

Salus Healthcare Limited
(formerly Pimco 2927 Limited)

Annual report and consolidated financial statements
Registered number 08415321
28 March 2014

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Company information

Directors

AW Smith
PJ Isherwood
J O'Connell
SP Kennedy
J Makin
D Alderson
J Garner

Company secretary

J Makin

Registered office

Sherwood House
Cartwright Way
Forest Business Park
Bardon Hill
Coalville
Leicestershire
LE67 1UB

Company registration number

08415321

Solicitors

Pinsent Masons LLP
1 Park Row
Leeds
LS1 5AB

Auditors

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Directors' report

The directors present their report and the audited financial statements of the company for the period from 22 February 2013 (the date of incorporation) to 28 March 2014.

Company incorporation

The company was incorporated on 22 February 2013 as Pimco 2927 Limited. On 6 March 2014 the company changed its name to Salus Healthcare Limited.

Principal activity

The principal activity of the company is the provision of healthcare services and products.

Results and dividends

The result for the year is shown in the attached profit and loss account. The directors do not recommend the payment of a dividend.

Directors

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

AW Smith	(appointed 5 July 2013)
PJ Isherwood	(appointed on incorporation)
J O'Connell	(appointed 19 March 2013)
SP Kennedy	(appointed 19 March 2013)
J Makin	(appointed 19 March 2013)
D Alderson	(appointed 19 March 2013)
J Garner	(appointed 19 March 2013)

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

KPMG LLP were appointed first auditors of the company by the directors. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



PJ Isherwood
Director

4 NOVEMBER 2014

Strategic report

Business review

On 19 April 2013, the company acquired the entire issued share capital of Nottingham Rehab Limited, which trades as “NRS Healthcare”, a leading provider of healthcare services and products. The directors are satisfied with the performance of the group during its first period of trading and are confident about its future prospects.

Sales revenues amounted to £109,703,000 and operating profit before exceptional items and goodwill amortisation amounted to £4,687,000. The profit on ordinary activities before taxation for the period amounted to £1,511,000.

The financial performance in the current period reflects the continued success of the group in a growing and developing market. During the period, the group successfully implemented the Norfolk Integrated Community Equipment Service (“ICES”) contract and successfully re-tendered for the Cambridgeshire & Peterborough ICES contract. In addition, the group successfully tendered for three new ICES contracts in Herefordshire, Oxfordshire and Torbay, all of which commenced on 1 April 2014.

The Product division continued to perform strongly with revenues growing in excess of 13%. The performance of this division is now at record levels and growth is anticipated to continue in future periods.

The market for the provision of outsourced ICES contracts continues to grow and the pipeline of new opportunities is substantial. As market leader within the industry, the directors believe that there is significant scope to develop and grow the business in future periods.

Within the ICES contracts, on-time collections and deliveries, being the key performance indicators that management consider to be important, were over 98% demonstrating a continued commitment to quality. Maintaining these service levels will be imperative for the continued growth and development of the business.

Principal risks and uncertainties

The group is reliant on a relatively small number of contracts for the majority of its revenues. There can be no guarantee that each of the contracts will be successfully renewed when the current contract terms expire. However, the group’s trading subsidiary is the market leader within the industry, and thereby it is well placed to renew its current contracts and successfully bid for any new contracts that are put to tender.

Disabled employees

It is company policy to give full and fair consideration to applications from disabled persons. Opportunities also exist for employees who become disabled to continue their employment or be trained for other suitable positions. Opportunities for promotion are open to all employees irrespective of disablement.

Employee consultation

Information is provided to employees regarding the company and factors affecting its performance through normal management channels and regular consultation.

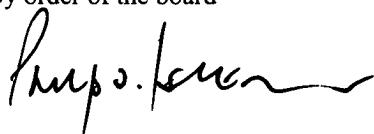
Supplier payment policy

The company’s policy in respect of payments to suppliers is to agree the terms of payment with suppliers in advance, to ensure that suppliers are made aware of those terms and abide by such terms.

