

# Healthline Individual Care Limited

## REPORT AND FINANCIAL STATEMENTS

31 March 2016



Company Registration No. 01440442

# Healthline Individual Care Limited

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# Healthline Individual Care Limited

## DIRECTORS AND ADVISORS

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### DIRECTORS

JC Ball  
NGA Ktori

### REGISTERED OFFICE

2<sup>nd</sup> Floor Bezant House  
Bradgate Park View  
Chellaston  
Derbyshire  
DE73 5UH

### AUDITOR

RSM UK Audit LLP  
Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

# Healthlinc Individual Care Limited

## STRATEGIC REPORT

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The directors have pleasure in submitting their Strategic Report for Healthlinc Individual Care Limited for the year ended 31 March 2016.

### BUSINESS REVIEW

The directors consider the performance of the company to be satisfactory and remain confident of future profitability. Operating profit increased to £974k from £224k in the prior year. This followed a decision to reposition 24 hospital beds to care home beds during the prior year, to more closely meet commissioner demand. An additional hospital bed was repositioned as a care home bed during the year. Further to this, 5 new single person hospital apartments were created at Healthlinc House Hospital during the year.

The company's patients and service users are mainly funded by the public sector. During the year the company has continued to put significant effort into building relationships with NHS commissioners, local authorities and other public sector purchasing agencies.

An important part of the company's activities is the strength of its property portfolio of healthcare facilities. In this context, the company's strategy includes the on-going economic development of the property portfolio and a regular refurbishment programme.

### KEY PERFORMANCE INDICATORS

#### *Financial Performance*

The company prepares detailed financial budgets for all of its facilities and operations, against which actual performance is monitored. A key area is occupancy and the company monitors levels in order to manage profitability.

#### *Quality and Compliance with Regulations*

The company operates in a highly regulated environment, being registered with the Care Quality Commission. The quality of care provided by the company and its compliance with regulation are monitored in a structured manner and subject to continuous review by the senior managers and executive directors.

#### *Position at the year end*

The company's performance against these measures was satisfactory at the year end.

### RISKS AND UNCERTAINTIES

The company is exposed to a variety of risks that could affect the performance of the business. The Board is responsible for maintaining a risk management programme that seeks to identify, manage and mitigate business risk.

#### *Customer and Price risk*

The company's main customer is the NHS and any changes in government purchasing policy away from the independent sector would constitute a risk. NHS, government bodies and local authorities will be under pressure to cut spending, which represents a risk to the business in terms of fees for new admissions and inflationary increases on fees for existing users of the services. Wherever possible the company mitigates price risk through negotiating long term contracts for patients and service users with fixed price agreements and it is committed to working with its purchasers to find solutions that provide demonstrable value for money. In an increasingly competitive market, the strategy is to continue to focus on providing high quality person-centred services at fee levels which are competitive and represent good value.

# Healthline Individual Care Limited

## STRATEGIC REPORT

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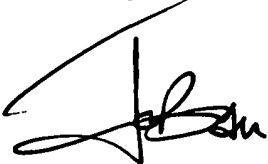
### *Credit risk*

The company has limited exposure to this risk as counterparties are all local NHS, governmental departments and local authorities.

### *Health and safety risk*

Due to the nature of the company's operations, an independent adviser monitors health and safety risk in conjunction with the operations team, to ensure that company policies are adhered to.

By order of the board



JC Ball  
Director

27 September 2016

# Healthline Individual Care Limited

## DIRECTORS' REPORT

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The directors present their report and the audited financial statements for the year ended 31 March 2016.

The directors have not disclosed the following sections of the Directors' Report "Business Review; Key Performance Indicators; and Risks and Uncertainties" as these have been included within the Strategic Report on page 2.

### PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of learning disability services.

### RESULTS AND DIVIDENDS

The results for the year are shown on page 8.

No dividend has been paid in the year (2015: £nil).

### FUTURE DEVELOPMENTS

The directors are confident that the company will continue to trade profitably. The company continues to work closely with commissioners to create increased care pathways for our patients and, as part of this process, 25 beds have been repositioned from hospital to residential care, and 5 single person hospital apartments have been created, over the past 2 years.

