Salus Healthcare Limited

Annual report and consolidated financial statements

Registered number 08415321

31 March 2015

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Company information

Directors	SP Kennedy J Makin J O'Connell
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
Auditor	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 ended 31 March 2015.

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:

SP Kennedy	
J Makin	
J O'Connell	
PJ Isherwood	(resigned 30 March 2015)
AW Smith	(resigned 8 December 2014)
D Alderson	(resigned 8 December 2014)
J Garner	(resigned 8 December 2014)

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 auditor

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 auditor is 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 auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

J Makin
Director

28 September 2015

Strategic report

Business review

The directors are satisfied with the results for the period. Sales revenues amounted to £134,615,000 *(2014: £109,703,000)*, an increase of 23% against the prior period. Operating profit before exceptional items and goodwill amortisation amounted to £6,193,000 *(2014: £4,687,000)*, an increase of 32% against the prior period. The profit on ordinary activities before taxation for the period amounted to £1,992,000 *(2014: £1,511,000)*. No interim dividend was paid during the period *(2014: £nil)*. The directors do not recommend the payment of a final dividend in respect of the current period *(2014: £nil)*.

On 8 December 2014, the entire issued share capital of the company was acquired by Aceso Healthcare Limited ("AHL"), a subsidiary company of the group headed by Aceso Healthcare Group Holdings Limited ("AHGHL"). From 8 December 2014, AHGHL became the ultimate parent company. Both AHGHL and AHL are registered in England and Wales. As part of this acquisition, the group was refinanced and all third party borrowings were repaid in full.

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 re-tendered for the Buckinghamshire and West Sussex Integrated Community Equipment Service ("ICES") contracts, and successfully tendered for the Brighton & Hove and Pan Dorset ICES contracts. Subsequent to the year end, the group has successfully re-tendered for the Powys and Lincolnshire ICES contracts, and successfully tendered for the Kent ICES contract, a first time outsourced contract from the public sector.

The Product division of the group continued to perform strongly with revenues growing in excess of 16% against the prior period. This represents a record performance 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% *(2014: 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

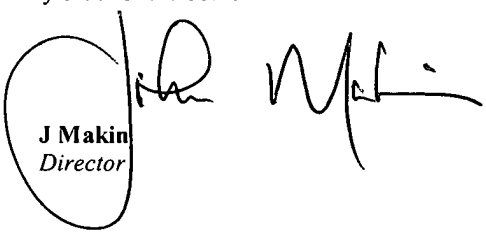
The company's policy in respect of payments to suppliers is to agree the terms of payment with suppliers in advance, to ensure that suppliers are made aware of those terms and abide by such terms.

Strategic report *(continued)*

Trade creditors

The trade creditors at 31 March 2015 represent 35 creditor days (2014: 30 creditor days) based on the total amounts invoiced by suppliers during the period.

By order of the board



J Makin
Director

28 September 2015

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 auditor's report to the members of Salus Healthcare Limited

We have audited the financial statements of Salus Healthcare Limited for the period ended 31 March 2015 set out on pages 7 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 5, 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 web-site 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 31 March 2015 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

Wayne Cox *(Senior Statutory Auditor)*

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

28 September 2015

Consolidated profit and loss account

for the period ended 31 March 2015

	Note	Period to 31 March 2015 £000	Period from 22 February 2013 to 28 March 2014 £000
Turnover	*1*	**134,615**	109,703
Cost of sales		**(111,747)**	(90,134)
Gross profit		**22,868**	19,569
Selling and distribution costs		**(5,629)**	(4,877)
Administrative expenses			
- other		**(11,046)**	(10,005)
- exceptional costs	*3*	**(1,099)**	(374)
- goodwill amortisation	*8*	**(354)**	(326)
		(12,499)	(10,705)
Operating profit			
- before exceptional costs and goodwill amortisation		**6,193**	4,687
- exceptional costs		**(1,193)**	(374)
- goodwill amortisation		**(354)**	(326)
		4,740	3,987
Interest receivable and similar income	*4*	**101**	63
Interest payable and similar charges	*5*	**(2,849)**	(2,539)
Profit on ordinary activities before taxation	*6*	**1,992**	1,511
Tax on profit on ordinary activities	*7*	**(488)**	(449)
Profit for the financial year	*17, 18*	**1,504**	1,062

The above results arise from continuing operations.

