

**Ability Matters Group Limited**

Directors' Report and Financial Statements  
for the year ended 31 October 2016

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# **Ability Matters Group Limited**

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## **Ability Matters Group Limited**

### **Company Information**

<b>Directors</b>	M A O'Byrne J O'Byrne P D Robinson (appointed 20 October 2016)
<b>Registered office</b>	Ability House 21 Nuffield Way Abingdon Oxfordshire OX14 1RL
<b>Auditors</b>	Critchleys LLP Registered Auditors Beaver House 23-38 Hythe Bridge Street Oxford OX1 2EP

## **Ability Matters Group Limited**

### **Strategic Report for the year ended 31 October 2016**

The directors present their strategic report on the Group for the year ended 31 October 2016.

#### **Review of the business**

The Company and its subsidiary undertakings supply products and services in the United Kingdom and Europe that enhance the lives of those who require devices to improve their mobility, access and independence, and distribute products throughout the world.

#### **Principal activity**

The principal activities of the Group are the provision of prosthetic and orthotic products and services to the public and private sectors within the UK and overseas.

#### **Results and performance**

The directors are pleased to report that the Group has enjoyed a further year of successful trading. Turnover has increased by 7.8% to £42.8million (2015: 10% - £39.7 million). The increase is due to contract gains in the NHS service business, in particular the addition of wheelchair contracts, and also to increased product sales to third parties.

The operating profit margin increased to 4.4% (2015: 3.7%). Investments in the previous year in increased capacity in sales and orthotics manufacturing enabled the Group to service the new contracts without a directly corresponding increase in costs. The Group continues to tender for additional public sector contracts and expand its product base. The directors expect this activity to lead to further growth in the coming year and improved profitability.

Net assets of the Group are up 13.5% on prior year at £9.2 million (2015: £7.9 million). The Group has invested in a clinical centre of excellence, of which 50% has been funded by internally generated funds. The Group continues to invest in research and development.

#### **Business environment**

The underlying health of the general public impacts significantly on the demand for prosthetic, orthotic and other assistive technology devices. Pressure from health organisations to reduce costs requires operators to continually make efficiency gains in their operations through investment in new technology and research and development activities.

#### **Strategy**

The Group will continue to develop its provision of prosthetic and orthotic products and services to the public and private sectors within the UK and overseas. It continues to concentrate on effective partnerships with NHS organisations. Expansion into the area of posture and mobility products and services will continue to receive focus to broaden the Group's activities. The overseas offices will also expand their activities.

#### **Key performance indicators**

The directors consider turnover and operating profit margin to be the key performance indicators used to measure the success of the Group. The Group's performance against these KPI's is reviewed above.

#### **Principal risks and uncertainties**

The principal risk to the Group is the market reliance on UK NHS contracts, which under European Commission rules are subject to periodic competitive tendering.

Approved by the Board on 27 July 2017 and signed on its behalf by:



Paul Robinson  
Director

## **Ability Matters Group Limited**

### **Directors Report for the year ended 31 October 2016**

The directors present their report and the consolidated financial statements for the year ended 31 October 2016.

#### **Directors of the Company**

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

M A O'Byrne  
J O'Byrne  
R Chatfield (resigned 18 July 2016)  
P D Robinson (appointed 20 October 2016)

#### **Financial risk management**

The Group's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and the related finance costs.

##### **Price risk**

The Group monitors market prices and takes action to adjust prices where there are movements in the pricing of its raw materials prices. The Group is exposed directly to two currencies, the Euro and US Dollar. Because of the size of the Group's operations it would not be cost effective to use financial instruments to manage this risk. However, the directors will review this policy if circumstances change.

##### **Credit risk**

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers where appropriate, and by monitoring receipts from existing customers against contractual agreements.

##### **Liquidity risk**

The Group monitors cash flow risk as part of its day to day control procedures. The board considers cash flow projections on a monthly basis and ensures that available facilities are available to be drawn upon as necessary.

##### **Interest rate risk**

The Group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied. The directors will review this policy should circumstances change.

#### **Research and development**

The Group continues its research and development activities in new products and a new clinical software system to facilitate and enhance the provision of prosthetic and orthotic services. £170,000 (2015: £183,000) of research and development expenditure on the new software system has been capitalised as an intangible asset.

