

Registered number: 02571516

LANEMILE LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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LANEMILE LIMITED

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LANEMILE LIMITED

COMPANY INFORMATION

Directors	M R Parish R Pearman A Knight M Rosenberg P Whitecross
Company secretary	J D Calow
Registered number	02571516
Registered office	Connaught House 850 The Crescent Colchester Business Park Colchester Essex CO4 9QB
Independent auditors	KPMG LLP Botanic House 100 Hills Road Cambridge CB2 1AR
Bankers	HSBC Bank Plc Midland House 26 North Station Road Colchester Essex CO1 1SY

**STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

The directors present their Strategic Report for the year ended 30 September 2016.

Business review

The Key Performance Indicators ("KPIs") used by the company to measure financial performance are revenue, gross profit, gross margin, bed numbers and occupancy.

Revenue has increased in the last year by 3.6% (2015: static) while gross profit decreased by 34.0% (2015: 6.8% decrease) over the same period. The decrease in the gross profit was a result of higher employment costs.

Total bed numbers remainder at 96 (2015: 96), of which 39 (2015: 39) or 41% (2015: 41%) were block contracted at the year end. The principal financial risk facing the business is the level of occupancy. During the year this averaged 91.0% (2015: 91.4%).

The directors consider the future prospects to be satisfactory.

Principal risks and uncertainties

Lanemile Limited ("The Company") operates in a highly regulated business environment and failure to comply with regulations could lead to substantial penalties, including the loss of the registration certificates necessary to continue to trade.

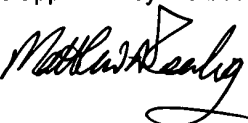
The company relies on providing services to publicly funded entities in the United Kingdom such as Local Authorities and the NHS, typically through Clinical Commissioning Groups, for a substantial proportion of its revenue. Any material reduction in the revenue earned from such services could adversely impact the company's business, results of operations and financial condition.

The company's strategy is partly based on growth derived from increased levels of consumer demand for its services or the increased influence of consumers in the choice of the provider of care to them and as a result, its future growth is dependent on maintaining the quality of its services, consumer and patient perception of that quality and on its ability to market these services effectively.

Unforeseen changes in legislation can have a significant impact on the Company and its financial performance. Additionally availability of nurses remains a sector wide challenge, resulting in increased use of agency staff which would impact on labour costs.

This report was approved by the board on 27 April 2017 and signed on its behalf.

M Rosenberg
Director



LANEMILE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

The directors present their report and the financial statements for the year ended 30 September 2016.

Principal activity

The company's principal activity during the year continued to be the operation of two nursing and residential care homes for the elderly.

Results and dividends

The profit for the year, after taxation, amounted to £643,000 (2015 - £821,000).

No interim dividend (2015: £nil) was paid in the year. The directors do not recommend a final ordinary dividend to be paid in respect of the current year.

Directors

The directors who served during the year were:

M R Parish
R Pearman
A Knight
M Rosenberg
P Whitecross

Political and charitable donations

The company made no political or charitable donations during the year (2015: £nil).

Employee involvement

Management regularly visit local services and discuss matters of current interest and concern to the business with members of staff.

Management have developed a series of internal communications tools, including e-mail notices, newsletters and 'cascade' briefings in order to keep employees informed regarding the progress, financial position and commercial issues of the Care UK group.

Disabled employees

It is group policy to give fair consideration to the employment needs of disabled people to comply with current legislation with regard to disabled persons and, wherever practicable, to continue to employ and promote the careers of existing employees, who become disabled and to consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitude and abilities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2016

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 27 April 2017 and signed on its behalf.



M Rosenberg
Director

LANEMILE LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

The directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets for the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LANEMILE LIMITED

We have audited the financial statements of Lanemile Limited for the year ended 30 September 2016, set out on pages 8 to 26. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 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 those financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LANEMILE LIMITED (CONTINUED)

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.

S Beavis

**Stephanie Beavis (Senior Statutory Auditor)
for and on behalf of KPMG LLP Statutory Auditor**

Chartered Accountants
Botanic House
100 Hills Road
Cambridge
CB2 1AR

27 April 2017

LANEMILE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Note	2016 £000	2015 £000
Turnover	4	3,861	3,727
Cost of sales		(3,328)	(2,919)
Gross profit		533	808
Administrative expenses		(267)	(266)
Operating profit	5	266	542
Interest receivable and similar income	9	292	254
Profit before tax		558	796
Tax on profit	10	85	25
Profit for the year		643	821
Total comprehensive income for the year		643	821

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

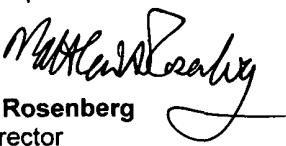
The notes on pages 12 to 26 form part of these financial statements.