Consolidated statement of total recognised gains and losses

for the period ended 31 March 2015

	Note	Period to 31 March 2015 £000	Period from 22 February 2013 28 March 2014 £000
Profit for the period		**1,504**	1,062
Net actuarial gain/(loss) relating to the pension scheme	*22*	**16**	(27)
Total recognised gains and losses		**1,520**	1,035

Consolidated balance sheet

as at 31 March 2015

	Note	31 March 2015		28 March 2014	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	8		**5,114**		5,345
Tangible assets	9		**1,542**		1,395
			6,656		6,740
Current assets					
Stocks	11	**8,711**		6,913	
Debtors	12	**13,759**		14,420	
Cash at bank and in hand		**4,850**		6,848	
		27,320		28,181	
Creditors: amounts falling due within one year	13	**(11,274)**		(11,016)	
Net current assets			**16,046**		17,165
Total assets less current liabilities			**22,702**		23,905
Creditors: amounts falling due after more than one year	14		**-**		(22,324)
Net assets excluding pension assets			**22,702**		1,581
Pension assets	22		**-**		-
Net assets including pension assets			**22,702**		1,581
Capital and reserves					
Called up share capital	16		**19,630**		29
Share premium	17		**517**		517
Profit and loss account	17		**2,555**		1,035
Shareholders' funds	18		**22,702**		1,581

These financial statements were approved by the board of directors on 28 September 2015 and were signed on its behalf by:

J Makin
Director

Company registered number : 08415321

Company balance sheet

as at 31 March 2015

	Note	31 March 2015		28 March 2014	
		£000	**£000**	£000	£000
Fixed assets					
Investments	*10*		**21,404**		21,404
Current assets					
Debtors	*12*	**64**		112	
Cash at bank and in hand		**-**		331	
		64		443	
Creditors: amounts falling due within one year	*13*	**(6,573)**		(1,483)	
Net current liabilities			**(6,509)**		(1,040)
Total assets less current liabilities			**14,895**		20,364
Creditors: amounts falling due after more than one year	*14*		**-**		(22,324)
Net assets/(liabilities)			**14,895**		(1,960)
Capital and reserves					
Called up share capital	*16*		**19,630**		29
Share premium	*17*		**517**		517
Profit and loss account	*17*		**(5,252)**		(2,506)
Shareholders' funds/(deficit)	*18*		**14,895**		(1,960)

These financial statements were approved by the board of directors on 28 September 2015 and were signed on its behalf by:

J Makin
Director

Company registered number : 08415321

Consolidated cash flow statement

for the period ended 31 March 2015

	Note	Period to 31 March 2015 £000	Period from 22 February 2013 to 28 March 2014 £000
Net cash inflow from operating activities	*19*	**5,662**	4,190
Returns on investments and servicing of finance	*20*	**(3,501)**	(428)
Taxation		**(352)**	(732)
Capital expenditure	*20*	**(834)**	(660)
Acquisitions and disposals	*20*	**-**	(17,347)
		975	(14,977)
Financing	*20*	**(2,973)**	21,825
(Decrease)/increase in cash		**(1,998)**	6,848

Reconciliation of net consolidated cash flow to movement in net funds/(debt)

for the period ended 31 March 2015

	Note	Period to 31 March 2015 £000	Period from 22 February 2013 to 28 March 2014 £000
(Decrease)/increase in cash in the period		**(1,998)**	6,848
Cash outflow from decrease in debt financing		**26,090**	675
Cash inflow from new loan		**-**	(21,954)
Change in net debt resulting from cash flows		**24,092**	(14,431)
Amortisation of arrangement fees and redemption premium		**(1,044)**	(251)
Accrued interest		**(1,719)**	(1,797)
Movement in net debt in the period		**21,329**	(16,479)
Net debt at start of period		**(16,479)**	-
Net funds/(debt) at 31 March 2015	*21*	**4,850**	(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 31 March 2015. 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

Directors' remuneration	**Period to 31 Mar 15 £000**	22 Feb 13 to 28 Mar 14 £000
Directors' emoluments	**738**	589

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £249,000 *(2014: £186,000)* and company pension contributions of £nil *(2014: £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 *(2014: three)*. There are no accrued pension entitlements at the period end *(2014: £nil)*.