#### **Employee involvement**

The flow of information to staff is achieved by members of the management team regularly visiting branches to discuss with staff matters of current interest and concern to the business.

#### **Employment of disabled persons**

The Group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the Company.

**Ability Matters Group Limited**  
**Directors Report**  
**for the year ended 31 October 2016 (*continued*)**

**Qualifying third party indemnity provisions**

The Company has arranged qualifying third party indemnity for all of its directors.

**Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Approved by the Board on 27 July 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'P. Robinson', written over a horizontal line.

Paul Robinson  
Director

## **Ability Matters Group Limited**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing 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 these financial statements, the directors are required to:

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

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.

## Ability Matters Group Limited

### Independent Auditor's Report to the Members of Ability Matters Group Ltd

We have audited the financial statements of Ability Matters Group Limited for the year ended 31 October 2015, set out on pages 7 to 28. 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).

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

#### Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (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 (APB's) Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

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

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 October 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and;
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

#### 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.

Robert Kirtland (Senior Statutory Auditor)  
For and on behalf of Critchleys LLP, Statutory Auditor

Beaver House  
23-38 Hythe Bridge Street  
Oxford  
OX1 2EP  
28 July 2017





# Ability Matters Group Limited

## Consolidated Profit and Loss Account for the year ended 31 October 2016

	Note	2016 £ 000	2015 £ 000
Turnover	3	42,838	39,679
Cost of sales		(23,513)	(23,438)
Gross profit		19,325	16,241
Administrative expenses		(17,376)	(14,774)
Operating profit	4	1,949	1,467
Interest payable and similar charges	7	(82)	(103)
Profit on ordinary activities before taxation		1,867	1,364
Tax on profit on ordinary activities	8	(401)	(272)
Profit for the financial year		1,466	1,092

Turnover and operating profit derive wholly from continuing operations.

The notes on pages 14 to 31 form an integral part of these financial statements.

# Ability Matters Group Limited

## Consolidated Statement of Comprehensive Income for the year ended 31 October 2016

	2016 £ 000	2015 £ 000
Profit for the financial year	1,466	1,092
Foreign currency translation differences	74	60
Total comprehensive income for the year.	<u>1,540</u>	<u>1,152</u>

The notes on pages 14 to 31 form an integral part of these financial statements.

# Ability Matters Group Limited

## Consolidated Balance Sheet at 31 October 2016

	Note	£ 000	2016 £ 000	£ 000	2015 £ 000
<b>Fixed assets</b>					
Intangible fixed assets	10		899		1,015
Tangible fixed assets	11		8,360		7,147
			<u>9,259</u>		<u>8,162</u>
<b>Current assets</b>					
Stocks	13	4,833		3,917	
Debtors	14	7,018		4,608	
Cash at bank and in hand		1,000		1,206	
			<u>12,851</u>	<u>9,731</u>	
Creditors: Amounts falling due within one year	15	(9,202)		(6,793)	
			<u>3,649</u>	<u>2,938</u>	
Net current assets					
			<u>12,908</u>	<u>11,100</u>	
Total assets less current liabilities					
Creditors: Amounts falling due after more than one year	16		(3,523)		(2,937)
Provisions for liabilities	17		(221)		(239)
			<u>9,164</u>	<u>7,924</u>	
Net assets					
<b>Capital and reserves</b>					
Share capital	18		-		-
Share premium			700		700
Profit and loss account			8,464		7,224
			<u>9,164</u>	<u>7,924</u>	
Shareholders' funds					

Approved by the Board on 27 July 2017 and signed on its behalf by:



Paul Robinson  
Director

The notes on pages 14 to 31 form an integral part of these financial statements.

# Ability Matters Group Limited

## Consolidated Statement of Changes in Equity for the Period from 1 November 2015 to 31 October 2016

	Share capital £'000	Share premium Account £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2015	-	700	7,224	7,924
Dividends paid	-	-	(300)	(300)
Comprehensive income for the year	-	-	1,540	1,540
At 31 October 2016	-	700	8,464	9,164

During the year it was recognised that an amount previously charged against profit to the credit of a subsidiary company was not a valid payable.