Trade creditors

The trade creditors at 28 March 2014 represent 30 creditor days based on the total amounts invoiced by suppliers during the period.

By order of the board



PJ Isherwood
Director

4 NOVEMBER 2014

Statement of directors' responsibilities in respect of the directors' report, the strategic report and the financial statements

The directors are responsible for preparing the Directors' Report, the Strategic 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Independent auditors' report to the members of Salus Healthcare Limited (formerly Pimco 2927 Limited)

We have audited the financial statements of Salus Healthcare Limited (formerly Pimco 2927 Limited) for the period from 22 February 2013 (the date of incorporation) to 28 March 2014 set out on pages 6 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 March 2014 and of the group's profit for the period then ended;
- have been properly prepared in accordance with UK 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 Directors' and Strategic Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Wayne Cox (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

4 November 2014

Consolidated profit and loss account
for the period ended 28 March 2014

	<i>Note</i>	Period from 22 February 2013 to 28 March 2014 £000
Turnover	1	109,703
Cost of sales		(90,134)
Gross profit		19,569
Selling and distribution costs		(4,877)
Administrative expenses		
- other		(10,005)
- exceptional costs	3	(374)
- goodwill amortisation	8	(326)
		(10,705)
Operating profit		
- before exceptional costs and goodwill amortisation		4,687
- exceptional costs		(374)
- goodwill amortisation		(326)
		3,987
Interest receivable and similar income	4	63
Interest payable and similar charges	5	(2,539)
Profit on ordinary activities before taxation	6	1,511
Tax on profit on ordinary activities	7	(449)
Profit for the financial year	17, 18	1,062

The above results arise from continuing operations.

Consolidated statement of total recognised gains and losses
for the period ended 28 March 2014

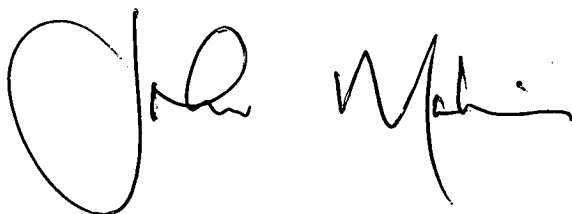
	<i>Note</i>	Period from 22 February 2013 to 28 March 2014 £000
Profit for the period		1,062
Net actuarial loss relating to the pension scheme	22	(27)
Total recognised gains and losses		1,035

Consolidated balance sheet
as at 28 March 2014

	<i>Note</i>	28 March 2014 £000	£000
Fixed assets			
Intangible assets	8		5,345
Tangible assets	9		1,395
			6,740
Current assets			
Stocks	11	6,913	
Debtors	12	14,420	
Cash at bank and in hand		6,848	
		28,181	
Creditors: amounts falling due within one year	13	(11,016)	
Net current assets			17,165
Total assets less current liabilities			23,905
Creditors: amounts falling due after more than one year	14		(22,324)
Net assets excluding pension assets			1,581
Pension assets	22		-
Net assets including pension assets			1,581
Capital and reserves			
Called up share capital	16		29
Share premium	17		517
Profit and loss account	17		1,035
Shareholders' funds	18		1,581

These financial statements were approved by the board of directors on 4 NOVEMBER 2014 and were signed on its behalf by:

J Makin
Director



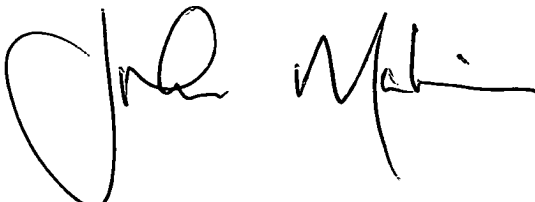
Company registered number : 08415321

Company balance sheet
as at 28 March 2014

	<i>Note</i>	28 March 2014	£000	£000
Fixed assets				
Investments	<i>10</i>			21,404
Current assets				
Debtors	<i>12</i>		112	
Cash at bank and in hand			331	
			443	
Creditors: amounts falling due within one year	<i>13</i>		(1,483)	
Net current liabilities				(1,040)
Total assets less current liabilities				20,364
Creditors: amounts falling due after more than one year	<i>14</i>			(22,324)
Net liabilities				(1,960)
Capital and reserves				
Called up share capital	<i>16</i>			29
Share premium	<i>17</i>			517
Profit and loss account	<i>17</i>			(2,506)
Shareholders' deficit	<i>18</i>			(1,960)