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

	Period to 31 Mar 15	22 Feb 13 to 28 Mar 14
Administration	**113**	94
Production	**187**	177
Selling	**405**	353
	705	624

Notes *(continued)*

2 Information regarding directors and employees *(continued)*

	Period to 31 Mar 15 £000	22 Feb 13 to 28 Mar 14 £000
Staff costs during the period (including directors)		
Wages and salaries	**14,777**	12,694
Social security costs	**1,196**	1,063
Pension costs	**790**	753
	16,763	14,510

3 Exceptional items reported within operating profit

	Period to 31 Mar 15 £000	22 Feb 13 to 28 Mar 14 £000
Provision for property dilapidations	**1,100**	-
Insurance proceeds	**(1,000)**	-
Contract settlement and termination costs	**720**	-
IT consultancy costs	**113**	-
Duplicated operating costs	**108**	-
Redundancy and severance costs	**58**	296
Costs associated with relocation of head office	**-**	78
	1,099	374

4 Interest receivable and similar income

	Period to 31 Mar 15 £000	22 Feb 13 to 28 Mar 14 £000
Interest receivable	**15**	-
Other finance income (note 22)	**86**	63
	101	63

5 Interest payable and similar charges

	Period to 31 Mar 15 £000	22 Feb 13 to 28 Mar 14 £000
Bank loans and overdrafts	**1,719**	2,225
Amortisation of financing costs and redemption premium	**1,044**	251
Other finance charges (note 22)	**86**	63
	2,849	2,539

Notes *(continued)*

6 Profit on ordinary activities before taxation

	Period to 31 Mar 15 £000	22 Feb 13 to 28 Mar 14 £000
The profit on ordinary activities before taxation is stated after charging:		
Depreciation of owned tangible fixed assets	**687**	1,240
Amortisation of goodwill	**354**	326
Exceptional items	**1,099**	374
Loss on disposal of fixed assets	**-**	11
Operating lease rentals - property	**1,456**	1,259
Auditors' remuneration		
- audit of these financial statements	**42**	40
- other services relating to taxation	**18**	18

7 Tax on profit on ordinary activities

	Period to 31 Mar 15 £000	22 Feb 13 to 28 Mar 14 £000
UK corporation tax:		
Current tax on profits for the year	**349**	563
Adjustments in relation to prior year	**(206)**	(132)
Total current tax	**143**	431
Deferred taxation:		
Origination and reversal of timing differences	**166**	62
Adjustments in relation to prior year	**179**	(44)
Total deferred taxation	**345**	18
Total tax on profit on ordinary activities	**488**	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 lower *(2014: higher)* than the standard rate of corporation tax in the UK of 21% *(2014: 23%)*. The differences are explained below:

	Period to 31 Mar 15 £000	22 Feb 13 to 28 Mar 14 £000
Profit on ordinary activities before tax	**1,992**	1,511
Tax on profit on ordinary activities at standard UK corporation tax rate of 21% (2014: 23%)	**418**	348
Effects of:		
Expenses not deductible	**271**	292
Income not taxable for tax purposes	**(210)**	-
Fixed asset differences	**41**	-
Amounts charged to STRGL	**3**	(6)
Capital allowances in excess of depreciation	**(135)**	(47)
Other timing differences	**(39)**	(24)
Adjustments in respect of prior periods	**(206)**	(132)
Current tax charge	**143**	431

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

8 Intangible fixed assets

Group	**Goodwill £000**
Cost:	
Opening balance	5,671
Additions	123
At 31 March 2015	5,794
Accumulated amortisation:	
Opening balance	326
Charge for the period	354
At 31 March 2015	680
Net book value:	
At 31 March 2015	**5,114**
At 28 March 2014	5,345

Notes *(continued)*

8 Intangible fixed assets *(continued)*

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.