	Share capital £'000	Share premium Account £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2014	-	700	6,072	6,772
Comprehensive income for the year	-	-	1,152	1,152
At 31 October 2015	-	700	7,224	7,924

# Ability Matters Group Limited

## Company Balance Sheet at 31 October 2016

Company number: 03039768

	Note	£ 000	2016 £ 000	£ 000	2015 £ 000
<b>Fixed assets</b>					
Intangible fixed assets	10		35		46
Tangible fixed assets	11		3,420		3,409
Investments	12		1,015		913
			<u>4,470</u>		<u>4,368</u>
<b>Current assets</b>					
Stocks	13	691		295	
Debtors	14	944		718	
Cash at bank and in hand		-		285	
			<u>1,635</u>	<u>1,298</u>	
Creditors: Amounts falling due within one year	15	(3,547)		(2,492)	
			<u></u>	<u></u>	
Net current assets			<u>(1,912)</u>		<u>(1,194)</u>
Total assets less current liabilities			2,558		3,174
Creditors: Amounts falling due after more than one year	16		(1,987)		(2,103)
Provisions for liabilities	17		(32)		(2)
			<u></u>		<u></u>
Net assets			<u>539</u>		<u>1,069</u>
<b>Capital and reserves</b>					
Share Capital	18		-		-
Share premium account			700		700
Profit and loss account			(161)		369
			<u></u>		<u></u>
Shareholders' funds			<u>539</u>		<u>1,069</u>

Approved by the Board on 27 July 2017 and signed on its behalf by:



Paul Robinson  
Director

The notes on pages 12 to 31 form an integral part of these financial statements.

# Ability Matters Group Limited

## Statement of Changes in Company Equity for the Period from 1 November 2015 to 31 October 2016

	Share capital £'000	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2015	-	700	369	1,069
Correction to intercompany account	-	-	626	626
Dividends paid	-	-	(300)	(300)
Comprehensive (loss) for the year	-	-	(856)	(856)
At 31 October 2016	-	700	(161)	539

During the year it was recognised that an amount previously charged against profit to the credit of a subsidiary company was not a valid payable.

	Share capital £'000	Share premium account £ 000	Profit and loss account £ 000	Total £ 000
At 1 November 2014	-	700	694	1,394
Comprehensive (loss) for the year	-	-	(325)	(325)
At 31 October 2015	-	700	369	1,069

## Ability Matters Group Limited

### Consolidated Cash Flow Statement for the year 31 October 2016

	Note	2016 £ 000	2015 £ 000
Operating activities	19	1,824	2,634
Investment activities	21	(2,852)	(4,009)
Financing activities	21	822	1,766
Increase/(decrease) in cash		(206)	391

The notes on pages 12 to 30 form an integral part of these financial statements.

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**1 General information**

The company is a private company limited by share capital incorporated in the United Kingdom. Its registered office is:

Ability House  
21 Nuffield Way  
Abingdon  
Oxfordshire  
OX14 1RL

The financial statements were authorised for issue on 27 July 2017

**2 Accounting policies**

**Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

**Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 October 2016. Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the Group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the Group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

**Going concern**

The financial statements have been prepared on a going concern basis.

**Turnover**

Turnover represents amounts chargeable in respect of the sale of goods and services to customers, excluding value added tax, and it's attributable to the Group's principal activities.

Turnover is recognised when goods are despatched. Services are provided under long term contracts. Turnover from the provision of these services is recognised monthly for a fixed proportion of the annual contract value.

**Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group and Company's share of identifiable net assets acquired. Goodwill on the acquisition of subsidiaries and businesses is included in intangible assets. Positive goodwill is amortised through the profit and loss account over the directors' estimate of its useful economic life, up to a maximum of 5 years. Impairment tests on the carrying value are undertaken at the end of the first full year following acquisition carried out and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

**Land and buildings**

Fixed assets which are carried at revalued amounts are shown at their current market value at the balance sheet date. Consequently land and buildings are subject to a full valuation every five years with an interim valuation carried out in the third year of this cycle.

The profit or loss on disposal of revalued properties is calculated by reference to net book value and any realised revaluation surplus is transferred to the profit and loss account through reserves.

