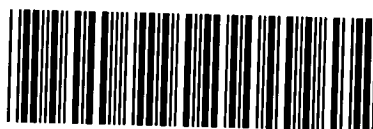


REGISTERED NUMBER: 05814316 (England and Wales)

**BIRTLEY HOUSE GROUP LIMITED**  
**GROUP STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**  
**CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016**

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COMPANIES HOUSE

**BIRTLEY HOUSE GROUP LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

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**DIRECTORS:**

S R L Whalley  
Mrs C E Whalley  
F R A Whalley  
T S D Whalley

**REGISTERED OFFICE:**

Birtley House  
Birtley Road  
Bramley  
Guildford  
Surrey  
GU5 0LB

**REGISTERED NUMBER:**

05814316 (England and Wales)

**AUDITORS:**

Wilkins Kennedy LLP  
Statutory Auditor  
Chartered Accountants  
Mount Manor House  
16 The Mount  
Guildford  
Surrey  
GU2 4HN

**BANKERS:**

Lloyds Bank PLC  
147 High Street  
Guildford  
Surrey  
GU1 3AG

**SOLICITORS:**

Stevens & Bolton LLP  
The Billings  
Guildford  
Surrey  
GU1 4YD

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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The directors present their strategic report of the company and the group for the year ended 31 August 2016.

**REVIEW OF BUSINESS**

The group's principal trading subsidiaries are involved in the management of a nursing home, Birtley House, and the development and management of close care apartments. The parent company's principal activity is that of a holding company.

In August 2015, Eyhurst Court Ltd celebrated 70 years of running its Nursing Home at Birtley House, and now 84 years since the business was formally registered as a care home - though, in fact, it had been running privately for several years prior to even that date. We believe we are the oldest independent care home business still run by the founding family. Our ethos is still based on family values and providing not only the highest level of care for our residents but a real home in which they can enjoy a great quality of life. Beyond this we also believe that community engagement is essential and work hard to create opportunities for interaction between residents, staff, visitors and the community and have established a community garden. This is regularly used by members of Halow Project, who support over 150 young people with learning disabilities. We have actively supported the Community Foundation for Surrey for many years and play a leading role in support for the rural economy in the county and in the conservation of our countryside - especially the Surrey Hills.

In the business itself we invest continually in both facilities and staff with a strong emphasis on training and mentoring for all the team and, possibly uniquely amongst care homes, we employ our own chaplain to support residents, their families and the staff. Our aim is to provide the best care we can for all. In January 2016, we were inspected by our Regulator CQC (Care Quality Commission) and we are delighted that we have achieved their highest rating of 'Outstanding'. Only the 15th out of nearly 3500 nursing homes inspected at the time to achieve this. In November 2015, our manager won the Surrey Care Association (SCA) 'Manager of the year' award and we are also delighted to report in the 2016 SCA awards we won 'Care team of the year' award. We have been hugely supported in this by the whole team and it is a great credit to them that this has been achieved.

2015/16 was a year of especially heavy investment with a number of major improvements including a brand new 'state of the art' kitchen, and some essential maintenance. Also at Birtley we have invested in a computerised care plan system from MED e-care, a pioneering IT/software company specialising in the medical and care industry. The next planned phase is to link directly with pharmacy's, with the system being universally adopted by Lloyds and Boots in the UK.

The Group showed a pre-tax loss for the year of £191,285 (2015 - profit £217,422) after exceptional items. The Group's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) is £197,750 (2015 - £592,683).

**Results of Subsidiaries**

The nursing home business continued to perform well in the year, producing income of £3,508,117 (2015 - £3,409,067) and a pre-tax profit of £440,663 (2015 - £478,984).

The company involved in the management of the close care apartments also traded successfully. Turnover was £1,134,473 (2015 - £1,133,334) as a result of the sale of two apartments during the year (two in 2015), and the company generated a pre-tax profit of £27,829 (2015 - £65,415).

Birtley House Group Limited itself made sales of two apartments in the year (three in 2015), bringing revenue of £825,000 (2015 - £985,000) and direct cost of sales of £810,000 (2015 - £790,000).

The board is mindful of the potential impact of the current economic climate on its business and on the financial status of its customers and suppliers. The board considers that appropriate processes are in place to manage the group's relationships with all third parties to ensure the group's exposure to potential losses is minimised. Specific financial risks and how these are mitigated are discussed further below in this report.

**GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 AUGUST 2016**

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Birtley House Group also incurred administrative expenses of £512,223 (2015 - £439,506) in connection with the management of the group and the Birtley House property. In addition, the company paid interest of £126,524 (2015 - £127,161) in respect of group bank borrowings. The company showed an overall pre-tax loss of £642,603 (2015 - £294,924).

The key financial performance indicators used by the board in monitoring the performance of the business are occupancy rate and income generated by the nursing home and close care apartments which continue to grow, the valuation of the company's properties in relation to the level of bank borrowing which remains satisfactory, and the level of administrative and financing costs incurred which have been reduced in the year.

**FINANCIAL INSTRUMENTS**

The group's significant financial instruments at the balance sheet date comprised bank loans and overdrafts, debentures and loans from group undertakings. Operations are financed by a mixture of retained profits, bank borrowings and long term loans. Long term loans are at fixed rates and are used to finance capital investment. Working capital requirements are met principally out of floating rate overdrafts and retained profits.

It is, and has been throughout the year under review, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest rate risk and liquidity risk.

**Interest rate risk**

The group has a policy to manage any exposure to interest rate fluctuations so as to finance its operations through retained profits.