These financial statements were approved by the board of directors on 4 NOVEMBER 2014 and were signed on its behalf by:

J Makin
Director



Company registered number : 08415321

Consolidated cash flow statement
for the period ended 28 March 2014

	Note	Period from 22 February 2013 to 28 March 2014 £000
Net cash inflow from operating activities	19	4,190
Returns on investments and servicing of finance	20	(428)
Taxation		(732)
Capital expenditure	20	(660)
Acquisitions and disposals	20	(17,347)
		(14,977)
Financing	20	21,825
Increase in cash		6,848

Reconciliation of net consolidated cash flow to movement in net debt
for the period ended 28 March 2014

	Note	Period from 22 February 2013 to 28 March 2014 £000
Increase in cash in the period		6,848
Cash outflow from decrease in debt financing		675
Cash inflow from new loan		(21,954)
Change in net debt resulting from cash flows		(14,431)
Amortisation of arrangement fees and redemption premium		(251)
Accrued interest		(1,797)
Movement in net debt in the period		(16,479)
Net debt at start of period		-
Net debt at 28 March 2014	21	(16,479)

Notes

(forming part of the financial statements)

1 Accounting policies

A summary of the principal accounting policies is set out below, all of which have been applied consistently throughout the current and prior period.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom law and accounting standards.

The consolidated financial statements include the financial statements of the Company and its' subsidiary undertakings made up to 28 March 2014. The accounting reference dates of the subsidiary undertakings are co-terminus with that of the parent undertaking. A separate profit and loss account dealing with the results of the company only has not been presented in accordance with s408 of the Companies Act 2006.

Going concern

The directors have prepared forecasts including cash flow forecasts for a period of at least one year from the date of signing the financial statements which indicate there is sufficient headroom in the new facilities to allow the group to continue to trade for the foreseeable future. As a result the directors have prepared these financial statements on a going concern basis.

Turnover

Turnover consists of the invoiced value for goods and services exclusive of VAT and other sales taxes. Revenue is recognised on despatch of goods and arises on a single class of business being the provision of healthcare services and products. All turnover is as a result of sales made within the UK.

Pensions

For the defined contribution scheme, contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

The company has a defined benefit pension scheme, namely the Prudential Platinum Pension scheme. The assets of the scheme are held separately from those of the company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and less any provision for impairment. Depreciation is calculated to write off all tangible fixed assets, except land, evenly over their estimated useful lives. Where there is evidence of impairment, fixed assets are written down to recoverable amounts. Any such write down would be charged to operating profit.

The rates used are:

Short leasehold property	-	period of lease
Plant and equipment	-	10 to 25 years

Goodwill

Goodwill arising on the acquisition of subsidiaries and businesses, representing the excess of the fair value of the consideration over that of the separable net assets acquired, is capitalised and written off over its useful economic life of twenty years.

Fixed asset investments

Fixed asset investments are stated at cost, less provision for impairment where appropriate.

Notes (continued)

1 Accounting policies (continued)

Stock

Stocks are stated at the lower of cost and net realisable value. Cost of finished goods is the invoiced value of materials plus labour and factory overheads based on normal levels of production. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving and defective items where appropriate.

Acquisitions

The results of the trade and assets acquired are included for the period from the date on which control passed. Acquisitions are accounted for under the acquisition method.

Operating leases

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

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Information regarding directors and employees

	22 Feb 13 to 28 Mar 14 £000
Directors' remuneration	
Directors' emoluments	589

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £196,000, and company pension contributions of £13,000 were made to a money purchase scheme on his behalf.