In accordance with Statement of Standard Accounting Practice 19 (SSAP 19), investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The non-depreciation of investment properties is a departure from the Companies Act 2006. The effect of this departure has not been quantified as the directors consider it impractical and misleading.



**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**2 Accounting policies (continued)**

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve, except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

**Depreciation**

All tangible fixed assets are shown at cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly related to the acquisition of assets. Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Short leasehold improvements	over the period of the lease
Plant and machinery	8% - 25% straight line
Motor vehicles	25% straight line

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date. An asset's carrying value is written down immediately to its recoverable amount if the carrying value is greater than its estimated recoverable amount.

**Research and development**

Development costs are charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- The project is clearly defined and related expenditure is separately identifiable;
- The project is technically feasible and commercially viable;
- Current and future costs are expected to be exceeded by future sales; and
- Adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding 10 years commencing in the year the Company starts to benefit from the expenditure.

**Fixed asset investments**

Investments are included at cost less provision for any impairment in value.

**Stock and work in progress**

Stocks are valued at the lower of cost and net realisable value. Cost includes all direct expenditure and an appropriate proportion of attributable overheads. The cost of work in progress and finished goods is calculated on the basis of direct costs plus an appropriate proportion of attributable overheads based on a normal level of activity. Provision is made for any foreseeable losses where appropriate.

**Deferred tax**

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 required by FRS19. Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

**Foreign currency**

Transactions in foreign currencies are recorded using the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account. The assets and liabilities of overseas subsidiary undertakings are translated at the closing rate. The profit and loss account of these subsidiary undertakings are translated at the average rate for the year. Gains and losses arising on these translations are taken net of exchange differences on related foreign currency borrowings.

**Hire purchase and leasing**

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**2 Accounting policies (continued)**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding. Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

Assets under finance leases are shown in other debtors within current assets and are stated at the value of the net investment in the lease. The income from the finance leases is credited to the profit and loss account each year so as to give a constant rate of return on the funds invested.

**Pensions**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contribution payable to the scheme in respect of the accounting period.

The difference between the fair value of the assets held in the Group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance, with the recognition of any deferred tax asset following the principles described in the deferred tax accounting policy note above.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the Group are charged to the profit and loss account or the statement of total recognised gains and losses in accordance with FRS17 'Retirement benefits'.

**3 Turnover**

An analysis of turnover by geographical location is given below:

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
UK	32,190	30,301
Europe	10,498	9,121
Rest of World	150	257
	<u>42,838</u>	<u>39,679</u>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**4 Operating profit**

Operating profit is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Stock recognised as expense in the period	15,517	15,755
Depreciation of owned tangible fixed assets	1,557	614
Profit on disposal of tangible fixed assets	2	8
Auditors' remuneration		
- Audit fees	52	56
- Non-audit fees - tax compliance services	2	2
Operating lease costs		
- Plant and machinery	95	92
- Other	766	599
Foreign currency losses/(gains)	207	112
Amortisation of intangible assets	287	224
	<u>          </u>	<u>          </u>

**5 Particulars of employees**

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

	<b>2016</b>	<b>2015</b>
	<b>No</b>	<b>No</b>
Management and administration	225	227
Prosthetists, orthotists and production	299	305
	<u>524</u>	<u>532</u>

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	14,186	13,598
Social security costs	1,375	1,321
Staff pensions	354	378
	<u>15,915</u>	<u>15,297</u>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**6 Directors' remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Key Management</b>		
Emoluments	790	571
Company contributions to money purchase pension schemes	<u>11</u>	<u>11</u>
	<u>801</u>	<u>582</u>
 <b>Directors</b>	 <b>2016</b>	 <b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Directors' emoluments	395	371
Company contributions to money purchase pension schemes	<u>12</u>	<u>11</u>
	<u>407</u>	<u>382</u>

The number of directors accruing benefits under money purchase pension schemes was 5 (2015: 4).