LANEMILE LIMITED
REGISTERED NUMBER: 02571516

BALANCE SHEET
AS AT 30 SEPTEMBER 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	11	2,924	2,510
		<u>2,924</u>	<u>2,510</u>
Current assets			
Stocks	12	6	4
Debtors: amounts falling due after more than one year	13,17	3,395	3,890
Debtors: amounts falling due within one year	13	160	90
Cash at bank and in hand	14	11	11
		<u>3,572</u>	<u>3,995</u>
Creditors: amounts falling due within one year	15	(445)	(1,056)
Net current assets		<u>3,127</u>	<u>2,939</u>
Total assets less current liabilities		<u>6,051</u>	<u>5,449</u>
Creditors: amounts falling due after more than one year	16	(46)	(41)
Provisions for liabilities			
Deferred tax	17	-	(46)
		<u>-</u>	<u>(46)</u>
Net assets		<u><u>6,005</u></u>	<u><u>5,362</u></u>
Capital and reserves			
Called up share capital	18	1	1
Profit and loss account		6,004	5,361
Shareholders' funds		<u><u>6,005</u></u>	<u><u>5,362</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 April 2017.


M Rosenberg
 Director

The notes on pages 12 to 26 form part of these financial statements.

LANEMILE LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 October 2015	1	5,361	5,362
Comprehensive income for the year			
Profit for the year	-	643	643
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	643	643
Total transactions with owners	-	-	-
At 30 September 2016	1	6,004	6,005

LANEMILE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2015**

	Called up share capital	Profit and loss account	Total equity
	£000	£000	£000
At 1 October 2014	1	4,540	4,541
Comprehensive income for the year			
Profit for the year	-	821	821
<i>Other comprehensive income for the year</i>	-	-	-
Total comprehensive income for the year	-	821	821
Total transactions with owners	-	-	-
At 30 September 2015	1	5,361	5,362

The notes on pages 12 to 26 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

1. General information

The company is a wholly owned subsidiary of Care UK Limited, which is registered in England and Wales. Registered office: Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

This year is our first reporting year following adoption of FRS 102, there are no transition adjustments.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The disclosure requirements of section 1 'Reduced disclosures for subsidiaries' of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Care UK Health and Social Care Holdings Limited as at 30 September 2016 and these financial statements may be obtained from Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)

2.3 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report on page 2. The company has access to funds provided by Care UK Limited, a parent company within the Group.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Care UK Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future and at least 12 months from the date of authorisation of these statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £268,000 (2015: £951,000) (after accounting for debtors due in more than 1 year). The parent undertaking, Care UK Ltd, has confirmed that it will provide the necessary financial support as is needed by the company to settle any amounts for the foreseeable future and specifically within at least 12 months of the signed date of these accounts. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold land	- No depreciation provided
Freehold buildings	- 10 to 50 years
Fixtures, fittings and equipment	- 3 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

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

2.9 Financial instruments

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)

2.9 Financial instruments (continued)

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)**2.9 Financial instruments (continued)**

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.13 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

2. Accounting policies (continued)

2.14 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS 102 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year then ended. Management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

Estimates are used in accounting for allowances for uncollectible receivables, depreciation and impairment, pensions, taxes, provisions, and contingencies. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the year that an adjustment is determined to be required.

Management regularly discusses with the Group Audit Committee the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

4. Turnover

Turnover represents sales and services to third party customers in the health and social care sector, stated net of any applicable value added tax. Turnover is recognised when services are provided. All sites operate within the UK.

	2016	2015
	£000	£000
United Kingdom	3,861	3,727
	<u>3,861</u>	<u>3,727</u>

5. Operating profit

The operating profit is stated after charging:

	2016	2015
	£000	£000
Depreciation and other amounts written off owned fixed assets	208	171
Defined contribution pension cost	12	10
	<u>220</u>	<u>181</u>

6. Auditors' remuneration

Auditors' remuneration of £2,000 (2014: £2,000) was borne by another group undertaking in both financial years.

LANEMILE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

7. Employees

Staff costs were as follows:

	2016 £000	2015 £000
Wages and salaries	2,169	1,951
Social security costs	142	126
Cost of defined contribution scheme	12	10
	2,323	2,087

No staff were directly employed by the company for the year ended 30 September 2016. All staff working directly with the service provision of this company were employed by other Group companies and the below disclosures relate to these staff.