Additions represent hindsight adjustments arising on the acquisition of the entire issued share capital of Nottingham Rehab Limited in the prior year.

9 Tangible fixed assets

Group	Short leasehold property £000	Plant and equipment £000	Total £000
Cost or valuation:			
At 28 March 2014	186	10,496	10,682
Additions	10	902	912
Disposals	(26)	(100)	(126)
At 31 March 2015	170	11,298	11,468
Accumulated depreciation:			
At 28 March 2014	117	9,170	9,287
Charge for the period	17	670	687
Disposals	(3)	(45)	(48)
At 31 March 2015	131	9,795	9,926
Net book value:			
At 31 March 2015	**39**	**1,503**	**1,542**
At 28 March 2014	69	1,326	1,395

The company has no tangible fixed assets.

10 Fixed asset investments

Company	Shares in group undertakings £000
Cost:	
At 28 March 2014 and 31 March 2015	**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%	24,835	4,369
NRS Mobility Care Limited	UK	Non trading	Ordinary 100%	-	-

Notes *(continued)*

11 Stocks

	Group		Company	
	31 March 2015 £000	28 March 2014 £000	**31 March 2015 £000**	28 March 2014 £000
Finished goods	**8,711**	6,913	-	-

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

12 Debtors

	Group		Company	
	31 March 2015 £000	28 March 2014 £000	**31 March 2015 £000**	28 March 2014 £000
Trade debtors	**3,100**	5,477	-	-
Amounts due from group companies	-	-	**64**	-
Prepayments and accrued income	**9,423**	7,534	-	112
Corporation tax	**172**	-	-	-
Deferred tax asset (note 15)	**1,064**	1,409	-	-
	13,759	14,420	**64**	112

13 Creditors: amounts falling due within one year

	Group		Company	
	31 March 2015 £000	28 March 2014 £000	**31 March 2015 £000**	28 March 2014 £000
Bank loans (note 14)	-	900	-	900
Trade creditors	**6,738**	5,785	-	-
Amounts owed to group companies	**430**	-	**6,573**	192
Corporation tax	-	37	-	-
Accruals and deferred income	**4,106**	4,294	-	391
	11,274	11,016	**6,573**	1,483

Within accruals and deferred income is £nil *(2014: £103,000)* of accrued interest on bank loans (note 14).

Notes *(continued)*

14 Creditors: amounts falling due after more than one year

	Group		Company	
	31 March 2015 £000	28 March 2014 £000	**31 March 2015 £000**	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		Company	
	31 March 2015 £000	28 March 2014 £000	**31 March 2015 £000**	28 March 2014 £000
In one year or less:				
Bank loans	-	900	-	900
Accrued interest	-	103	-	103
Between one and two years:				
Bank loans	-	900	-	900
Between two and five years:				
Bank loans	-	6,525	-	6,525
In five years or more:				
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

On 8 December 2014, the entire issued share capital of the company was acquired by Aceso Healthcare Limited, a subsidiary company of the group headed by Aceso Healthcare Group Holdings Limited. As part of this acquisition the group was refinanced and all third party borrowings were repaid in full.

Included in bank loans at the prior year end were the following:

'A' term loan

The 'A' term loan of £4,500,000 was repayable in quarterly instalments over the period from 30 June 2013 to 31 March 2018. Interest is payable at LIBOR plus 4.25%. This was repaid in full on 8 December 2014.

'B' term loan

The 'B' term loan of £4,500,000 was repayable in full on 31 March 2019. Interest is payable at LIBOR plus 4.75%. This was repaid in full on 8 December 2014.

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 at the prior year end were 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.

All loan notes were redeemed on 8 December 2014.