**7 Interest payable and similar charges**

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest on bank borrowings	82	79
Interest on loan from director	-	3
Other interest payable	-	21
	<u>82</u>	<u>103</u>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**8 Taxation**

	<b>2016</b> <b>£ 000</b>	<b>2015</b> <b>£ 000</b>
<b>Current tax</b>		
Corporation tax charge	419	249
Adjustments in respect of previous years	-	35
	<hr/>	<hr/>
Corporation tax	419	284
	<hr/>	<hr/>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(18)	(12)
	<hr/>	<hr/>
Total deferred tax	(18)	(12)
	<hr/>	<hr/>
Total tax on profit on ordinary activities	401	272
	<hr/> <hr/>	<hr/> <hr/>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**Factors affecting the current tax charge for the year**

Tax on profit on ordinary activities for the year is lower than (2015 – lower than) the standard rate of corporation tax in the UK of 20% (2015 – 20.41%).

The differences are reconciled below:

	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit on ordinary activities before taxation	1,867	1,364
Corporation tax at standard rate	372	278
Depreciation for period in excess of capital allowances	97	36
Other short term timing differences	25	5
Expenses not deductible for tax purposes	4	21
Additional deduction for R&D expenditure	(78)	(40)
Loss relief	(3)	(115)
Losses carried forward	11	49
Income not subject to tax	(10)	-
Differences in tax rates	-	15
Adjustment for prior period	-	35
	<u>419</u>	<u>284</u>

**9 Profit for the financial year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group profit for the year includes a loss after tax of £826,000 (2015: profit after tax of £325,000) relating to the activities of the parent company.

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**10 Intangible fixed assets**

<b>Group</b>	<b>Goodwill £ 000</b>	<b>Development costs £ 000</b>	<b>Trademarks £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>				
At 1 November 2015	1,100	1,042	12	2,154
Additions	-	171	-	171
At 31 October 2016	1,100	1,213	12	2,325
<b>Amortisation</b>				
At 1 November 2015	901	234	4	1,139
Charge for the year	163	122	2	287
At 31 October 2016	1,064	356	6	1,426
<b>Net book value</b>				
At 31 October 2016	36	857	6	899
At 31 October 2015	199	808	8	1,015
<b>Company</b>			<b>Goodwill £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>				
At 1 November 2015			70	70
Additions			-	-
Disposals			-	-
At 31 October 2016			70	70
<b>Depreciation</b>				
At 1 November 2015			24	24
Charge for the year			11	11
On disposal			-	-
At 31 October 2016			35	35
<b>Net book value</b>				
At 31 October 2016			35	35
At 31 October 2015			46	46

# Ability Matters Group Limited

## Notes to the Financial Statements for the year ended 31 October 2016 (continued)

### 11 Tangible fixed assets

Group	Long leasehold land and buildings £ 000	Short leasehold land and buildings £ 000	Plant and machinery £ 000	Motor Vehicles £ 000	Total £ 000
<b>Cost or valuation</b>					
At 1 November 2015	5,748	812	3,968	96	10,624
Additions	1,362	94	1,378		2,834
Disposals		(138)	(69)	(35)	(242)
Exchange adjustments		44	139	11	194
At 31 October 2016	7,111	812	5,416	72	13,410
<b>Depreciation</b>					
At 1 November 2015	35	485	2,918	39	3,477
Charge for the year	114	174	1,237	32	1,557
On disposal		(37)	(63)	(25)	(125)
Exchange adjustments		41	93	7	141
At 31 October 2016	149	663	4,185	53	5,050
<b>Net book value</b>					
At 31 October 2016	6,962	149	1,231	19	8,360
At 31 October 2015	5,713	327	1,050	57	7,147

The net book value of the long leasehold land and buildings is comprised entirely of long leasehold investment properties. At 31 October 2016, the directors do not consider the open market value of the property to be materially different to the historical cost net book value.

#### Leased assets

Included within the net book value of tangible fixed assets is £nil (2015 - £nil) in respect of assets held under finance leases and similar hire purchase contracts.



