COMPANY REGISTRATION NUMBER: 03159421

Equilibrium Healthcare Limited

Financial Statements

For the Year Ended

30 June 2016

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COMPANIES HOUSE

BEEVER AND STRUTHERS

Chartered accountant & statutory auditor

St. George's House

215 - 219 Chester Road

Manchester

M15 4JE

Equilibrium Healthcare Limited

Financial Statements

Year Ended 30 June 2016

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Equilibrium Healthcare Limited

Strategic Report

Year Ended 30 June 2016

Principal Activities and Strategy

The principal activity of the company during the year continued to be the operation of the Bigfoot Independent Hospital (operated through this company), for individuals diagnosed with mental health problems and Moston Grange (operated through a wholly owned subsidiary, EHC Moston Grange Limited), a care home specialising in the care of individuals suffering from early onset dementia, although some may present with other mental or physical illnesses too.

Our strategy is to ensure that the needs of our service users are best served by working in collaboration with local clinical commissioning teams and local authorities. We aim to create working partnerships to ensure that care for our service users is seamless and that their individual care pathways always remain the focus of our service provision.

Business Review

The company has seen another strong year with occupancy levels in excess of 92% throughout the year. This has led to an increase in total group revenue of £735k from £6,800k to £7,535k.

The care of the service users remains the primary business objective and the service has made considerable investment in the ongoing operational costs of the business, which is reflected in the overall performance of reported earnings before interest, tax, depreciation and amortisation (EBITDA). EBITDA was £1,989k, compared with £2,429k in 2015.

Within the company are two of the three houses (Fallowfield one and two) which forms part of the hugely successful Fallowfield project. This service supports people with mental health and/or learning difficulties, within a home environment, via supported tenancies and this continued to strengthen during the year.

We remain confident that the high levels of occupancy will continue for Moston Grange and Fallowfield, but acknowledge that Bigfoot will suffer from reduced occupancy due to the forced implementation of the transforming care agenda, as directed by Government policy, which will manifest itself during the next 6 months with service users being discharged into community based facilities.

Our aim is for the high level of occupancy to continue in the upcoming year and relationships with commissions and local authorities continue to develop and remain strong such that Bigfoot and Moston Grange remain front of mind for those in the community.

Principal Risks

Regulatory risk
The company is subject to increasingly high levels of regulation from the CQC and various other regulatory bodies. The quality of care is the primary objective and is constantly monitored by an experienced team through robust policies and procedures and regular internal audits. As referred to above, there is increasing pressure from central Government to discharge patients with learning disabilities from hospitals into community based facilities, which will have a significant impact on the Bigfoot Independent Hospital. Notwithstanding the above and the implementation of initiatives, which are outside of our control, we will decide upon the future of Bigfoot hospital during the first quarter of the next financial year

Competition risk
Pressure from competitors leads to increased pressure on prices and the opportunity to obtain referrals. Focus on the delivery of quality of care, moreover building and maintaining strong relationships with commissioners has enabled the company to remain competitive in the sector.

Credit risk
Revenue is predominantly publicly funded from Local Authorities, Clinical Commissioning Groups (CCGs) and other NHS Trusts. It is not considered a risk that the public bodies will cease to fund the services. The company delivers value for money services and works alongside authorities to provide a service aligned to their needs.

Employment risk
High quality and skilled employees are essential in delivering high quality care. The company focuses on staff retention as a priority and training and development programs are implemented for all employees.

Financial Risk Management

Interrogation of procedures and controls has continued throughout the year, together with a constant review of BUAL (Business Unit Authority Listings), both of which have proved successful this year.

Our rigorous approach to reviewing the business, strategy and risk management will continue.

The company's funding requirements are managed alongside those of fellow members of the Equilibrium Healthcare Group Limited and members of the Equilibrium Healthcare Limited group, which are under the same ownership control, with funds provided between companies on an interest free basis, where required.