**Liquidity risk**

The group's objectives are to maintain a balance between continuity of funding and the flexible use of funding by way of overdrafts, loans and similar financial arrangements. Short term flexibility is achieved by overdraft facilities.

**Financial assets**

The group have no financial assets other than short-term debtors and cash at bank.

**Borrowing facilities**

The group has no undrawn committed borrowing facilities.

**ON BEHALF OF THE BOARD:**

  
S R L Whalley - Director

Date: 26/5/17

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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The directors present their report with the financial statements of the company and the group for the year ended 31 August 2016.

**PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of management of a nursing home and close care apartments.

**DIVIDENDS**

The total distribution of dividends for the year ended 31 August 2016 will be £72,000.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 September 2015 to the date of this report.

S R L Whalley  
Mrs C E Whalley  
F R A Whalley  
T S D Whalley

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**

  
S R L Whalley - Director

Date: 26/5/17

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BIRTLEY HOUSE GROUP LIMITED

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We have audited the financial statements of Birtley House Group Limited for the year ended 31 August 2016 on pages seven to thirty two. 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 Financial Reporting Standard 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 a Report of the Auditors 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 auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 August 2016 and of the group's loss 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 Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
BIRTLEY HOUSE GROUP LIMITED**

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**Matters on which we are required to report by exception**

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

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

*Wilkins Kennedy LLP*

Mr Robert Southey (Senior Statutory Auditor)  
for and on behalf of Wilkins Kennedy LLP  
Statutory Auditor  
Chartered Accountants  
Mount Manor House  
16 The Mount  
Guildford  
Surrey  
GU2 4HN

Date: 31<sup>st</sup> MAY 2017

**BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)**

**CONSOLIDATED INCOME STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	2016 £	2015 £
<b>TURNOVER</b>		<b>5,268,371</b>	<b>5,341,978</b>
Cost of sales		<u>(4,394,190)</u>	<u>(4,111,912)</u>
<b>GROSS PROFIT</b>		<b>874,181</b>	<b>1,230,066</b>
Administrative expenses		<u>(990,480)</u>	<u>(918,668)</u>
		<b>(116,299)</b>	<b>311,398</b>
Other operating income		<b>46,799</b>	<b>41,927</b>
Fair value adjustment		<u>14,400</u>	<u>-</u>
<b>OPERATING (LOSS)/PROFIT</b>	<b>4</b>	<b>(55,100)</b>	<b>353,325</b>
Interest receivable and similar income		<u>400</u>	<u>400</u>
		<b>(54,700)</b>	<b>353,725</b>
Interest payable and similar charges	<b>5</b>	<u>(136,585)</u>	<u>(136,303)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(191,285)</b>	<b>217,422</b>
Tax on (loss)/profit on ordinary activities	<b>6</b>	<u>26,884</u>	<u>(17,259)</u>
<b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>(164,401)</u></b>	<b><u>200,163</u></b>
(Loss)/profit attributable to:			
Owners of the parent		<b>(132,381)</b>	<b>232,220</b>
Minority interests		<u>(32,020)</u>	<u>(32,057)</u>
		<b><u>(164,401)</u></b>	<b><u>200,163</u></b>

The notes form part of these financial statements



**BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)**

**CONSOLIDATED OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	2016 £	2015 £
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(164,401)</b>	200,163
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>(164,401)</b></u>	<u>200,163</u>
Total comprehensive income attributable to:			
Owners of the parent		<b>(132,381)</b>	232,220
Non-controlling interests		<u><b>(32,020)</b></u>	<u>(32,057)</u>
		<u><b>(164,401)</b></u>	<u>200,163</u>

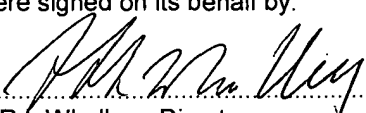
The notes form part of these financial statements

## BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)

CONSOLIDATED BALANCE SHEET  
31 AUGUST 2016

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	9	9,866,505	10,255,435
Investments	10	-	-
		<u>9,866,505</u>	<u>10,255,435</u>
<b>CURRENT ASSETS</b>			
Stocks	11	3,500	3,500
Debtors	12	134,792	64,362
Cash at bank and in hand		<u>188,712</u>	<u>255,037</u>
		327,004	322,899
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>(894,075)</u>	<u>(1,157,971)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(567,071)</u>	<u>(835,072)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,299,434	9,420,363
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(4,105,233)	(3,959,594)
<b>PROVISIONS FOR LIABILITIES</b>	18	(427,901)	(458,068)
<b>MINORITY INTERESTS</b>	19	<u>44,894</u>	<u>76,914</u>
<b>NET ASSETS</b>		<u>4,721,406</u>	<u>4,925,787</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	2,300	2,300
Share premium	21	814,559	814,559
Capital redemption reserve	21	998	998
Retained earnings	21	<u>3,903,549</u>	<u>4,107,930</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>4,721,406</u>	<u>4,925,787</u>

The financial statements were approved by the Board of Directors on 25/5/17 and were signed on its behalf by:

  
S R L Whalley - Director

  
F R A Whalley - Director

The notes form part of these financial statements

## BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)

COMPANY BALANCE SHEET  
31 AUGUST 2016

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	9	8,695,842	9,071,964
Investments	10	<u>398,149</u>	<u>398,149</u>
		<u>9,093,991</u>	<u>9,470,113</u>
<b>CURRENT ASSETS</b>			
Debtors	12	17,175	24,648
Cash at bank and in hand		<u>109,177</u>	<u>176,933</u>
		126,352	201,581
<b>CREDITORS</b>			
Amounts falling due within one year	13	<u>(1,830,009)</u>	<u>(1,902,158)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,703,657)</u>	<u>(1,700,577)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,390,334	7,769,536
<b>CREDITORS</b>			
Amounts falling due after more than one year	14	(4,001,675)	(3,681,128)
<b>PROVISIONS FOR LIABILITIES</b>	18	<u>(401,231)</u>	<u>(439,264)</u>
<b>NET ASSETS</b>		<u>2,987,428</u>	<u>3,649,144</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	2,300	2,300
Share premium	21	99	99
Capital redemption reserve	21	998	998
Retained earnings	21	<u>2,984,031</u>	<u>3,645,747</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>2,987,428</u>	<u>3,649,144</u>

The financial statements were approved by the Board of Directors on 20/5/17 and were signed on its behalf by:

  
S R L Whalley - Director

  
F R A Whalley - Director

The notes form part of these financial statements

**BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2016**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>
<b>Balance at 1 September 2014</b>	2,300	3,901,710	814,559
<b>Changes in equity</b>			
Dividends	-	(26,000)	-
Total comprehensive income	-	232,220	-
<b>Balance at 31 August 2015</b>	<u>2,300</u>	<u>4,107,930</u>	<u>814,559</u>
<b>Changes in equity</b>			
Dividends	-	(72,000)	-
Total comprehensive income	-	(132,381)	-
<b>Balance at 31 August 2016</b>	<u>2,300</u>	<u>3,903,549</u>	<u>814,559</u>

	<b>Capital redemption reserve £</b>	<b>Total £</b>	<b>Non-controlling interests £</b>	<b>Total equity £</b>
<b>Balance at 1 September 2014</b>	998	4,719,567	108,971	4,828,538
<b>Changes in equity</b>				
Dividends	-	(26,000)	-	(26,000)
Total comprehensive income	-	232,220	(32,057)	200,163
<b>Balance at 31 August 2015</b>	<u>998</u>	<u>4,925,787</u>	<u>76,914</u>	<u>5,002,701</u>
<b>Changes in equity</b>				
Dividends	-	(72,000)	-	(72,000)
Total comprehensive income	-	(132,381)	(32,020)	(164,401)
<b>Balance at 31 August 2016</b>	<u>998</u>	<u>4,721,406</u>	<u>44,894</u>	<u>4,766,300</u>

The notes form part of these financial statements

**BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)**

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 AUGUST 2016**

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	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Capital redemption reserve £</b>	<b>Total equity £</b>
<b>Balance at 1 September 2014</b>	2,300	3,937,841	99	998	3,941,238
<b>Changes in equity</b>					
Dividends	-	(26,000)	-	-	(26,000)
Total comprehensive income	-	(266,094)	-	-	(266,094)
<b>Balance at 31 August 2015</b>	<u>2,300</u>	<u>3,645,747</u>	<u>99</u>	<u>998</u>	<u>3,649,144</u>
<b>Changes in equity</b>					
Dividends	-	(72,000)	-	-	(72,000)
Total comprehensive income	-	(589,716)	-	-	(589,716)
<b>Balance at 31 August 2016</b>	<u>2,300</u>	<u>2,984,031</u>	<u>99</u>	<u>998</u>	<u>2,987,428</u>

The notes form part of these financial statements

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**BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)**

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2016**

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(150,076)	929,995
Interest paid		(140,251)	(137,703)
Tax paid		(30,176)	(131,065)
<b>Net cash from operating activities</b>		<b>(320,503)</b>	<b>661,227</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(79,518)	(385,256)
Sale of tangible fixed assets		230,000	-
Interest received		400	400
<b>Net cash from investing activities</b>		<b>150,882</b>	<b>(384,856)</b>
<b>Cash flows from financing activities</b>			
New loans in year		3,660,375	-
Loan repayments in year		(3,342,970)	(253,970)
Other loan repayments in year		-	(295,000)
Capital repayments in year		11,944	(21,125)
Amount withdrawn by directors		(147,803)	(13,335)
Equity dividends paid		(78,250)	(87,750)
<b>Net cash from financing activities</b>		<b>103,296</b>	<b>(671,180)</b>
<b>Decrease in cash and cash equivalents</b>		<b>(66,325)</b>	<b>(394,809)</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>255,037</b>	<b>649,846</b>
<b>Cash and cash equivalents at end of year</b>	2	<b>188,712</b>	<b>255,037</b>

The notes form part of these financial statements

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 AUGUST 2016

1. RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016	2015
	£	£
(Loss)/profit before taxation	(191,285)	217,422
Depreciation charges	252,850	239,358
Gain on revaluation of fixed assets	(14,400)	-
Finance costs	136,585	136,303
Finance income	(400)	(400)
	<b>183,350</b>	<b>592,683</b>
(Increase)/decrease in trade and other debtors	(70,430)	110,216
(Decrease)/increase in trade and other creditors	(262,996)	227,096
<b>Cash generated from operations</b>	<b>(150,076)</b>	<b>929,995</b>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 August 2016

	31.8.16	1.9.15
	£	£
Cash and cash equivalents	<b>188,712</b>	<b>255,037</b>

Year ended 31 August 2015

	31.8.15	1.9.14
	£	£
Cash and cash equivalents	<b>255,037</b>	<b>649,846</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**1. GENERAL INFORMATION**

Birtley House Group Limited is a limited liability company incorporated in Great Britain. The registered office is Birtley House, Birtley Road, Bramley, Guildford, Surrey GU5 0LB.

**2. ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The financial statements are presented in sterling (£) which is also the functional currency for the group.

The group transitioned from previously extant UK GAAP to FRS 102 as at 1 September 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 24.