The company contributes to the money purchase pension schemes. The number of directors accruing benefits under the schemes during the period was three (2012: three). There are no accrued pension entitlements at the period end (2012: £nil).

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

	22 Feb 13 to 28 Mar 14
Administration	94
Production	177
Selling	353
	624

Notes (continued)

2 Information regarding directors and employees (continued)

	22 Feb 13 to 28 Mar 14 £000
Staff costs during the period (including directors)	
Wages and salaries	12,694
Social security costs	1,063
Pension costs	753
	14,510

3 Exceptional items reported within operating profit

	22 Feb 13 to 28 Mar 14 £000
Redundancy and severance costs	296
Costs associated with relocation of head office	78
	374

4 Interest receivable and similar income

	22 Feb 13 to 28 Mar 14 £000
Other finance income (note 22)	63

5 Interest payable and similar charges

	22 Feb 13 to 28 Mar 14 £000
Bank loans and overdrafts	2,225
Amortisation of financing costs and redemption premium	251
Other finance charges (note 22)	63
	2,539

Notes (continued)

6 Profit on ordinary activities before taxation

	22 Feb 13 to 28 Mar 14 £000
<i>The profit on ordinary activities before taxation is stated after charging:</i>	
Depreciation	1,240
Amortisation	326
Exceptional items	374
Loss on disposal of fixed assets	11
Operating lease rentals - property	1,259
<i>Auditors' remuneration</i>	
- audit of these financial statements	40
- other services relating to taxation	18

7 Tax on profit on ordinary activities

	22 Feb 13 to 28 Mar 14 £000
<i>UK corporation tax:</i>	
Current tax on profits for the year	563
Adjustments in relation to prior year	(132)
Total current tax	431
<i>Deferred taxation:</i>	
Origination and reversal of timing differences	62
Adjustments in relation to prior year	(44)
Total deferred taxation	18
Total tax charge	449

Notes (continued)

7 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is higher than the standard rate of corporation tax in the UK of 23%. The differences are explained below:

	22 Feb 13 to 28 Mar 14 £000
<i>Current tax reconciliation:</i>	
Profit on ordinary activities before tax	1,511
Current tax charge at 23%	348
<i>Effects of:</i>	
Expenses not deductible	292
Amounts charged to STRGL	(6)
Capital allowances in excess of depreciation	(47)
Other timing differences	(24)
Adjustments in respect of prior periods	(132)
Total current tax charge	431

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 28 March 2014 (which has been calculated based on the rate of 23% substantively enacted at the balance sheet date).

8 Intangible fixed assets

Group	Goodwill £000
<i>Cost:</i>	
On incorporation	-
Additions (note 24)	5,671
At 28 March 2014	5,671
<i>Accumulated amortisation:</i>	
On incorporation	-
Charge for the period	326
At 28 March 2014	326
<i>Net book value:</i>	
At 28 March 2014	5,345
On incorporation	-

The company has no intangible assets.

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises.

Notes (continued)

9 Tangible fixed assets

Group	Short leasehold property £000	Plant and equipment £000	Total £000
<i>Cost or valuation:</i>			
On incorporation	-	-	-
Acquisitions (note 24)	186	9,861	10,047
Additions	-	660	660
Disposals	-	(25)	(25)
At 28 March 2014	186	10,496	10,682
<i>Accumulated depreciation:</i>			
On incorporation	-	-	-
Acquisitions (note 24)	101	7,960	8,061
Charge for the period	16	1,224	1,240
Disposals	-	(14)	(14)
At 28 March 2014	117	9,170	9,287
<i>Net book value:</i>			
At 28 March 2014	69	1,326	1,395
On incorporation	-	-	-

The company has no tangible fixed assets.