This report was approved by the board of directors on 22 March 2017 and signed on behalf of the board by:



A White
Director

Registered office:
Bollin House
Riverside Park
Bollin Lane
Wilmslow
Cheshire
SK9 1DP

Equilibrium Healthcare Limited

Directors' Report

Year Ended 30 June 2016

The directors present their report and the financial statements of the group for the year ended 30 June 2016.

Directors

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

P J Keely
H J Dudgeon
A White

Dividends

The directors do not recommend the payment of a dividend.

Disclosure of Information in the Strategic Report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006(Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information that would have been included in the business review and the principal risks and uncertainties.

Directors' Responsibilities Statement

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

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

In preparing these financial statements, the directors are required to:

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

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 22 March 2017 and signed on behalf of the board by:

A White
Director

Registered office:
Bollin House
Riverside Park
Bollin Lane
Wilmslow
Cheshire
SK9 1DP

Equilibrium Healthcare Limited

Independent Auditor's Report to the Members of Equilibrium Healthcare Limited

Year Ended 30 June 2016

We have audited the financial statements of Equilibrium Healthcare Limited for the year ended 30 June 2016, on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and the 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, 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 strategic report and the directors' 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 group's and of the parent company's affairs as at 30 June 2016 and of the group's 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

- The information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the Members of Equilibrium Healthcare Limited
(continued)

Year Ended 30 June 2016

Matters on Which We are Required to Report by Exception

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

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

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

Caroline Monk (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Chartered accountant & statutory auditor

St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

22 March 2017

Equilibrium Healthcare Limited

Consolidated Statement of Comprehensive Income

Year Ended 30 June 2016

	Note	2016 £	2015 £
Turnover	4	**7,534,965**	6,800,265
Cost of sales		**4,676,666**	3,637,851
Gross profit		**2,858,299**	3,162,414
Administrative expenses		**1,076,796**	940,519
Operating profit	5	**1,781,503**	2,221,895
Other interest receivable and similar income		**39,201**	29,195
Interest payable and similar charges	9	**2,220**	11,601
Profit on ordinary activities before taxation		**1,818,484**	2,239,489
Tax on profit on ordinary activities	10	**444,766**	479,143
Profit for the financial year and total comprehensive income		**1,373,718**	1,760,346

All the activities of the group are from continuing operations.

The notes on pages 13 to 25 form part of these financial statements.

Equilibrium Healthcare Limited

Consolidated Statement of Financial Position

30 June 2016

	Note		2016 £		2015 £
Fixed assets					
Tangible assets	12		5,055,148		5,193,190
Current assets					
Debtors	14	1,120,261		1,089,468	
Cash at bank and in hand		15,484,232		12,561,421	
		16,604,493		13,650,889	
Creditors: amounts falling due within one year	15	5,957,904		4,531,177	
Net current assets			10,646,589		9,119,712
Total assets less current liabilities			15,701,737		14,312,902
Creditors: amounts falling due after more than one year	16		29,939		33,074
Provisions					
Taxation including deferred tax	18		127,196		108,944
Net assets			15,544,602		14,170,884
Capital and reserves					
Called up share capital	20		31,112		31,112
Profit and loss account	21		15,513,490		14,139,772
Members funds			15,544,602		14,170,884

These financial statements were approved by the board of directors and authorised for issue on 22 March 2017, and are signed on behalf of the board by:

A White
Director

Company registration number: 03159421

Equilibrium Healthcare Limited

Company Statement of Financial Position

30 June 2016

	Note		2016 £		2015 £
Fixed assets					
Tangible assets	12		3,137,588		3,203,877
Investments	13		2		2
			3,137,590		3,203,879
Current assets					
Debtors	14	988,431		950,598	
Cash at bank and in hand		15,172,473		12,375,185	
		16,160,904		13,325,783	
Creditors: amounts falling due within one year	15	9,219,503		7,323,912	
Net current assets			6,941,401		6,001,871
Total assets less current liabilities			10,078,991		9,205,750
Creditors: amounts falling due after more than one year	16		9,604		10,584
Provisions					
Taxation including deferred tax	18		71,689		56,197
Net assets			9,997,698		9,138,969
Capital and reserves					
Called up share capital	20		31,112		31,112
Profit and loss account	21		9,966,586		9,107,857
Members funds			9,997,698		9,138,969

These financial statements were approved by the board of directors and authorised for issue on 22 March 2017, and are signed on behalf of the board by:

A White
Director

Company registration number: 03159421

The notes on pages 13 to 25 form part of these financial statements.