**Going concern**

After reviewing the group's forecasts and projections and taking into account the economic conditions and possible changes in trading performance, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

**Basis of consolidation**

The group financial statements consolidate the financial statements of Birtley House Group Limited and all its subsidiary undertakings drawn up to 31 August each year. No profit and loss account is presented for Birtley House Group Limited as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

**Significant judgements and estimates**

The preparation of financial statements requires management to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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 a continuing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are the valuation of the property, depreciation and deferred taxation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016

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2. ACCOUNTING POLICIES - continued

**Turnover**

Turnover for the group comprises revenue recognised from the sale of apartments, fees receivable from the operation of the company's care home, service charges for other services rendered during the year and other fees receivable from events and functions that have taken place during the year. All sales are recognised in the period to which they relate, and exclude value added tax.

Licence fees received on assignment of the West Wing apartments had been held as returnable debentures within liabilities until the year ended 31 August 2009. Following an alteration to the legal contracts agreed with the resident on commencement of occupancy, the directors consider that recognition as income more accurately reflects the nature of the transaction and have treated such fees on this basis within the financial statements for all agreements under the new form of contract. Any sales completed under the old format of legal agreement have continued to be treated on a returnable debenture basis.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 2% on cost
Fixtures fittings and equip't	- 10% on cost
Plant and machinery	- 10% on cost
Close care development	- 10% on cost
Motor vehicles	- 25% on reducing balance
Computer equipment	- 10% on cost

No depreciation is provided on land or on investment properties.

Although non-depreciation of investment properties represents a departure from the Companies Act requirements concerning the depreciation of fixed assets, the directors believe that it is unnecessary to provide for depreciation of investment properties as they believe that the carrying value in the accounts closely reflects the realisable market value of the property, and any provision for depreciation would be immaterial. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

At each reporting date plant, machinery, fixtures, fittings and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment is recognised immediately in the statement of comprehensive income.

**Investment properties**

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value at 21 April 2016. The investment property was subsequently disposed of at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016

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2. ACCOUNTING POLICIES - continued

**Government grants**

Government grant income relates to the Renewable Heat Incentive (RHI) and is recognised in the profit and loss account in the period in which it is receivable.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised and held within fixed assets. Those assets held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful life or the lease term, whichever is the shorter.

The interest element of lease payments is charged to the profit and loss account over the period of the lease. The capital element of the future payments as at the balance sheet date is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**2. ACCOUNTING POLICIES - continued****Investments**

Investments represent shares and capital contributions in group undertakings, included at cost less any provision for impairment or share of loss.

**Trade and other receivables**

Trade and other receivables are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

**Trade and other payables**

Trade and other payables are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**3. STAFF COSTS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>2,358,133</b>	2,222,402
Social security costs	<b>184,246</b>	172,334
Other pension costs	<b>11,181</b>	11,354
	<u><b>2,553,560</b></u>	<u><b>2,406,090</b></u>

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

	<b>2016</b>	<b>2015</b>
Administration	<b>6</b>	6
Activities	<b>7</b>	7
Garden	<b>6</b>	6
Housekeeping	<b>12</b>	12
Kitchen	<b>8</b>	8
Maintenance	<b>4</b>	3
Marketing	<b>2</b>	2
Nursing	<b>61</b>	62
Wardens	<b>2</b>	4
	<u><b>108</b></u>	<u><b>110</b></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016

## 4. OPERATING (LOSS)/PROFIT

The operating loss (2015 - operating profit) is stated after charging/(crediting):

	2016 £	2015 £
Other operating leases	27,344	19,696
Depreciation - owned assets	252,848	239,358
Auditors' remuneration	29,034	26,400
Government grants received	<u>(28,227)</u>	<u>(28,946)</u>
Directors' remuneration	<u>94,993</u>	<u>93,761</u>

## 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank loan interest	122,295	124,266
Other interest charges	<u>14,290</u>	<u>12,037</u>
	<u>136,585</u>	<u>136,303</u>

## 6. TAXATION

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the loss on ordinary activities for the year was as follows:

	2016 £	2015 £
Current tax:		
UK corporation tax	392	27,285
UK corporation tax prior year	<u>2,891</u>	-
Total current tax	3,283	27,285
Deferred tax	<u>(30,167)</u>	<u>(10,026)</u>
Tax on (loss)/profit on ordinary activities	<u>(26,884)</u>	<u>17,259</u>

**Tax on items charged to equity**

	2016 £	2015 £
Deferred tax on revaluation of property	<u>31,000</u>	<u>73,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016

## 6. TAXATION - continued

**Reconciliation of total tax (credit)/charge included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016 £	2015 £
(Loss)/profit on ordinary activities before tax	<u>(191,285)</u>	<u>217,422</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.583%)	<u>(38,257)</u>	44,752
Effects of:		
Expenses not deductible for tax purposes	-	62,974
Income not taxable for tax purposes	<u>(2,429)</u>	-
Capital allowances in excess of depreciation	-	(23,444)
Depreciation in excess of capital allowances	<u>30,611</u>	-
Adjustments to tax charge in respect of previous periods	<u>2,891</u>	-
Partnership losses not available for relief	<u>10,467</u>	6,598
Marginal relief	-	(621)
Deferred tax	<u>(30,167)</u>	<u>(73,000)</u>
Total tax (credit)/charge	<u>(26,884)</u>	<u>17,259</u>

## 7. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(589,716) (2015 - £(266,094)).

## 8. DIVIDENDS

	2016 £	2015 £
Ordinary A shares of £1 each		
Interim	<u>72,000</u>	<u>26,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016