15 Deferred taxation

Deferred tax asset	Group £000	Company £000
At 28 March 2014	1,409	-
Charge to the profit and loss account	(345)	-
At 31 March 2015	**1,064**	**-**

Deferred tax

The elements of deferred tax are as follows:

	Group		Company	
	31 March 2015 £000	28 March 2014 £000	**31 March 2015 £000**	28 March 2014 £000
Difference between depreciation and capital allowances	**1,009**	1,138	**-**	-
Other timing differences	**55**	271	**-**	-
	1,064	1,409	**-**	-

Notes *(continued)*

16 Called up share capital

	31 March 2015 £	28 March 2014 £
Authorised, issued, called up and fully paid:		
1,962,991,338 (2014: 1,066,668) ordinary shares of £0.01 each	**19,629,913**	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
	19,629,913	29,334

On 8 December 2014, the entire issued share capital of the company was acquired by Aceso Healthcare Limited, a subsidiary company of the group headed by Aceso Healthcare Group Holdings Limited. As part of this acquisition, the 'A1', 'A2' and 'C' ordinary shares were converted to ordinary shares of £0.01 each and Aceso Healthcare Limited subscribed for a further 1,960,058,000 ordinary shares of £0.01 each.

17 Reserves

Group	**Share premium £000**	**Profit and loss account £000**
At 28 March 2014	517	1,035
Profit for the financial year	-	1,504
Net actuarial gain/(loss) relating to the pension scheme	-	16
At 31 March 2015	**517**	**2,555**

Company	**Share premium £000**	**Profit and loss account £000**
At 28 March 2014	517	(2,506)
Loss for the financial year	-	(2,746)
At 31 March 2015	**517**	**(5,252)**

18 Reconciliation of movements in shareholders' funds/(deficit)

	Group		Company	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Profit/(loss) for the financial year	**1,504**	1,062	**(2,746)**	(2,506)
Net actuarial gain/(loss) relating to the pension scheme	**16**	(27)	**-**	-
Proceeds from issuance of share capital	**19,601**	546	**19,601**	546
Net movement in shareholders' funds/(deficit)	**21,121**	1,581	**16,855**	(1,960)
Opening shareholders' funds/(deficit)	**1,581**	-	**(1,960)**	-
Closing shareholders' funds/(deficit)	**22,702**	1,581	**14,895**	(1,960)

Notes *(continued)*

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

	2015 £000	2014 £000
Operating profit	**4,740**	3,987
Depreciation	**687**	1,240
Amortisation of goodwill	**354**	326
Hindsight adjustment to goodwill (note 8)	**(123)**	-
Difference between pension charge and cash contribution	**16**	(27)
Loss on disposal of fixed assets	**-**	11
Increase in stocks	**(1,798)**	(260)
Decrease/(increase) in debtors	**488**	(1,497)
Increase in creditors	**1,298**	410
Net cash flow from operating activities	**5,662**	4,190

20 Analysis of cash flows

	2015 £000	2014 £000
Returns on investment and servicing of finance		
Interest paid	**(3,516)**	(491)
Interest received	**15**	63
	(3,501)	(428)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(912)**	(660)
Sale of tangible fixed assets	**78**	-
	(834)	(660)
Acquisitions and disposals		
Purchase of business	**-**	(17,347)
Financing		
Repayment of loans	**(22,574)**	(675)
Cash inflow from new loans	**-**	21,954
Issue of new share capital	**19,601**	546
	(2,973)	21,825

Notes *(continued)*

21 Analysis of net debt

	Opening balance £000	Cash flows £000	Other non cash flow changes £000	**At 31 March 2015 £000**
Cash at bank and in hand	6,848	(1,998)	-	**4,850**
Debt due within one year	(1,003)	1,079	(76)	-
Debt due after one year	(22,324)	25,011	(2,687)	-
Total	(16,479)	24,092	(2,763)	**4,850**

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 £790,000 (2014: £773,000). 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 31 March 2015 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.