10 Fixed asset investments

Company	Shares in group undertakings £000
<i>Cost:</i>	
On incorporation	-
Additions (note 24)	21,404
At 28 March 2014	21,404

The companies in which the company's interest is more than 20% are as follows:

Subsidiary company	Country of registration or incorporation	Principal activity	Class and percentage of shares held	Aggregate amount of capital and reserves £000	Profit for the year £000
Nottingham Rehab Limited	UK	Provision of healthcare services and equipment	Ordinary 100%	20,450	2,573
NRS Mobility Care Limited	UK	Provision of managed equipment services	Ordinary 100%	-	-

Notes (continued)

11 Stocks

	Group 28 March 2014 £000	Company 28 March 2014 £000
Finished goods	6,913	-

There is no material difference between the replacement cost of stocks and the amounts stated above.

12 Debtors

	Group 28 March 2014 £000	Company 28 March 2014 £000
Trade debtors	5,477	-
Prepayments and accrued income	7,534	112
Deferred tax asset (note 15)	1,409	-
	<u>14,420</u>	<u>112</u>

13 Creditors: amounts falling due within one year

	Group 28 March 2014 £000	Company 28 March 2014 £000
Bank loans (note 14)	900	900
Trade creditors	5,785	-
Amounts owed to group undertakings	-	192
Corporation tax	37	-
Accruals and deferred income	4,294	391
	<u>11,016</u>	<u>1,483</u>

Within accruals and deferred income is £103,000 of accrued interest on bank loans (note 14).

Notes (continued)

14 Creditors: amounts falling due after more than one year

	Group 28 March 2014 £000	Company 28 March 2014 £000
Bank loans	7,425	7,425
Other loans	14,249	14,249
Accrued interest	1,694	1,694
	23,368	23,368
Less unamortised finance costs	(1,044)	(1,044)
	22,324	22,324

Borrowings are repayable as follows:

	Group 28 March 2014 £000	Company 28 March 2014 £000
<i>In one year or less:</i>		
Bank loans	900	900
Accrued interest	103	103
<i>Between one and two years:</i>		
Bank loans	900	900
<i>Between two and five years:</i>		
Bank loans	6,525	6,525
<i>In five years or more:</i>		
Other loans	14,249	14,249
Accrued interest	1,694	1,694
	24,371	24,371
Unamortised finance costs	(1,044)	(1,044)
	23,327	23,327

Included in bank loans are the following:

'A' term loan

The 'A' term loan of £4,500,000 is repayable in quarterly instalments over the period from 30 June 2013 to 31 March 2018. Interest is payable at LIBOR plus 4.25%. The balance outstanding at 28 March 2014 was £3,825,000.

'B' term loan

The 'B' term loan of £4,500,000 is repayable in full on 31 March 2019. Interest is payable at LIBOR plus 4.75%. The balance outstanding at 28 March 2014 was £4,500,000.

Arrangement fees of £640,000 were paid by the company.

Notes (continued)

14 Creditors: amounts falling due after more than one year (continued)

Included in other loans are the following:

A1 loan notes

The fixed rate guaranteed secured A1 loan notes of £7,050,000 are redeemable in six equal instalments of £1,175,000, commencing on 30 September 2019, with the remaining instalments being paid every six months. The loan notes bear interest at 12% per annum, with interest accruing on a quarterly basis.

A2 loan notes

The fixed rate unguaranteed unsecured A2 loan notes of £7,050,000 are redeemable in six equal instalments of £1,175,000, commencing on 30 September 2019, with the remaining instalments being paid every six months. The loan notes bear interest at 12% per annum, with interest accruing on a quarterly basis.

Arrangement fees of £655,000 were payable upon issuance of the A1 and A2 loan notes.

B loan notes

B loan notes of £149,000 are redeemable in full on 30 September 2022 and bears interest at 12%, which is accrued and is payable when the principal is paid.