## 9. TANGIBLE FIXED ASSETS

## Group

	Freehold property £	Investment Property £	Fixtures fittings and equip't £	Plant and machinery £
<b>COST OR VALUATION</b>				
At 1 September 2015	9,780,221	215,600	621,347	401,609
Additions	16,804	-	1,584	61,130
Disposals	-	(230,000)	-	-
Fair value adjustment	-	14,400	-	-
At 31 August 2016	<u>9,797,025</u>	<u>-</u>	<u>622,931</u>	<u>462,739</u>
<b>DEPRECIATION</b>				
At 1 September 2015	253,238	-	316,215	216,609
Charge for year	<u>144,140</u>	<u>-</u>	<u>54,263</u>	<u>50,483</u>
At 31 August 2016	<u>397,378</u>	<u>-</u>	<u>370,478</u>	<u>267,092</u>
<b>NET BOOK VALUE</b>				
At 31 August 2016	<u>9,399,647</u>	<u>-</u>	<u>252,453</u>	<u>195,647</u>
At 31 August 2015	<u>9,526,983</u>	<u>215,600</u>	<u>305,132</u>	<u>185,000</u>

	Close care development £	Motor vehicles £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>				
At 1 September 2015	3,151	29,980	26,585	11,078,493
Additions	-	-	-	79,518
Disposals	-	-	-	(230,000)
Fair value adjustment	-	-	-	14,400
At 31 August 2016	<u>3,151</u>	<u>29,980</u>	<u>26,585</u>	<u>10,942,411</u>
<b>DEPRECIATION</b>				
At 1 September 2015	3,151	26,008	7,837	823,058
Charge for year	<u>-</u>	<u>1,303</u>	<u>2,659</u>	<u>252,848</u>
At 31 August 2016	<u>3,151</u>	<u>27,311</u>	<u>10,496</u>	<u>1,075,906</u>
<b>NET BOOK VALUE</b>				
At 31 August 2016	<u>-</u>	<u>2,669</u>	<u>16,089</u>	<u>9,866,505</u>
At 31 August 2015	<u>-</u>	<u>3,972</u>	<u>18,748</u>	<u>10,255,435</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**9. TANGIBLE FIXED ASSETS - continued****Group**

The freehold land and buildings and investment property were valued by Edward Symmons LLP on 12 December 2013 on an open market value basis. The directors consider that there has been no material movement in the value of properties since the last formal valuation on 12 December 2013. On a historical cost basis the freehold property would have been included at an original cost of £4,161,032 (2015 - £4,144,229) and aggregate depreciation of £729,292 (2015 - £646,071). Included in the cost is non-depreciable land of £1,885,028 (2015 - £1,885,028)

Corporation tax of approximately £322,000 (2015 - £353,000) would be payable if the properties were sold at their revalued amounts. Under the provisions of FRS 102, this has been recognised as a liability and the movement on the recognised amount is charged to equity.

Plant and machinery with a carrying value of £98,784 (2015 - £72,572) are held under finance leases.

Cost or valuation at 31 August 2016 is represented by:

	<b>Freehold property £</b>	<b>Fixtures fittings and equip't £</b>	<b>Plant and machinery £</b>
Valuation in 2007	1,525,000	-	-
Valuation in 2008	200,000	-	-
Valuation in 2009	1,157,072	-	-
Valuation in 2012	1,039,418	-	-
Valuation in 2014	578,259	-	-
Cost	<u>5,297,276</u>	<u>622,931</u>	<u>462,739</u>
	<u>9,797,025</u>	<u>622,931</u>	<u>462,739</u>

	<b>Close care development £</b>	<b>Motor vehicles £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
Valuation in 2007	-	-	-	1,525,000
Valuation in 2008	-	-	-	200,000
Valuation in 2009	-	-	-	1,157,072
Valuation in 2012	-	-	-	1,039,418
Valuation in 2014	-	-	-	578,259
Cost	<u>3,151</u>	<u>29,980</u>	<u>26,585</u>	<u>6,442,662</u>
	<u>3,151</u>	<u>29,980</u>	<u>26,585</u>	<u>10,942,411</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016

## 9. TANGIBLE FIXED ASSETS - continued

## Company

	Freehold property £	Investment Property £	Fixtures fittings and equip't £	Computer equipment £	Totals £
<b>COST OR VALUATION</b>					
At 1 September 2015	8,763,209	215,600	506,365	26,585	9,511,759
Additions	16,804	-	1,584	-	18,388
Disposals	-	(230,000)	-	-	(230,000)
Fair value adjustment	-	14,400	-	-	14,400
At 31 August 2016	<u>8,780,013</u>	<u>-</u>	<u>507,949</u>	<u>26,585</u>	<u>9,314,547</u>
<b>DEPRECIATION</b>					
At 1 September 2015	141,029	-	290,929	7,837	439,795
Charge for year	<u>125,252</u>	<u>-</u>	<u>50,999</u>	<u>2,659</u>	<u>178,910</u>
At 31 August 2016	<u>266,281</u>	<u>-</u>	<u>341,928</u>	<u>10,496</u>	<u>618,705</u>
<b>NET BOOK VALUE</b>					
At 31 August 2016	<u>8,513,732</u>	<u>-</u>	<u>166,021</u>	<u>16,089</u>	<u>8,695,842</u>
At 31 August 2015	<u>8,622,180</u>	<u>215,600</u>	<u>215,436</u>	<u>18,748</u>	<u>9,071,964</u>

The freehold land and buildings and investment property were valued by Edward Symmons LLP on 12 December 2013 on an open market value basis. The directors consider that there has been no material movement in the value of properties since the last formal valuation on 12 December 2013. On a historical cost basis the freehold property would have been included at an original cost of £3,425,235 (2015 - £3,408,432) and aggregate depreciation of £656,052 (2015 - £587,548). Included in the cost is non-depreciable land of £1,855,028 (2015 - £1,855,028). Included in the cost is non-depreciable land of £1,885,028 (2015 - £1,885,028)

Corporation tax of approximately £322,000 (2015 - £353,000) would be payable if the properties were sold at their revalued amounts. Under the provisions of FRS 102, this has been recognised as a liability and the movement on the recognised amount is charged to equity.

