015
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the company's financial statements	4,975	4,825
	<u> </u>	<u> </u>

7 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016	2015
	Number	Number
Nursing, domestic and other home staff	120	117
Head office and operation managers	2	2
	<u> </u>	<u> </u>
	122	119
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	1,872,051	1,774,050
	<u> </u>	<u> </u>

8 Interest payable and similar charges

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	1,579	524
Other interest on financial liabilities	39,079	38,067
	<u> </u>	<u> </u>
	40,658	38,591
	<u> </u>	<u> </u>

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

9 Taxation

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2016 £	2015 £
Profit before taxation	384,931	196,054
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	76,986	39,211
Tax effect of expenses that are not deductible in determining taxable profit	299	89
Depreciation add back	57,869	59,504
Capital allowances	(59,021)	(76,695)
Tax losses utilised	(76,133)	(22,109)
Taxation for the year	-	-

The company has estimated losses of £1,793,992 (2015 - £2,175,093) available to carry forward against future trading profits.

On the basis of these financial statements no provision has been made for corporation tax.

Factors that may affect tax charges

The UK main corporation tax rate was reduced to 20% from 1 April 2015.

On 8 July 2015 the Chancellor proposed further cuts to the main rate of corporation tax as follows:

19% with effect from 1 April 2017

18% with effect from 1 April 2018

17% with effect from 1 April 2020.

These rate cuts will reduce tax charges accordingly.

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

10 Intangible fixed assets

	Goodwill £
Cost	
At 1 October 2015 and 30 September 2016	15
Amortisation and impairment	
At 1 October 2015 and 30 September 2016	15
Carrying amount	
At 30 September 2016	-
At 30 September 2015	-

11 Tangible fixed assets

	Freehold land and buildings £	Fixtures, plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 October 2015	6,193,427	935,229	60,675	7,189,331
Additions	1,864,329	166,761	-	2,031,090
At 30 September 2016	8,057,756	1,101,990	60,675	9,220,421
Depreciation and impairment				
At 1 October 2015	489,445	525,472	10,127	1,025,044
Depreciation charged in the year	137,457	134,506	17,382	289,345
At 30 September 2016	626,902	659,978	27,509	1,314,389
Carrying amount				
At 30 September 2016	7,430,854	442,012	33,166	7,906,032
At 30 September 2015	5,703,982	409,757	50,548	6,164,287

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2016 £	2015 £
Motor vehicles	33,167	45,604
Depreciation charge for the year in respect of leased assets	12,437	4,146

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

12 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	150,732	197,857
Carrying amount of financial liabilities		
Measured at amortised cost	12,225,670	11,115,631

13 Stocks

	2016 £	2015 £
Food stock and nursing consumables	8,648	8,648

14 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	82,090	134,071
Other debtors	68,642	63,786
Prepayments and accrued income	86,521	73,529
	237,253	271,386

15 Creditors: amounts falling due within one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	17	34,624	13,817
Obligations under finance leases	18	15,105	16,034
Trade creditors		430,742	114,951
Other taxation and social security		42,619	36,529
Other creditors		8,942,033	9,420,661
Accruals and deferred income		96,531	112,014
		9,561,654	9,714,006

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

16 Creditors: amounts falling due after more than one year

	Notes	2016 £	2015 £
Bank loans and overdrafts	17	1,773,965	796,183
Obligations under finance leases	18	11,800	28,058
Other borrowings	17	920,870	613,913
		<u>2,706,635</u>	<u>1,438,154</u>

Net obligations under finance lease and hire purchase contracts are secured by fixed charges on the assets concerned.

Amounts included above which fall due after five years are as follows:

Payable by instalments	1,464,025	653,394
	<u>1,464,025</u>	<u>653,394</u>

17 Loans and overdrafts

	2016 £	2015 £
Bank loans	1,808,589	810,000
Directors' loans	920,870	613,913
	<u>2,729,459</u>	<u>1,423,913</u>
Payable within one year	34,624	13,817
Payable after one year	2,694,835	1,410,096
	<u>2,694,835</u>	<u>1,410,096</u>

The bank loan is secured by a legal charge over St Pauls Care Home and Blenheim House Care Home.

Long term debt is in the form of two capital repayment loans with Lloyds Bank plc, each maturing at different dates and with varying interest rates.

The directors' loan accounts are interest free and have no set repayment terms.

18 Finance lease obligations

	2016 £	2015 £
Future minimum lease payments due under finance leases:		
Within one year	15,105	16,034
In two to five years	11,800	28,058
	<u>26,905</u>	<u>44,092</u>

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

18 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is three years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

19 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	1	1

20 Financial commitments, guarantees and contingent liabilities

The company has a legal charge and a fixed and floating charge in favour of Lloyds Bank PLC over the freehold properties and assets.

21 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2016 £	2015 £
Acquisition of property, plant and equipment	1,035,323	-

For the Construction of the phase two extension at Blenheim Care House.

22 Related party transactions

The following amounts were outstanding at the reporting end date:

	2016 £	2015 £
Amounts owed to related parties		
Other related parties	7,469,912	7,414,757

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

22 Related party transactions (Continued)

The following amounts were outstanding at the reporting end date:

	2016 Balance £
Amounts owed by related parties	
Other related parties	53,959
	<u>53,959</u>
	2015 Balance £
Amounts owed in previous period	
Other related parties	44,690
	<u>44,690</u>

The company is a wholly owned subsidiary of Majesticare Holdings 6 Limited and has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with Majesticare Holdings 6 Limited.