The average monthly number of employees working directly with the service provision of this company during the year was as follows:

	2016 No.	2015 No.
Care staff	158	152

8. Directors' remuneration

The directors received no emoluments during the financial year ended 30 September 2016 for their services to the company (2015: £nil).

The emoluments of R Pearman, A Knight and M Rosenberg for services to the Care UK Ltd Group are paid by and disclosed within the accounts of Care UK Community Partnerships Ltd.

The emoluments of M Parish and P Whitecross for services to the Care UK Ltd Group are paid by and disclosed within the accounts of Care UK Health and Social Care Investments Ltd.

Retirement benefits under money purchase pension schemes are accruing to 2 directors (2015: 2).

9. Interest receivable

	2016 £000	2015 £000
Interest receivable from group companies	292	254
	292	254

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

10. Taxation

	2016 £000	2015 £000
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	(28)	(12)
Adjustments in respect of prior periods	(57)	(13)
Total deferred tax	<u>(85)</u>	<u>(25)</u>
Taxation on loss on ordinary activities	<u>(85)</u>	<u>(25)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 19.5% (2015 - 20.5%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	<u>558</u>	<u>796</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.5% (2015 - 20.5%)	109	163
Effects of:		
Expenses not deductible for tax purposes	3	22
Non taxable income	-	(1)
Changes in the deferred tax rate	6	-
Group relief claimed	(146)	(196)
Adjustments to tax charge in respect of prior periods	(57)	(13)
Total tax credit for the year	<u>(85)</u>	<u>(25)</u>

Factors that may affect future tax charges

The reduction in the UK corporation tax rate from 20% to 19% was effective from 1 April 2016. The main rate of corporation tax will further reduce to 17% from 1 April 2020, this was substantively enacted on 6 September 2016.

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

11. Tangible fixed assets

	Land and buildings £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 October 2015	2,424	1,086	7	3,517
Additions	-	622	-	622
Disposals	-	(347)	(5)	(352)
At 30 September 2016	2,424	1,361	2	3,787
Depreciation				
At 1 October 2015	452	550	5	1,007
Charge for the period on owned assets	29	178	1	208
Disposals	-	(347)	(5)	(352)
At 30 September 2016	481	381	1	863
Net book value				
At 30 September 2016	1,943	980	1	2,924
At 30 September 2015	1,972	536	2	2,510

12. Stocks

	2016 £000	2015 £000
Raw materials and consumables	6	4
	6	4

Stock recognised in cost of sales during the year as an expense was £227,000 (2015 - £216,000).

The difference between the purchase price or production cost of stocks and their replacement cost is not significant.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

13. Debtors

	2016	2015
	£000	£000
Due after more than one year		
Amounts owed by group undertakings	3,356	3,890
Deferred tax asset (see note 17)	39	-
	3,395	3,890
	2016	2015
	£000	£000
Due within one year		
Trade debtors	142	65
Other debtors	-	7
Prepayments and accrued income	18	18
	160	90

14. Cash and cash equivalents

	2016	2015
	£000	£000
Cash at bank and in hand	11	11
	11	11

15. Creditors: Amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	84	105
Amounts owed to group undertakings	72	735
Other creditors	5	4
Accruals and deferred income	284	212
	445	1,056

The amounts owed to group undertakings due within one year are unsecured, repayable on demand and carry no interest charge.

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

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

	2016 £000	2015 £000
Accruals and deferred income	46	41
	<u>46</u>	<u>41</u>

17. Deferred taxation

	2016 £000
At beginning of year	(46)
Charged to profit or loss	85
At end of year	<u><u>39</u></u>

The deferred taxation balance is made up as follows:

	2016 £000
Accelerated capital allowances	39
	<u><u>39</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

18. Share capital

	2016	2015
	£000	£000
Shares classified as equity		
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

19. Pension commitments

The Care UK Limited group has an HMRC approved defined contributions group pension plan. Contributions to this scheme are charged to the profit and loss account evenly throughout the year. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost for the year represents contributions payable by the company to the fund and amounted to £12,000 (2015: £10,000).

LANEMILE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

20. Contingent liabilities

Amounts owed to group undertakings due after more than one year include an unsecured loan from a parent undertaking, Care UK Limited. The loan is repayable by the borrower in full by 30 September 2020. Interest is payable on the amount of the advance outstanding at a rate above LIBOR agreed between the parties. For amounts owed to Group undertakings due within one year these are unsecured, repayable on demand and carry no interest charge.