15 Deferred taxation

	Group £000	Company £000
<i>Deferred tax asset</i>		
On incorporation	-	-
Acquisitions	1,427	-
Charge to the profit and loss account	(18)	-
At 28 March 2014	1,409	-

Deferred tax

The elements of deferred tax are as follows:

	Group 28 March 2014 £000	Company 28 March 2014 £000
Difference between depreciation and capital allowances	1,138	-
Other timing differences	271	-
	1,409	-

Notes (continued)

16 Called up share capital

	28 March 2014 £
<i>Authorised, issued, called up and fully paid:</i>	
1,066,668 ordinary shares of £0.01 each	10,667
2,671,998 'A2' ordinary shares of £0.002 each	5,344
1,328,012 'A1' ordinary shares of £0.002 each	2,656
106,667 ordinary 'C' shares of £0.10 each	10,667
	29,334

Each of the ordinary 'C' shares is entitled to one vote per share. The 'A2' ordinary shares do not carry any voting rights. The 'A1' ordinary shares carry one vote per share, subject to a class voting right cap of 49.9%.

17 Reserves

Group	Share premium £000	Profit and loss account £000
On incorporation	517	-
Profit for the financial year	-	1,062
Net actuarial loss relating to the pension scheme	-	(27)
At 28 March 2014	517	1,035
Company	Share premium £000	Profit and loss account £000
On incorporation	517	-
Loss for the financial year	-	(2,506)
At 28 March 2014	517	(2,506)

18 Reconciliation of movements in shareholders' funds

	Group 2014 £000	Company 2014 £000
Profit/(loss) for the financial year	1,062	(2,506)
Net actuarial loss relating to the pension scheme	(27)	-
Proceeds from issuance of share capital	546	546
Net addition to shareholders' funds	1,581	(1,960)
Opening shareholders' funds	-	-
Closing shareholders' funds	1,581	(1,960)

Notes (continued)

19 Reconciliation of operating profit to net cash flow from operating activities

	2014 £000
Operating profit	3,987
Depreciation	1,240
Amortisation of goodwill	326
Difference between pension charge and cash contribution	(27)
Loss on disposal of fixed assets	11
Increase in stocks	(260)
Increase in debtors	(1,497)
Decrease in creditors	410
Net cash flow from operating activities	4,190

20 Analysis of cash flows

	2014 £000
Returns on investment and servicing of finance	
Interest paid	(491)
Interest received	63
	(428)
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(660)
Sale of tangible fixed assets	-
	(660)
Acquisitions and disposals	
Purchase of business	(17,347)
Financing	
Repayment of loans	(675)
Cash inflow from new loans	21,954
Issue of new share capital	546
	21,825

Notes (continued)

21 Analysis of net debt

	On incorporation £000	Cash flows £000	Other non cash flow changes £000	At 28 March 2014 £000
Cash at bank and in hand	-	6,848	-	6,848
Debt due within one year	-	(900)	(103)	(1,003)
Debt due after one year	-	(20,379)	(1,945)	(22,324)
Total	-	(14,431)	(2,048)	(16,479)

22 Pensions

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £773,000 (2013: £375,000). There were no outstanding or prepaid contributions at either the beginning or end of the financial period.

Defined benefit pension scheme – Prudential Platinum Pension – Nottingham Rehab Scheme

Certain employees of the group are member of a UK defined benefit scheme (the 'Prudential Platinum Pension – Nottingham Rehab Limited' scheme). This is a defined benefit scheme with assets held in separate trustee administered funds. The scheme is solely open to TUPE staff eligible on the grounds that they were in a similar scheme prior to transferring to the Prudential Platinum scheme.

A full actuarial valuation of the scheme was carried out at 23 April 2014 by a qualified actuary using assumptions which are consistent with the requirements of FRS 17. Investments for this purpose have been valued at their fair value.