Plant and machinery with a carrying value of £38,716 (2015 - £45,787) are held under finance leases.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**9. TANGIBLE FIXED ASSETS - continued****Company**

Cost or valuation at 31 August 2016 is represented by:

	Freehold property £	Fixtures fittings and equip't £	Computer equipment £	Totals £
Valuation in 2007	525,000	-	-	525,000
Valuation in 2008	200,000	-	-	200,000
Valuation in 2009	1,157,072	-	-	1,157,072
Valuation in 2012	1,039,418	-	-	1,039,418
Valuation in 2014	578,259	-	-	578,259
Cost	<u>5,280,264</u>	<u>507,949</u>	<u>26,585</u>	<u>5,814,798</u>
	<u>8,780,013</u>	<u>507,949</u>	<u>26,585</u>	<u>9,314,547</u>

**10. FIXED ASSET INVESTMENTS****Company**

	Shares in group undertakings £
<b>COST</b>	
At 1 September 2015 and 31 August 2016	<u>432,196</u>
<b>PROVISIONS</b>	
At 1 September 2015 and 31 August 2016	<u>34,047</u>
<b>NET BOOK VALUE</b>	
At 31 August 2016	<u>398,149</u>
At 31 August 2015	<u>398,149</u>

The group or the company's investments at the Balance Sheet date in the share capital of companies include the following:

**Subsidiaries****Eyhurst Court Limited**

Nature of business: Management of a nursing home

Class of shares:	% holding
Ordinary shares	100.00

**BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016**

**10. FIXED ASSET INVESTMENTS - continued**

**Birtley Mews Limited**

Nature of business: Management of close care apartments

Class of shares:	%
Ordinary	holding 100.00

**Birtley Brook Estates LLP**

Nature of business: Property and estate management

Class of shares:	%
Share of profits and losses	holding 75.00

Birtley House Group Limited is a designated member of Birtley Brook Estates LLP and takes 75% of profits and losses.

All subsidiaries are incorporated and operate in the United Kingdom. The results of all subsidiaries are included within the consolidated accounts.

**11. STOCKS**

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Stocks	<u><b>3,500</b></u>	<u><b>3,500</b></u>

**12. DEBTORS**

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	105,267	19,248	-	-
Other debtors	9,148	14,221	3,617	11,090
Directors' loan accounts	10,400	10,400	10,400	10,400
Corporation tax recoverable	3,158	3,158	3,158	3,158
Prepayments and accrued income	<u>6,815</u>	<u>17,331</u>	<u>-</u>	<u>-</u>
	<u>134,788</u>	<u>64,358</u>	<u>17,175</u>	<u>24,648</u>
Amounts falling due after more than one year:				
Called up share capital not paid	<u>4</u>	<u>4</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>134,792</u>	<u>64,362</u>	<u>17,175</u>	<u>24,648</u>

**BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016**

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts (see note 15)	<b>182,661</b>	211,330	<b>145,271</b>	175,000
Hire purchase contracts (see note 16)	<b>28,142</b>	23,175	<b>12,240</b>	23,175
Trade creditors	<b>62,445</b>	95,563	<b>9,793</b>	50,037
Amounts owed to group undertakings	-	-	<b>1,457,700</b>	1,303,779
Corporation tax	<b>392</b>	27,285	-	-
Other taxes and social security	<b>47,326</b>	46,087	-	-
Other creditors	<b>232,757</b>	95,222	<b>98,522</b>	12,850
Directors' loan accounts	<b>79,880</b>	33,771	<b>78,008</b>	6,996
Accruals and deferred income	<b>260,472</b>	625,538	<b>28,475</b>	330,321
	<b><u>894,075</u></b>	<b><u>1,157,971</u></b>	<b><u>1,830,009</u></b>	<b><u>1,902,158</u></b>

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Debentures (see note 15)	<b>500,000</b>	500,000	<b>500,000</b>	500,000
Bank loans (see note 15)	<b>3,574,670</b>	3,228,596	<b>3,489,663</b>	3,106,250
Hire purchase contracts (see note 16)	<b>30,563</b>	23,586	<b>12,012</b>	23,586
Other creditors	-	13,500	-	13,500
Directors' loan accounts	-	193,912	-	37,792
	<b><u>4,105,233</u></b>	<b><u>3,959,594</u></b>	<b><u>4,001,675</u></b>	<b><u>3,681,128</u></b>

The debenture loans are interest free and repayable on demand, subject to the grant of a new debenture and a new licence by the company to a new resident on substantially the same terms as the original debenture and for a loan amount at least equal to the debenture sum repaid. The average life of the licence and debenture loan is estimated by the directors' as between two and five years.