### EMPLOYEE INVOLVEMENT AND DISABLED PERSONS

The company's policy is to consult and discuss with employees matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the regular and frequent financial and economic factors affecting the company's performance.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made wherever possible for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes.

### DIRECTORS

The directors who have held office since 1 April 2015 were as follows:

JC Ball  
NGA Ktori

### FINANCIAL INSTRUMENTS

The company operates its business using bank and cash balances, and continues to be supported by its parent company, Lighthouse Healthcare Limited which in turn is supported by the ultimate parent company, Lighthouse Healthcare Group Limited. As such, all financial matters are dealt with at a group level. The company does not hold any financial derivative instruments.

### AUDITOR

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

# Healthline Individual Care Limited

## DIRECTORS' REPORT

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### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board

A handwritten signature in black ink, appearing to read 'JC Ball', with a large, sweeping initial stroke.

**JC Ball**  
Director

27 September 2016

# Healthline Individual Care Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the Strategic Report and the 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 company and of the profit or loss of the company for that period.

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEALTHLINC INDIVIDUAL CARE LIMITED

We have audited the financial statements on pages 8 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "the Financial Reporting Standard applicable in the UK and 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 more fully explained in the Directors' Responsibilities Statement set out on page 6, 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 (APB'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 <http://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 company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

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

*RSM UK Audit LLP*

JONATHAN LOWE (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

*27 September* 2016

# Healthline Individual Care Limited

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
TURNOVER	2	10,663	8,619
Cost of sales		(8,847)	(7,632)
GROSS PROFIT		1,816	987
Administrative expenses		(842)	(763)
OPERATING PROFIT		974	224
Interest receivable and similar income	3	196	191
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4-5	1,170	415
Taxation	6	(142)	(84)
PROFIT FOR THE FINANCIAL YEAR AND TOTAL COMPREHENSIVE INCOME		1,028	331

# Healthline Individual Care Limited

## STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Note	2016 £'000	2015 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	7,598	7,513
<b>CURRENT ASSETS</b>			
Debtors due within one year	8	592	256
Debtors due after more than one year	8	6,727	6,442
Cash at bank and in hand		832	664
		<u>8,151</u>	<u>7,362</u>
<b>CURRENT LIABILITIES</b>			
Creditors: Amounts falling due within one year	9	(730)	(760)
		<u></u>	<u></u>
<b>NET CURRENT ASSETS</b>		<u>7,421</u>	<u>6,602</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>15,019</u>	<u>14,115</u>
<b>PROVISION FOR LIABILITIES</b>	10	(263)	(387)
		<u></u>	<u></u>
<b>NET ASSETS</b>		<u>14,756</u>	<u>13,728</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	15	15
Profit and loss account		14,741	13,713
		<u></u>	<u></u>
<b>TOTAL EQUITY</b>		<u>14,756</u>	<u>13,728</u>

The financial statements on pages 8 to 21 were approved by the board and authorised for issue on 27 September 2016 and are signed on its behalf by:



**NGA Ktori**  
Director

Company Registration No. 01440442

# Healthline Individual Care Limited

## STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2016

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	Share capital £'000	Profit and loss account £'000	Total £'000
<b>Balance at 1 April 2014</b>	<b>15</b>	<b>13,382</b>	<b>13,397</b>
Profit for the year	-	331	331
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2015</b>	<b>15</b>	<b>13,713</b>	<b>13,728</b>
	<hr/>	<hr/>	<hr/>
Profit for the year	-	1,028	1,028
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2016</b>	<b>15</b>	<b>14,741</b>	<b>14,756</b>
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# Healthline Individual Care Limited

## ACCOUNTING POLICIES

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### GENERAL INFORMATION

Healthline Individual Care Limited (“the Company”) is a limited company domiciled and incorporated in England.

The address of the Company’s registered office and principal place of business is:

2<sup>nd</sup> Floor Bezant House  
Bradgate Park View  
Chellaston  
Derbyshire  
DE73 5UH

The Company’s principal activity and nature of operations is the provision of learning disability services.