	28 March 2014 £000
Present value of defined benefit obligations	(1,699)
Fair value of plan assets	2,241
Surplus in the scheme	542
Surplus not recognised	(542)
Net pension surplus	-

Notes (continued)

22 Pensions (continued)

Movement in present value of defined benefit obligation

	28 March 2014 £000
On incorporation	-
Acquisition (note 24)	1,212
Current service cost	502
Interest cost	63
Actuarial (gains)/losses	(68)
Contributions by members	87
Benefits paid	(97)
At end of the year	1,699

Movements in fair value of plan assets

	28 March 2014 £000
On incorporation	-
Acquisition (note 24)	1,621
Expected return on plan assets	81
Actuarial (losses)/gains	(95)
Contributions by employer	644
Contributions by members	87
Benefits paid	(97)
Total	2,241

The following amounts have been credited/(charged) to the profit and loss account:

	28 March 2014 £000
Expected return on pension scheme assets	81
Interest on pension scheme liabilities	(63)
	18
Surplus not recognised	(18)
	-

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a loss of £27,000.

Notes (continued)

22 Pensions (continued)

The fair value of the plan assets and the return on those assets were as follows:

	28 March 2014 £000
Equities	842
Government debt	575
Corporate bonds	561
Other	263
	2,241

Principal actuarial assumption (expressed as weighted averages) at the year-end were as follows:

	28 March 2014 %
Discount rate	4.40
Expected rate of return on plan assets	4.73
Future salary increase	3.80
Inflation assumptions	3.30

The mortality assumptions adopted for 2014 are SAPS (SIPA) tables with CMI projections with a 1% p.a. long term rate of improvement. The assumptions are equivalent to a 65 year to live for a number of years as follows:

- Current pensioner aged 65: 87.3 years (male), 89.6 years (female).
- Future retiree upon reaching 65: 88.6 years (male), 90.1 years (female).

History of plans

The history of the plans is as follows:

<i>Balance sheet</i>	28 March 2014 £000
Present value of scheme assets	(1,699)
Fair value of scheme assets	2,241
Surplus	542
Surplus not recognised	(542)
	-

Notes (continued)

22 Pensions (continued)

	28 March 2014 £000
<i>Experience adjustments</i>	
Experience adjustment on scheme liabilities	68
Experience adjustments on scheme assets	(95)
	(27)

The company expects to contribute approximately £580,000 to its defined benefit scheme in the next financial year.

23 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases for land and buildings as follows:

	28 March 2014 £000
<i>Operating leases which expire:</i>	
Within one year	398
In two to five years	627
In more than five years	219
	1,244

The company had no annual commitments under non-cancellable operating leases.

Notes (continued)

24 Purchase of subsidiary undertaking

On 19 April 2013, the entire share capital of Nottingham Rehab Limited was purchased. The consideration and net assets acquired on this date were as follows:

	Nottingham Rehab Limited pre-acquisition carrying amount £000	Fair value adjustments £000	Total £000
<i>Fair value of net assets acquired:</i>			
Fixed assets	1,986	-	1,986
Stock	6,653	-	6,653
Trade and other debtors	12,941	-	12,941
Cash	4,057	-	4,057
Trade and other creditors	(9,566)	-	(9,566)
Corporation tax creditor	(338)	-	(338)
Pension assets	-	-	-
Net identifiable assets and liabilities	15,733	-	15,733
Consideration			21,404
Goodwill			5,671
<i>Cash flow effect:</i>			
Cash consideration			21,404
Cash received in the business			(4,057)
Net cash consideration shown in consolidated cash flow statement			17,347

25 Related party transactions

The A1 and A2 loan notes disclosed in note 14 includes an amount of £13,959,000 due to LDC II LP and an amount of £141,000 due to LDC Parallel II LP, who are shareholders of the company. The interest charge in the period on these loan notes amounted to £1,678,000 and remains unpaid at the year end.

A facilities fee of £655,000 was paid on inception of these facilities, of which £84,000 has been recognised as an expense in the period. The balance is shown within unamortised finance costs in note 14.

The B loan notes disclosed in note 14 includes an amount of £149,000 due to P Isherwood, J Makin, S Kennedy, J O'Connell and A Smith, who are directors and shareholders of the company. The interest charge in the period amounted to £16,000 and remains unpaid at the year end.

The company has taken advantage of the exemptions allowed under FRS 8 and does not detail related party transactions with its subsidiary undertakings.