The bank loans are repayable by way of monthly instalments over a period of 10, 15 and 20 years. All three loans attract interest at a rate of base plus 2.50%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016

## 15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Amounts falling due within one year or on demand:				
Bank loans	<u>182,661</u>	<u>211,330</u>	<u>145,271</u>	<u>175,000</u>
Amounts falling due between two and five years:				
Debentures	500,000	500,000	500,000	500,000
Bank loans	<u>713,326</u>	<u>815,617</u>	<u>635,099</u>	<u>700,000</u>
	<u>1,213,326</u>	<u>1,315,617</u>	<u>1,135,099</u>	<u>1,200,000</u>
Amounts falling due in more than five years:				
Repayable by instalments				
Bank loans	<u>2,861,344</u>	<u>2,412,979</u>	<u>2,854,564</u>	<u>2,406,250</u>

## 16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

## Group

	Hire purchase contracts	
	2016 £	2015 £
Net obligations repayable:		
Within one year	28,142	23,175
Between one and five years	<u>30,563</u>	<u>23,586</u>
	<u>58,705</u>	<u>46,761</u>

## Company

	Hire purchase contracts	
	2016 £	2015 £
Net obligations repayable:		
Within one year	12,240	23,175
Between one and five years	<u>12,012</u>	<u>23,586</u>
	<u>24,252</u>	<u>46,761</u>

**BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016**

**16. LEASING AGREEMENTS - continued**

**Group**

	Non-cancellable operating leases	
	2016	2015
	£	£
Within one year	82,001	64,702
Between one and five years	<u>78,166</u>	<u>116,920</u>
	<u><b>160,167</b></u>	<u><b>181,622</b></u>

**Company**

	Non-cancellable operating leases	
	2016	2015
	£	£
Within one year	61,947	44,648
Between one and five years	<u>65,589</u>	<u>84,288</u>
	<u><b>127,536</b></u>	<u><b>128,936</b></u>

**17. SECURED DEBTS**

The following secured debts are included within creditors:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans	3,757,331	3,439,926	3,634,934	3,281,250
Hire purchase contracts	58,705	46,761	24,252	46,761
Debentures	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
	<u><b>4,316,036</b></u>	<u><b>3,986,687</b></u>	<u><b>4,159,186</b></u>	<u><b>3,828,011</b></u>

Debenture loans are secured by the group and company by way of floating charge over the company's assets.

The bank loans are secured by the bank on the freehold property, together with a fixed and floating charge over the group and company's assets.

Liabilities under hire purchase contracts are secured against the assets concerned.

**BIRTLEY HOUSE GROUP LIMITED (REGISTERED NUMBER: 05814316)**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016**

**18. PROVISIONS FOR LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Deferred tax				
Other timing differences	<b>322,000</b>	353,000	<b>322,000</b>	353,000
Deferred tax	<b><u>105,901</u></b>	<u>105,068</u>	<b><u>79,231</u></b>	<u>86,264</u>
	<b><u>427,901</u></b>	<u>458,068</u>	<b><u>401,231</u></b>	<u>439,264</u>
<b>Group</b>				
				<b>Deferred tax</b>
				<b>£</b>
Balance at 1 September 2015				<b>458,068</b>
Credit to Income Statement during year				<b><u>(30,167)</u></b>
Balance at 31 August 2016				<b><u>427,901</u></b>
<b>Company</b>				
				<b>Deferred tax</b>
				<b>£</b>
Balance at 1 September 2015				<b>439,264</b>
Credit to Income Statement during year				<b><u>(38,033)</u></b>
Balance at 31 August 2016				<b><u>401,231</u></b>

**19. MINORITY INTERESTS**

Minority interests relate to S R L Whalley, a director of the company, who has a personal interest of 25% in Birtley Brook Estates LLP.

**20. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			<b>2016</b>	<b>2015</b>
Number:	Class:	Nominal value:	<b>£</b>	<b>£</b>
1,100	Ordinary A	£1	<b>1,100</b>	1,100
1,200	Ordinary B	£1	<b><u>1,200</u></b>	<u>1,200</u>
			<b><u>2,300</u></b>	<u>2,300</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 AUGUST 2016**

**20. CALLED UP SHARE CAPITAL - continued**

The A shares confer upon the holders the right to receive dividends and other distributions out of distributable profits or assets of the company as at 31 August 2008, but do not confer the right to any further participation in the profits or assets of the company.

The B shares confer upon the holders the right to receive dividends and other distributions out of distributable profits or assets of the company accumulated since 1 September 2008 and all future profits or assets of the company. The holders of B shares are entitled to one vote per share held on all resolutions proposed. The holders of A shares are not entitled to vote on general matters, however they are entitled to one vote per share held on certain resolutions specifically provided in the articles of association. These resolutions cover amendments to the articles, amendments to rights attached to shares, the allotment or issue of shares and the declaration or payment of dividends on the A shares only.

**21. RESERVES****Group**

	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Capital redemption reserve £</b>	<b>Totals £</b>
At 1 September 2015	4,107,930	814,559	998	4,923,487
Deficit for the year	(132,381)	-	-	(132,381)
Dividends	(72,000)	-	-	(72,000)
At 31 August 2016	<u>3,903,549</u>	<u>814,559</u>	<u>998</u>	<u>4,719,106</u>

**Company**

	<b>Retained earnings £</b>	<b>Share premium £</b>	<b>Capital redemption reserve £</b>	<b>Totals £</b>
At 1 September 2015	3,645,747	99	998	3,646,844
Deficit for the year	(589,716)	-	-	(589,716)
Dividends	(72,000)	-	-	(72,000)
At 31 August 2016	<u>2,984,031</u>	<u>99</u>	<u>998</u>	<u>2,985,128</u>

Non-distributable profits relating to the revaluation of freehold land and buildings included in retained earnings of the Group and the company total £2,825,830 (2015 - £2,880,445). This amount is net of the tax charge that is expected upon the disposal of the properties.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016**

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**22. CONTINGENT LIABILITIES**

Birtley Mews Limited has given security to Stevens & Bolton Trustees Limited over the Mews apartments disposed of to the value of the sums paid by the residents. The value of these sums at 31 August 2016 totalled £3,320,000 (2015 - £3,290,000). The security given to the Stevens & Bolton Trustees shall be in priority over any other security given by Birtley Mews Limited to its bankers.