Equilibrium Healthcare Limited

Consolidated Statement of Changes in Equity

Year Ended 30 June 2016

	Called up share capital £	Profit and loss account £	Total £
At 1 July 2014	31,112	12,379,426	12,410,538
Profit for the year		1,760,346	1,760,346
Total comprehensive income for the year	–	1,760,346	1,760,346
At 30 June 2015	31,112	14,139,772	**14,170,884**
Profit for the year		1,373,718	**1,373,718**
Total comprehensive income for the year	–	1,373,718	**1,373,718**
At 30 June 2016	31,112	15,513,490	**15,544,602**

The notes on pages 13 to 25 form part of these financial statements.

Equilibrium Healthcare Limited

Company Statement of Changes in Equity

Year Ended 30 June 2016

	Called up share capital £	Profit and loss account £	**Total £**
At 1 July 2014	31,112	8,039,762	8,070,874
Profit for the year		1,068,095	1,068,095
Total comprehensive income for the year	–	1,068,095	1,068,095
At 30 June 2015	31,112	9,107,857	**9,138,969**
Profit for the year		858,729	**858,729**
Total comprehensive income for the year	–	858,729	**858,729**
At 30 June 2016	31,112	9,966,586	**9,997,698**

The notes on pages 13 to 25 form part of these financial statements.

Equilibrium Healthcare Limited

Consolidated Statement of Cash Flows

Year Ended 30 June 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	**1,373,718**	1,760,346
Adjustments for:		
Depreciation of tangible assets	**207,494**	206,793
Other interest receivable and similar income	**(39,201)**	(29,195)
Interest payable and similar charges	**2,220**	11,601
Tax on profit on ordinary activities	**444,766**	479,143
Accrued expenses	**258,600**	62,968
Changes in:		
Trade and other debtors	**(30,793)**	(340,714)
Trade and other creditors	**539,727**	(135,170)
Cash generated from operations	**2,756,531**	2,015,772
Interest paid	**(2,220)**	(11,601)
Interest received	**39,201**	29,195
Tax paid	**(504,789)**	(796,195)
Net cash from operating activities	**2,288,723**	1,237,171
Cash flows from investing activities		
Purchase of tangible assets	**(69,452)**	(56,852)
Cash advances and loans granted	**–**	400,000
Net cash (used in)/from investing activities	**(69,452)**	343,148
Cash flows from financing activities		
Payments of finance lease liabilities	**(3,135)**	(3,171)
Net cash used in financing activities	**(3,135)**	(3,171)
Net increase in cash and cash equivalents	**2,216,136**	1,577,148
Cash and cash equivalents at beginning of year	**9,651,421**	8,074,273
Cash and cash equivalents at end of year	**11,867,557**	9,651,421
Cash equivalents are represented by:		
Cash at bank	**15,484,232**	12,561,421
Cash held on behalf of related parties	**(3,616,675)**	(2,910,000)
Cash and cash equivalents at end of year	**11,687,557**	9,651,421

The notes on pages 13 to 25 form part of these financial statements.

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2016

1. General Information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Bollin House, Riverside Park, Bollin Lane, Wilmslow, Cheshire, SK9 1DP.

2. Statement of Compliance

These financial statements have been prepared in accordance with FRS102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'

3. Accounting Policies

Basis of Preparation

The financial statements have been prepared on the historical cost basis.

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

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 July 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 24.

Disclosure Exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS102:

(a) No cash flow statement has been presented for the company.

Consolidation

The financial statements consolidate the financial statements of Equilibrium Healthcare Limited its subsidiary undertaking, EHC Moston Grange Limited.