### BASIS OF ACCOUNTING

These financial statements are the first financial statements of Healthline Individual Care Limited prepared in accordance with Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (FRS 102) and the requirements of the Companies Act 2006 and under the historical cost convention. The financial statements of Healthline Individual Care Limited for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous accounting standards applied. Consequently, the directors have amended certain accounting policies to comply with FRS 102 permitted by FRS 102 Chapter 35 ‘Transition to this FRS’.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 ‘Transition to this FRS’. Adjustments are recognised directly in retained earnings at the transition date.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

### REDUCED DISCLOSURES

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 ‘Statement of Cash Flows’ – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ & Section 12 ‘Other Financial Instrument Issues’ – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 ‘Share-based Payment’ – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 ‘Related Party Disclosures’ – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of Lighthouse Healthcare Group Limited. The consolidated financial statements of Lighthouse Healthcare Group Limited are available from its registered office, 2<sup>nd</sup> Floor Bezant House, Bradgate Park View, Chellaston, Derbyshire, DE73 5UH.

# Healthline Individual Care Limited

## ACCOUNTING POLICIES

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### GOING CONCERN

The financial statements have been prepared on the going concern basis, which assumes that the company will be able to continue to trade for the foreseeable future. A written pledge has been made between the immediate holding company, Lighthouse Healthcare Limited and Healthline Individual Care Limited to offer support to ensure that the company can continue to trade to meet its liabilities as they fall due. Lighthouse Healthcare Limited has in place a similar letter of support from its own holding company, Lighthouse Healthcare Group Limited.

The group is reliant on publically funded organisations and, given the ongoing funding constraints in the NHS and local authorities, the market remains challenging. The group continues to focus on winning long term contracts and securing framework agreements to ensure a level of cashflow certainty and on tightly controlling staff costs in services where occupancy levels vary. The business also seeks to enter into group purchasing contracts to realise efficiencies on non-staff cost lines. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the ongoing public sector funding constraints.

Following the restructuring of the group's financing facilities on 28 August 2014, the group has bank facilities in place until October 2018, with headroom on current and forecast performance to meet its obligations as they fall due. Post restructure, the group has hedged 50% of its bank debt to mitigate the risk of increased interest costs.

The directors have a reasonable expectation that the group has adequate resources to meet its financial obligations for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### FUNCTIONAL AND PRESENTATIONAL CURRENCIES

The financial statements are presented in sterling which is also the functional currency of the company.

### TURNOVER

Turnover represents the amounts derived from the provision of learning disability services to customers during the year. This turnover is recognised at the beginning of the month to which it relates.

### OTHER INCOME

#### *Interest income*

Interest income is accrued on a time apportioned basis, by reference to the principal outstanding at the effective interest rate.

### TANGIBLE FIXED ASSETS

Tangible fixed assets are initially measured at cost, and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset to its estimated residual value, on a straight line basis over its expected useful life, as follows:

Freehold buildings	-	50 years
Plant and equipment	-	3 to 10 years
Motor vehicles	-	4 to 5 years

All costs in relation to new developments are capitalised up to the date of registration.

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Land and buildings are accounted for separately even when acquired together.

# Healthline Individual Care Limited

## ACCOUNTING POLICIES

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### TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### LEASED ASSETS AND OBLIGATIONS

Leases that do not give rights approximating to ownership are accounted for as 'operating leases' and the rental charges are charged to profit or loss on a straight line basis over the term

### RETIREMENT BENEFITS

The company operates a defined contribution scheme. The amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

### FINANCIAL INSTRUMENTS

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

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### ***Financial assets***

##### ***Trade, group and other debtors***

Trade, group and other debtors (including accrued income) which are receivable within one year are initially measured at the transaction price and are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument and subsequently measured at amortised cost.

# Healthline Individual Care Limited

## ACCOUNTING POLICIES

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### FINANCIAL INSTRUMENTS (continued)

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

### *Financial liabilities and equity*

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

### *Equity instruments*

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

### *Trade, group and other creditors*

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument and subsequently measured at amortised cost.

### *Derecognition of financial assets and liabilities*

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.



# Healthline Individual Care Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

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### 1 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the opinion of the directors, there were no critical accounting estimates or areas of material judgement in the preparation of the company's accounts.