23 Controlling party

The ultimate parent company is Majesticare Holdings 6 Limited, incorporated in England and Wales.

The ultimate controlling party is R Pratap.

The largest and smallest group in which the results of the company are consolidated is that headed by Majesticare Holdings 6 Limited, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Companies house, Crown Way, Cardiff, CF14 3UZ. No other group accounts include the results of this company.

24 Cash generated from operations

	2016 £	2015 £
Profit for the year after tax	384,931	196,054
Adjustments for:		
Finance costs	40,658	38,591
Depreciation and impairment of tangible fixed assets	289,345	297,518
Movements in working capital:		
Decrease/(increase) in debtors	34,800	(70,382)
(Decrease)/increase in creditors	(172,230)	2,044,808
Cash generated from operations	<u>577,504</u>	<u>2,506,589</u>

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

25 Reconciliations on adoption of FRS 102

Reconciliation of equity

	Notes	1 October 2014 £	30 September 2015 £
Equity as reported under previous UK GAAP		(5,273,941)	(5,077,887)
Adjustments arising from transition to FRS 102:			
Discounting of director loan accounts	1	386,087	386,087
Equity reported under FRS 102		<u>(4,887,854)</u>	<u>(4,691,800)</u>

Reconciliation of profit for the financial period

		2015 £
Profit as reported under previous UK GAAP and under FRS 102		196,054
Discounting of director loan accounts	1	-
Profit reported under FRS 102		<u>196,054</u>

Reconciliation of equity

	Notes	At 1 October 2014			At 30 September 2015		
		Previous UK GAAP £	Effect of transition £	FRS 102 £	Previous UK GAAP £	Effect of transition £	FRS 102 £
Fixed assets							
Tangible assets		6,307,082	-	6,307,082	6,164,287	-	6,164,287
Current assets							
Stocks		8,648	-	8,648	8,648	-	8,648
Debtors		201,004	-	201,004	271,386	-	271,386
Bank and cash		29,158	-	29,158	16,039	-	16,039
		<u>238,810</u>	<u>-</u>	<u>238,810</u>	<u>296,073</u>	<u>-</u>	<u>296,073</u>

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

25 Reconciliations on adoption of FRS 102

(Continued)

Notes	At 1 October 2014			At 30 September 2015		
	Previous UK GAAP	Effect of transition	FRS 102	Previous UK GAAP	Effect of transition	FRS 102
	£	£	£	£	£	£
Creditors due within one year						
Loans and overdrafts	(2,421,810)	-	(2,421,810)	(2,010,284)	-	(2,010,284)
Finance leases	-	-	-	(16,034)	-	(16,034)
Taxation	(41,608)	-	(41,608)	(36,529)	-	(36,529)
Other creditors	(5,175,929)	-	(5,175,929)	(7,651,159)	-	(7,651,159)
	<u>(7,639,347)</u>	<u>-</u>	<u>(7,639,347)</u>	<u>(9,714,006)</u>	<u>-</u>	<u>(9,714,006)</u>
Net current liabilities	<u>(7,400,537)</u>	<u>-</u>	<u>(7,400,537)</u>	<u>(9,417,933)</u>	<u>-</u>	<u>(9,417,933)</u>
Total assets less current liabilities	<u>(1,093,455)</u>	<u>-</u>	<u>(1,093,455)</u>	<u>(3,253,646)</u>	<u>-</u>	<u>(3,253,646)</u>
Creditors due after one year						
Loans and overdrafts	(4,180,486)	386,087	(3,794,399)	(1,796,183)	386,087	(1,410,096)
Finance leases	-	-	-	(28,058)	-	(28,058)
	<u>(4,180,486)</u>	<u>386,087</u>	<u>(3,794,399)</u>	<u>(1,824,241)</u>	<u>386,087</u>	<u>(1,438,154)</u>
Net assets	<u>(5,273,941)</u>	<u>386,087</u>	<u>(4,887,854)</u>	<u>(5,077,887)</u>	<u>386,087</u>	<u>(4,691,800)</u>
Capital and reserves						
Share capital	1	-	1	1	-	1
Equity reserve	1	(386,087)	386,087	-	386,087	386,087
Profit and loss	(5,273,942)	-	(5,273,942)	(5,077,888)	-	(5,077,888)
Total equity	<u>(5,273,941)</u>	<u>386,087</u>	<u>(4,887,854)</u>	<u>(5,077,887)</u>	<u>386,087</u>	<u>(4,691,800)</u>

MAJESTIC 3 LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2016

25 Reconciliations on adoption of FRS 102

(Continued)

Reconciliation of profit for the financial period

	Year ended 30 September 2015		
	Previous UK GAAP £	Effect of transition £	FRS 102 £
Turnover	2,995,292	-	2,995,292
Cost of sales	(2,056,679)	-	(2,056,679)
Gross profit	938,613	-	938,613
Administrative expenses	(687,284)	-	(687,284)
Exceptional items	(16,684)	-	(16,684)
Operating profit	234,645	-	234,645
Interest payable and similar charges	(38,591)	-	(38,591)
Taxation	-	-	-
Profit for the financial period	196,054	-	196,054

Notes to reconciliations on adoption of FRS 102

1. Amortised cost adjustment to long term debt

This adjustment is made to reflect the change to amortised cost on long term debt in relation to the requirements of FRS102.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.