In addition the company is a guarantor to the funding arrangements disclosed in the financial statements of Care UK Health and Social Care Investments Limited – please refer to those financial statements for full details; a brief summary of which is given below.

i) Senior Secured Notes

Up until 17 July 2014 Care UK Health & Social Care Plc ("the Issuer") had £325.0m of 9¾% Senior Secured Notes in issue (the "2010 Notes").

On 17 July 2014 the Issuer issued £400.0m of floating rate Senior Secured Notes ("the 2014 Notes"). The proceeds of the issue were used to redeem all of the outstanding 2010 Notes, the associated accrued interest and the related redemption premium. The remaining proceeds were used to repay outstanding amounts under the Revolving Credit Facility and pay transaction fees and expenses in connection with the issue of the 2014 Notes.

The 2014 Notes are divided into two tranches, a First Lien tranche of £325.0m (the "2014 Senior Secured Notes"), which mature on 15 July 2019, and a Second Lien tranche of £75.0m (the "2014 Second Lien Notes"), which mature on 15 January 2020. Interest on the 2014 Senior Secured Notes accrues at a rate per annum, reset quarterly, equal to three-month GBP LIBOR plus 5.0%. Interest on the 2014 Second Lien Notes accrues at a rate per annum, reset quarterly, equal to three-month GBP LIBOR plus 7.5%. For both liens interest is payable quarterly in arrears on each of 15 October, 15 January, 15 April and 15 July.

The Issuer may redeem the 2014 Notes in whole or in part at any time on or after 15 July 2015 at the redemption prices set out in the Offering Memorandum. Prior to 15 July 2015, the Issuer may redeem all or part of the 2014 Notes by paying a 'make whole' premium as set out in the Offering Memorandum.

During the three month period ended 30 June 2015 Care UK Health & Social Care Finance Limited, a parent undertaking of the Issuer, purchased in aggregate £16.2m of 2014 Second Lien Notes and subsequently transferred these to the Issuer for cancellation. In addition, the Issuer purchased and cancelled £16.2m of 2014 Second Lien Notes during the year. As a result of these transactions the total of Second Lien Notes remaining in issue at 30 September 2016 was £42.6m.

In July 2015 Care UK Health & Social Care Finance Limited, a parent undertaking of the Issuer, purchased £5.0m of 2014 Second Lien Notes with the intention of transferring these to the Issuer for cancellation. As at 30 September 2016 these Notes are still held by Care UK Health & Social Care Finance Limited and are presented as 'amounts due to related party undertakings' in the consolidated statement of financial position.

In July 2015 the Issuer made an offer to purchase in respect of the 2014 Senior Secured Notes for a maximum of £95.0m. The offer was fully subscribed and completed on 14 August 2015 and the Notes were subsequently cancelled. As a result of this transaction the total of Senior Secured Notes remaining in issue at 30 September 2016 was £230.0m.

The 2014 Senior Secured Notes are guaranteed on a senior basis and the 2014 Second Lien Notes are guaranteed on a senior subordinated basis by Care UK Health & Social Care Investments Limited and certain subsidiary guarantors.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

ii) Senior Revolving Credit Facility

On the 11 July 2014 the £115.0m Senior Revolving Credit Facility (the "original RCF") was replaced by an amended £65.0m Revolving Credit Facility (the "amended RCF"). On 17 July 2014 the original RCF utilisations were repaid in full from the proceeds of the issue of the 2014 Notes together with utilisations drawn on the amended RCF.

As at 30 September 2016, £10.0m (30 September 2015: £4.0m) of the amended RCF has been utilised as cash drawings. The remainder of the facility remained undrawn, with the exception of £9.4m (30 September 2015: £10.1m) utilised in relation to performance bonds provided in relation certain contracts in the Health Care division.

The margin payable on any loan utilisation under the amended RCF is in the range of 2.25% to 3.25% above LIBOR plus any mandatory costs depending on the total net leverage of the group. Each utilisation under the facility is repayable and capable of being redrawn at the end of each interest period. The final repayment date is 11 May 2019.

The Amended and Restated Senior Revolving Facility Agreement requires Care UK Health & Social Care Investments Limited, as the parent guarantor, to ensure compliance with a financial covenant relating to super senior gross leverage (calculated as the ratio of the aggregate amount of all outstanding loans under the Amended Revolving Credit Facility to Consolidated EBITDA of the Group for the 12 months ending on that quarter end).

21. Controlling party

The company's ultimate parent company and controlling party is Care UK Health and Social Care Holdings Limited, which is registered in England and Wales.

The company's immediate parent company is Care UK Community Partnerships Limited, which is registered in England and Wales.

Copies of the financial statements of Care UK Health and Social Care Holdings Limited, which include the consolidated results of this company, are available from its registered office at Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.