### 2 TURNOVER

In the opinion of the directors there is only one class of business, being the provision of learning disability services. All turnover is derived in the UK.

### 3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £'000	2015 £'000
Bank Interest receivable	3	3
Group loan interest	193	188
	<hr/>	<hr/>
	196	191
	<hr/>	<hr/>

# Healthline Individual Care Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

### 4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets:		
Charge for the year:		
- Owned assets	325	297
Operating lease rentals:		
- Plant and Machinery	3	3
	<u>328</u>	<u>300</u>

The remuneration of the auditor in respect of services provided to the company in the current and previous financial year was borne by the parent company, Lighthouse Healthcare Limited.

An estimate of the fees in relation to the company is £8,000 (2015: £8,000) for audit services, £2,000 (2015: £2,000) in respect of tax compliance.

### 5 EMPLOYEES

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

	2016 Number	2015 Number
Directors	2	2
Management and administration	19	18
Nursing and residential	278	253
	<u>299</u>	<u>273</u>

The aggregate payroll costs of these persons were as follows:

	2016 £'000	2015 £'000
Wages and salaries	5,735	5,137
Social security costs	465	426
Pension costs	61	48
	<u>6,261</u>	<u>5,611</u>

The directors received no emoluments for services to the company during the year (2015: £nil). The directors received remuneration for services to Lighthouse Healthcare Limited of which Healthline Individual Care Limited is a subsidiary undertaking. However, the proportion attributable to their services to Healthline Individual Care Limited is not separately identifiable.

# Healthline Individual Care Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

### 6 TAXATION

a) Analysis of charge in the year:	2016 £'000	2015 £'000
Current taxation:		
UK corporation tax	-	-
Payment for group relief	196	49
Adjustments in respect of prior periods	70	(9)
Total current tax	266	40
Deferred taxation:		
Origination and reversal of timing differences	60	35
Adjustments in respect of prior periods	(145)	9
Effect of tax rate change on opening balance	(39)	-
	(124)	44
Tax on profit on ordinary activities	142	84

### b) Factors affecting tax charge for the year:

The tax assessed for the year is lower (2015: higher) than the standard rate of corporation tax in the UK being 20% (2015: 20%). The differences are explained below:

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	1,170	415
Company profit on ordinary activities multiplied by corporation tax at the standard rate 20% (2015: 20%)	234	83
Effect of:		
Expenses not deductible for tax purposes	20	20
Income not taxable for tax purposes	(39)	(38)
Transfer pricing adjustment	31	19
Adjustments in respect of prior periods	(75)	-
Rate difference between deferred and current tax	(29)	-
Tax charge for the year	142	84

# Healthline Individual Care Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

### 7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost:				
At beginning of year	8,338	1,387	54	9,779
Additions	257	153	-	410
At end of year	8,595	1,540	54	10,189
Depreciation:				
At beginning of year	1,222	1,009	35	2,266
Charge for the year	148	172	5	325
At end of year	1,370	1,181	40	2,591
Carrying amount At 31 March 2016	7,225	359	14	7,598
At 31 March 2015	7,116	378	19	7,513

Included in freehold land and buildings is land with a value of £1,050,000 (2015: £1,050,000) which is not depreciated.

### 8 DEBTORS

	2016 £'000	2015 £'000
<i>Amounts falling due within one year:</i>		
Trade debtors	556	223
Other debtors	6	3
Prepayments and accrued income	30	30
	592	256
<i>Amounts falling due after more than one year:</i>		
Amounts owed by group undertakings	6,727	6,442

# Healthline Individual Care Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

### 9 CREDITORS: Amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	275	213
Other taxation and social security costs	96	91
Other creditors	9	8
Accruals and deferred income	350	448
	<u>730</u>	<u>760</u>

### 10 PROVISIONS FOR LIABILITIES

	Deferred tax £'000
At beginning of year	387
Credit for the year	(124)
<b>At end of year</b>	<b><u>263</u></b>

The elements of deferred tax and amounts not provided are as follows:

	2016		2015	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowances	<u>263</u>	<u>-</u>	<u>387</u>	<u>-</u>

### 11 SHARE CAPITAL AND RESERVES

	2016 £'000	2015 £'000
<b>SHARE CAPITAL</b>		
Allotted, called up and fully paid: 15,000 Ordinary shares of £1 each	<u>15</u>	<u>15</u>

The Company's ordinary shares, which carry no rights to fixed income, each carry the right to one vote at general meetings of the Company.