These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition.

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

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

3. Accounting Policies *(continued)*

Judgements and Key Sources of Estimation Uncertainty

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

Significant judgements

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

- Determination of whether there are indicators of impairment of the company's tangible fixed assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

- Determination of whether leases entered into by the company as a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

- Determination of recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not fully recoverable.

Key sources of estimation uncertainty

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

- Tangible fixed assets are depreciated over their useful lives taking into account residual value, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assesssing asset lives, factors such as technological innovation, product life cycles and maintencance are taken into account. Residual value assessments consider issues such as future market condiations, the remaining life of an asset and prohected disposal values.

Revenue Recognition

The turnover shown in the profit and loss account represents services provided during the year.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

3. Accounting Policies *(continued)*

Income Tax

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

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

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

Operating Leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible Assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2% straight line
Solar Panels	-	4% straight line
Capital Refurbishment	-	25% reducing balance
Fixtures, Fittings and Equipment	-	25% reducing balance

No depreciation is charged on freehold land.

Investments

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

3. **Accounting Policies** *(continued)*

Impairment of Fixed Assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Finance Leases and Hire Purchase Contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period is arises.

3. Accounting Policies *(continued)*

Financial Instruments

Debtors

Amounts owed by group companies due within one year are measured at the undiscounted amount of the cash or other consideration expected to be received. All other debtors are measured at transaction price, less any impairment.

Cash and cash equivalents

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

Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to and from related parties.

Creditors

Amounts owed to group companies due within one year are measured at the undiscounted amount of the cash or other consideration expected to be paid. All other creditors are measured at transaction price.

4. Turnover

Turnover arises from:

	2016	2015
	£	£
Rendering of services	**7,534,965**	6,800,265

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

5. Operating Profit

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Depreciation of tangible assets	**207,494**	206,793
Impairment of trade debtors	**(185,000)**	73,007

6. Auditor's Remuneration

	2016	2015
	£	£
Fees payable for the audit of the financial statements	**5,630**	5,216

7. Staff Costs

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

	2016	2015
	No.	No.
Care home staff	**142**	125

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

	2016	2015
	£	£
Wages and salaries	**3,715,295**	2,996,959
Social security costs	**324,674**	259,815
	4,039,969	3,256,774

8. Directors' Remuneration

The directors aggregate remuneration in respect of qualifying services was:

	2016	2015
	£	£
Remuneration	**101,646**	100,000

The directors have received their remuneration from Equilibrium Healthcare Limited, EHC Harnham House Limited, EHC Moston Grange Limited and EHC Oakland House Limited, companies under common control. The total remuneration received in the year amounted to £203,292 (2015 - £200,000). The highest paid director received £101,644 (2015 - £100,000).

In addition to the above cost, director's fees of £61,580 (2015 - £100,000) have been incurred in respect of one director. £61,850 of these fees (2015 - £40,000) were recharged by Leap 29 Limited.

9. Interest Payable and Similar Charges

	2016	2015
	£	£
Interest on obligations under finance leases and hire purchase contracts	**2,220**	2,131
Other interest payable and similar charges	**–**	9,470
	2,220	11,601

10. Tax on Profit on Ordinary Activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	**426,514**	493,377
Adjustments in respect of prior periods	**–**	25,608
Total current tax	**426,514**	518,985
Deferred tax:		
Origination and reversal of timing differences	**18,252**	(39,842)
Tax on profit on ordinary activities	**444,766**	479,143

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2015: higher than) the standard rate of corporation tax in the UK of 20% (2015: 20.75%).

	2016 £	2015 £
Profit on ordinary activities before taxation	**1,818,484**	2,239,489
Profit on ordinary activities by rate of tax	**363,697**	464,694
Adjustment to tax charge in respect of prior periods	**–**	25,608
Effect of expenses not deductible for tax purposes	**81,069**	29,543
Deferred tax	**–**	(40,702)
Tax on profit on ordinary activities	**444,766**	479,143

11. Profit for the Year of the Parent Company

The profit for the financial year of the parent company was £858,729 (2015: £1,068,095).