Birtley House Group Limited has given security in the form of individually registered legal charges over the West Wing apartments sold, excluding amounts held as returnable debentures (within creditors due in more than one year). The potential additional liability to the company is limited to the lower of the sum paid by the existing resident and the sum obtained on resale, which at 31 August 2016 totalled £4,015,000 (2015 - £3,650,000). However, this is contingent upon the apartment concerned being resold and an equivalent payment received from the purchaser, otherwise no liability to the current resident will arise.

**23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

At 31 August 2016 included within debtors is an amount due from F R A Whalley of £10,400 (2015 - £10,400). The loan accrues interest at a rate of 4% per annum until such time as the loan is repaid in full. During the year the company received £400 (2015 - £400) in interest in respect of his loan outstanding.

**24. RELATED PARTY DISCLOSURES**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Birtley House Group Limited has a 75% controlling interest in Birtley Brook Estates LLP. During the year the company loaned the LLP £nil (2015 - £55,500) and received losses of £96,059 (2015 - £96,170). At the year end the company owed £43,517 (2015 - £40,013) to Birtley Brook Estates LLP. No interest accrues on these amounts.

During the year Mrs C E Whalley, one of the directors, purchased the remaining 33.8% interest in the investment property, The Lodge, from the group for a consideration of £230,000.

At the year end, the company owed Mrs C E Whalley £78,008 (2015 - £44,788). The loan accrues interest at a rate of 3.5% per annum until such time the loan is repaid in full. The balance is included within creditors falling due within one year.

S & CW Limited is a company under the control of S R L Whalley and Mrs C E Whalley, directors of Birtley House Group Limited. During the year £39,500 (2015 - £39,500) was paid to S & CW Limited in respect of rent. At 31 August 2016 outstanding balances receivable of £1,328 (2015 - £1,365) and £2,080 (2015 - £7,080) were included in other debtors and trade debtors respectively. There was also a balance of £10,146 (2015 - £nil) included in other creditors which relates to a loan introduced during the year of £10,000. The loan attracts interest at a rate of 3.5% no repayments have been made in respect of this loan.

**Key management personnel**

Certain directors who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £141,729 (2015 - £138,918).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 AUGUST 2016

25. ULTIMATE CONTROLLING PARTY

The ultimate controlling parties are the directors S R L Whalley and C E Whalley together, by virtue of their controlling interest in the share capital of the company.

26. FIRST YEAR ADOPTION

The company transitioned to FRS 102 from previously extant UK GAAP as at 1 September 2014.

The impact of the transition to FRS 102 is as follows:

**Reconciliation of equity**

	At 1 September 2014 £	At 31 August 2015 £
Capital and reserves (as previously stated)	5,145,567	5,278,787
Reclassification of revaluation reserve	-	-
Recognition of deferred tax	(426,000)	(353,000)
	<u>4,719,567</u>	<u>4,925,787</u>

**Reconciliation of total comprehensive income**

	Year ended 31 August 2015 £
Total comprehensive income (as previously stated)	133,220
Recognition of deferred tax	73,000
	<u>206,220</u>

**Reclassification of revaluation reserve**

Under previous UK GAAP revaluation of freehold and investment property was shown in a revaluation reserve, with movement in the year shown in the Statement of Total Recognised Gains and Losses. Under FRS 102 movements are shown in the Statement of Comprehensive Income, with the balance held in retained earnings. The reclassification of the revaluation reserve had a £nil effect on the total capital and reserves at 1 September 2014 and 31 August 2015.

**Recognition of deferred tax**

Under previous UK GAAP the potential tax charge on revalued properties was not recognised unless a sale was imminent. Under FRS 102 this amount should be recognised irrespective of whether the properties are in the process of being disposed. The impact is to increase the deferred tax liability by £426,000 and £353,000 at 1 September 2014 and 31 August 2015 respectively. This also resulted in a £73,000 credit to the total comprehensive income for the year ended 31 August 2015.

**Transitional relief**

On transition to FRS 102, the group has taken advantage of the following transitional relief:

- to use a previous GAAP revaluation as deemed cost on an item of property, plant and equipment.

GUILDFORD OFFICE

Mount Manor House, 16 The Mount, Guildford, Surrey GU2 4HN

T: +44 (0)1483 306318 F: +44 (0)1483 565384

E: [guildford@wilkinskennedy.com](mailto:guildford@wilkinskennedy.com)



CHARTERED ACCOUNTANTS  
& BUSINESS ADVISERS

Registrar of Companies  
Companies House  
Crown Way  
Cardiff  
CF14 3UZ

RJS/RW/C

31 May 2017

Dear Sirs

**Birtley Brook Estates LLP**  
**Company Number: OC363677**

We enclose a copy of the accounts for the year ended 31 August 2016 for the above mentioned company, for filing.

Yours faithfully

*Wilkins Kennedy LLP*

**Wilkins Kennedy LLP**

Encl



Wilkins Kennedy LLP is a limited liability partnership registered in England and Wales with registered number OC370220. Registered to carry on audit work in the UK and Ireland and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

A full list of members is open for inspection at the registered office: Bridge House, London Bridge, London SE1 9QR. We use the word partner to refer to a member of the LLP or to an employee of equivalent status.