#### RESERVES

Reserves of the company represent the following:

#### *Profit and loss account*

Cumulative profit and loss net of distributions to owners.

# Healthline Individual Care Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2016

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### 12 COMMITMENTS UNDER OPERATING LEASES

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

	2016 Other £'000	2015 Other £'000
Amounts due:		
Within one year	1	1
Between two and five years	-	1
	<u>1</u>	<u>2</u>

### 13 CAPITAL COMMITMENTS

	2016 £'000	2015 £'000
Contracts placed for future capital expenditure not provided in the financial statements	-	260

Prior to 31 March 2015, the company entered into an agreement for the future provision of building refurbishment services at one of its hospitals. This work was completed during the year ended 31 March 2016.

### 14 RETIREMENT BENEFITS

The company operates a defined contribution pension scheme that is administered independently to the company. The contributions for the year were £61,000 (2015: £48,000). There was £4,000 (2015: £3,000) of outstanding contributions at the end of the year, and included within other creditors.

### 15 CONTINGENT LIABILITIES

As at 31 March 2016, the company, along with other members of the Lighthouse Healthcare Group Limited group, was a guarantor in respect of the syndicated parent company loan with the Bank of Scotland and Alcentra Mezzanine No 1 S.a.r.l., Alcentra Mezzanine QPAM S.a.r.l., Shiofra 1 S.a.r.l., and Shiofra 2 S.a.r.l., together "the Alcentra lenders". At the balance sheet date the loan outstanding amounted to £35,362,500 (2015: £36,200,000).

Please note that, as at 31 March 2014, the loan was held by Lighthouse Healthcare Limited, but was amended and novated to Lighthouse Healthcare Group Limited under the financial restructuring of the group completed on 28 August 2014.

Up until 28 August 2014, the company was also a guarantor, along with other members of the Lighthouse Healthcare Limited group, in respect of the parent company loans with the Alcentra lenders. These loans were satisfied in full as part of the financial restructuring on 28 August 2014. At the balance sheet date the loans outstanding amounted to £nil (2015: £nil).

The loans were secured by legal charges dated 19 October 2007 and 22 December 2009 securing the debt against the company's freehold property by way of a fixed charge and the remainder of the company's assets by way of a floating charge. In terms of security, the Alcentra debt ranked secondary to the Bank of Scotland senior debt.

Following the financial restructuring of the group completed on 28 August 2014, the legal charge dated 22 December 2009, in favour of the Alcentra lenders only, was released. At the same time, the company entered into an additional debenture in favour of the Bank of Scotland as security trustee for the Bank of Scotland and the Alcentra lenders.

# Healthlinc Individual Care Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2016

### 16 ULTIMATE PARENT COMPANY

The directors consider that the ultimate parent undertaking as at 31 March 2016 was Lighthouse Healthcare Group Limited. The company's immediate parent is Lighthouse Healthcare Limited.

The consolidated accounts of Lighthouse Healthcare Group Limited are the only consolidated accounts which include the results of Healthlinc Individual Care Limited, and are available from:

The Registrar of Companies  
Companies House  
Crown Way  
Cardiff  
CF14 3UZ

### 17 FIRST TIME ADOPTION OF FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

RECONCILIATION OF EQUITY		1 April 2014 £'000	31 March 2015 £'000
	Notes		
Company equity as previously reported under previous UK GAAP		14,322	14,465
Group loans	A	(925)	188
Transition date adjustments		-	(925)
Equity reported under FRS 102		<u>13,397</u>	<u>13,728</u>

RECONCILIATION OF PROFIT OR LOSS		Year ended 31 March 2015 £'000
	Notes	
Company profit as previously reported under previous GAAP		143
Group loans	A	188
Profit reported under FRS 102		<u>331</u>

A – Group loans

Group loans repayable in more than one year are interest free.

Under section 11 of FRS 102 group loans have been discounted at the market rate of interest.