	31 March 2015 £000	28 March 2014 £000
Present value of defined benefit obligations	**(2,596)**	(1,699)
Fair value of plan assets	**3,308**	2,241
Surplus in the scheme	**712**	542
Surplus not recognised	**(712)**	(542)
Net pension surplus	**-**	-

Notes *(continued)*

22 Pensions *(continued)*

Movement in present value of defined benefit obligation

	31 March 2015 £000	28 March 2014 £000
At beginning of year/on incorporation	**1,699**	-
Acquisition	**-**	1,212
Current service cost	**541**	502
Interest cost	**86**	63
Actuarial losses/(gains)	**311**	(68)
Contributions by members	**80**	87
Benefits paid	**(121)**	(97)
At end of the year	**2,596**	1,699

Movements in fair value of plan assets

	31 March 2015 £000	28 March 2014 £000
At beginning of year/on incorporation	**2,241**	-
Acquisition	**-**	1,621
Expect return on plan assets	**121**	81
Actuarial gains/(losses)	**327**	(95)
Contributions by employer	**660**	644
Contributions by members	**80**	87
Benefits paid	**(121)**	(97)
Total	**3,308**	2,241

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

	31 March 2015 £000	28 March 2014 £000
Expected return on pension scheme assets	**121**	81
Interest on pension scheme liabilities	**(86)**	(63)
	35	18
Surplus not recognised	**(35)**	(18)
	-	-

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a gain of £16,000 *(2014: 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:

	31 March 2015 £000	28 March 2014 £000
Equities	**914**	842
Government debt	**899**	575
Corporate bonds	**876**	561
Other	**619**	263
	3,308	2,241

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

	31 March 2015 %	28 March 2014 %
Discount rate	**3.30**	4.40
Expected rate of return on plan assets	**3.30**	4.73
Future salary increase	**3.50**	3.80
Inflation assumptions	**3.00**	3.30

The mortality assumptions adopted for 2015 are SAPS (S1PA) 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), 89.4 years (female).
- Future retiree upon reaching 65: 88.7 years (male), 90.9 years (female).

History of plans

The history of the plans is as follows:

Balance sheet	31 March 2015 £000	28 March 2014 £000
Present value of scheme assets	**(2,596)**	(1,699)
Fair value of scheme assets	**3,308**	2,241
Surplus	**712**	542
Surplus not recognised	**(712)**	(542)
	-	-

Notes *(continued)*

22 Pensions *(continued)*

Experience adjustments	**31 March 2015 £000**	28 March 2014 £000
Experience adjustment on scheme liabilities	**(311)**	68
Experience adjustments on scheme assets	**327**	(95)
	16	(27)

The company expects to contribute approximately £700,000 *(2014: £580,000)* to its defined benefit scheme in the next financial year.

23 Financial commitments

a) *Guarantees*

The company, together with certain other wholly owned subsidiary undertakings of Aceso Healthcare Limited, has entered into an unsecured guarantee of certain borrowing facilities of Aceso Healthcare Limited. The amount of such borrowings drawn down by Aceso Healthcare Limited at 31 March 2015 was £25,000,000.

b) *Annual commitments under operating leases for land and buildings*

	31 March 2015 £000	28 March 2014 £000
Annual operating lease commitments expiring:		
Within one year	**139**	398
In the second to fifth year	**448**	627
In more than five years	**369**	219
	956	1,244

24 Related party transactions

The A1 and A2 loan notes disclosed in note 14 includes an amount of £nil *(2014: £13,959,000)* due to LDC II LP and an amount of £nil *(2014: £141,000)* due to LDC Parallel II LP, who were shareholders of the company prior to 8 December 2014. The interest charge in the period on these loan notes amounted to £1,344,000 *(2014: £1,678,000)*. No interest remains unpaid at the year end *(2014: £1,678.000)*.

A facilities fee of £655,000 was paid on inception of these facilities, of which £571,000 *(2014: £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 £nil *(2014: £149,000)* due to P Isherwood, J Makin, S Kennedy, J O'Connell and A Smith, who were shareholders of the company prior to 8 December 2014. The interest charge in the period amounted to £14,000 *(2014: £16,000)*. No interest remains unpaid at the year end *(2014: £16,000)*.

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