12. Tangible Assets

Group	Freehold property £	Solar panels £	Capital refurbishment £	Furniture, fittings and equipment £	Total £
Cost					
At 1 July 2015	6,009,752	47,513	703,900	754,272	**7,515,437**
Additions	–	–	51,299	18,153	**69,452**
At 30 June 2016	6,009,752	47,513	755,199	772,425	**7,584,889**
Depreciation					
At 1 July 2015	1,122,274	4,232	541,763	653,978	**2,322,247**
Charge for the year	111,176	1,058	60,011	35,249	**207,494**
At 30 June 2016	1,233,450	5,290	601,774	689,227	**2,529,741**
Carrying amount					
At 30 June 2016	4,776,302	42,223	153,425	83,198	**5,055,148**
At 30 June 2015	4,887,478	43,281	162,137	100,294	5,193,190

Company	Freehold property £	Solar panels £	Capital refurbishment £	Furniture, fittings and equipment £	Total £
Cost					
At 1 July 2015	3,851,398	15,120	125,985	182,404	**4,174,907**
Additions	–	–	29,405	18,153	**47,558**
At 30 June 2016	3,851,398	15,120	155,390	200,557	**4,222,465**
Depreciation					
At 1 July 2015	711,539	1,208	115,024	143,259	**971,030**
Charge for the year	77,028	302	16,701	19,816	**113,847**
At 30 June 2016	788,567	1,510	131,725	163,075	**1,084,877**
Carrying amount					
At 30 June 2016	3,062,831	13,610	23,665	37,482	**3,137,588**
At 30 June 2015	3,139,859	13,912	10,961	39,145	3,203,877

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

Group	Solar panels £
At 30 June 2016	**42,223**
At 30 June 2015	43,281

12. Tangible Assets *(continued)*

Company	Solar panels £
At 30 June 2016	**13,610**
At 30 June 2015	13,912

13. Investments

The group has no investments.

Company	Shares in group undertakings £
Cost	
At 1 Jul 2015 and 30 Jun 2016	**2**
Impairment	
At 1 Jul 2015 and 30 Jun 2016	**–**
Carrying amount	
At 1 Jul 2015 and 30 Jun 2016	**2**

Subsidiaries, associates and other investments

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

	Country of incorporation	Class of share	Percentage of shares held
Subsidiary undertakings			
EHC Moston Grange Limited	United Kingdom	Ordinary £1	100

The results and capital and reserves for group undertakings not included in the consolidated financial statements are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2016 £	2015 £	**2016** £	2015 £
Subsidiary undertakings				
EHC Moston Grange Limited	**5,720,264**	5,055,275	**664,989**	692,251

14. Debtors

	Group		Company	
	2016 £	2015 £	**2016** £	2015 £
Trade debtors	**358,369**	301,131	**218,324**	169,829
Prepayments and accrued income	**39,407**	18,277	**19,856**	12,569
Other debtors	**722,485**	770,060	**750,251**	768,200
	1,120,261	1,089,468	**988,431**	950,598

14. Debtors *(continued)*

Included in other debtors at 30 June 2015 was a loan to First Packaging Services Limited of £51,650. A provision of £42,650 had been made against the loan. The loan was written off during the year ended 30 June 2016. The loan is not interest bearing.

A loan to TEDS Management Limited of £180,000 which was fully provided for at 30 June 2015 was fully repaid in the year. The loan was not interest bearing.

Included in other debtors is a loan to MB Legal Marketing Limited of £45,000 (2015: £50,000). This debt had been provided for (2015: fully provided for). The loan is not interest bearing.

15. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Trade creditors	**122,918**	50,509	**76,470**	24,263
Amounts owed to group undertakings	**–**	–	**2,925,409**	2,397,279
Accruals and deferred income	**578,993**	320,393	**312,549**	157,719
Corporation tax	**150,101**	228,376	**85,714**	123,291
Social security and other taxes	**–**	25,424	**–**	–
Obligations under finance leases and hire purchase contracts	**3,168**	3,168	**1,008**	1,008
Other creditors	**5,102,724**	3,903,307	**5,818,353**	4,620,352
	5,957,904	4,531,177	**9,219,503**	7,323,912

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

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Obligations under finance leases and hire purchase contracts	**29,939**	33,074	**9,604**	10,584

17. Finance Leases and Hire Purchase Contracts

The total future minimum lease payments under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Not later than 1 year	**3,168**	3,168	**1,008**	1,008
Later than 1 year and not later than 5 years	**12,670**	12,670	**4,032**	4,032
Later than 5 years	**17,269**	20,404	**5,572**	6,552
	33,107	36,242	**10,612**	11,592

18. Provisions

Group	Deferred tax (note 19)
	£
At 1 July 2015	**108,944**
Additions	**18,252**
At 30 June 2016	**127,196**

Company	Deferred tax (note 19)
	£
At 1 July 2015	**56,197**
Additions	**15,492**
At 30 June 2016	**71,689**

19. Deferred Tax

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

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Included in provisions (note 18)	**127,196**	108,944	**71,689**	56,197

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

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Accelerated capital allowances	**134,004**	131,703	**72,539**	66,723
Short term timing differences	**(6,808)**	(22,759)	**(850)**	(10,526)
	127,196	108,944	**71,689**	56,197

20. Called Up Share Capital

Authorised share capital

	2016		2015	
	No.	**£**	No.	£
Ordinary shares of £0.20 each	**155,062**	**31,012**	155,062	31,012
Ordinary shares of £1 each	**100**	**100**	100	100
	155,162	**31,112**	155,162	31,112

20. Called Up Share Capital *(continued)*

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.20 each	**155,062**	**31,012**	155,062	31,012
Ordinary shares of £1 each	**100**	**100**	100	100
	155,162	**31,112**	155,162	31,112

21. Reserves

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

22. Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2016	2015	**2016**	2015
	£	£	**£**	£
Not later than 1 year	**2,345**	68,412	**1,936**	38,964
Later than 1 year and not later than 5 years	**61,040**	34,854	**56,544**	34,854
	63,385	103,266	**58,480**	73,818

23. Related Party Transactions

The group was under the control of Mr P J Keely throughout the current and previous year. Mr P J Keely is the majority shareholder.

Included in other debtors is an amount of £26,028 (2015 - £26,028) due from Equilibrium Healthcare Group Limited and £695,339 (2015 - £34,987) due from Leap29 Limited (*) (a wholly owned subsidiary of Leap29 Holdings Limited). Included within related party creditors is £4,321,495 (2015 - £3,725,344) due to EHC Oakland House Limited (a wholly owned subsidiary of Equilibrium Healthcare Group Limited) and an amount of £547,409 (2015 - £8,388) due from EHC Harnham House Limited (a wholly owned subsidiary of Equilibrium Healthcare Group Limited). P J Keely and A White were directors of each of these companies during the year. H J Dudgeon was a director of EHC Harnham House Limited, Equilibrium Healthcare Group Limited and EHC Oakland House Limited during the year. P J Keely also owns the majority of the issued share capital of Leap29 Holdings Limited and Equilibrium Healthcare Group Limited. The balances arose through the transfer of funds and joint banking facilities.

(*) Included in this balance is £700,000 (2015 - £700,000) in respect of a loan made to Leap29 Limited. This loan does not bear interest and has no scheduled repayment date.

Leap 29 Limited recharged the group £61,850 (2015 - £40,000) in respect of director's fees relating to A White. Additional fees of £60,000 (2015 - £60,000) continue to be provided for in respect of A White.

The directors are considered to be the key management personnel of the group.

24. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The group and the company transitioned to FRS 102 on 1 July 2014.

No transitional adjustments were required in equity or profit or loss for the year.

An adjustment has been made to the operating lease disclosure note for the prior year to reflect the total lease commitments due under the terms of the lease rather than the commitment for 12 months following the financial year end.