**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**11 Tangible fixed assets (continued)**

<b>Company</b>	<b>Long leasehold land and buildings £ 000</b>	<b>Short leasehold land and buildings £ 000</b>	<b>Plant and machinery £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>				
At 1 November 2015	3,235	194	276	3,705
Additions	83	85	85	253
Disposals	-	-	(16)	(16)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2016	3,318	279	345	3,942
<b>Depreciation</b>				
At 1 November 2015	35	35	226	296
Charge for the year	61	118	57	236
Eliminated on disposal	-	-	(10)	(10)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2016	96	153	273	522
<b>Net book value</b>				
At 31 October 2016	<u>3,222</u>	<u>126</u>	<u>72</u>	<u>3,420</u>
At 31 October 2015	<u>3,200</u>	<u>159</u>	<u>50</u>	<u>3,409</u>

**12 Investments held as fixed assets**

<b>Company</b>	<b>Group undertakings £ 000</b>	<b>Total £ 000</b>
<b>Cost or valuation</b>		
At 1 November 2015	913	913
Additions	102	102
	<hr/>	<hr/>
At 31 October 2016	<u>1,015</u>	<u>1,015</u>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**12 Investments held as fixed assets (continued)**

**Details of undertakings**

Details of the investments in which the Group held during the year 20% or more of the nominal value of any class of share capital are as follows:

<b>Subsidiary Undertakings</b>	<b>Country of incorporation or registration</b>	<b>Proportion of voting rights and ordinary shares held</b>	<b>Principal Activity</b>
Opcare Limited	England	100%	Trading
Ortho Europe Limited	England	100%	Trading
SIT UK Limited	England	100%	Trading
Ability Lifting Solutions Limited (dissolved 10 May 2016)	England	100%	Dormant
Ability Matters Limited	England	100%	Dormant
Quantum Prosthetics and Orthotics Limited (restored 8 February 2017)	England	100%	Dormant
Assistive Technology Group Limited	Republic of Ireland	100%	Trading
Ability Matters (NI) Limited	Northern Ireland	100%	Dormant
SARL Ortho Europe Limited	France	100%	Trading
Ortho Europe BV	Netherlands	100%	Trading
Van Luyn en Van Der Meer Orthopedie BV	Netherlands	100%	Trading
Gomina Establishment Limited (wound up 22 February 2016)	Cyprus	100%	Dormant

During the year, Gomina Establishment Limited, a dormant company incorporated in Cyprus, and previously a 100% subsidiary of the Group, was wound up. Gomina had been the immediate holding company for Assistive Technology Group Limited. The holdings in this company was sold to Ability Matters Group Limited prior to winding up, for a consideration of £102,000.

Quantum Prosthetics and Orthotics Limited was dissolved on 17 August 2015, and subsequently restored by order of the court on 8<sup>th</sup> February 2017.

SIT UK Ltd (incorporated in the United Kingdom, Reg. No. 00610491) is exempt from the requirement relating to the audit of accounts under Section 479A of the Companies Act 2006.

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**13 Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Raw materials	385	526	-	149
Work in progress	1,795	1,722	34	143
Finished goods	2,653	1,669	657	3
	<u>4,833</u>	<u>3,917</u>	<u>691</u>	<u>295</u>

**14 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Trade debtors	5,591	3,842	133	208
Amounts owed by Group undertakings	-	-	535	211
Other debtors	39	126	2	4
Prepayments and accrued income	1,010	587	274	295
Corporation tax	378	53	-	-
	<u>7,018</u>	<u>4,608</u>	<u>944</u>	<u>718</u>

**15 Creditors: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Bank loans and overdrafts	549	251	369	109
Trade creditors	5,342	3,519	802	325
Amounts owed to Group undertakings	-	-	2,228	1,863
Corporation tax	342	100	-	-
Other taxes and social security	1,015	822	34	2
Other creditors	657	674	-	42
Loan from director	-	62	-	-
Accruals and deferred income	1,297	1,365	114	151
	<u>9,202</u>	<u>6,793</u>	<u>3,547</u>	<u>2,492</u>

# Ability Matters Group Limited

## Notes to the Financial Statements for the year ended 31 October 2016 (continued)

### 16 Creditors: Amounts falling after more than one year

	Group		Company	
	2016	2015	2016	2015
	£ 000	£ 000	£ 000	£ 000
Bank loans and overdrafts	3,523	2,937	1,987	2,103

#### Maturity of debt:

Group	Bank loans and overdrafts	Other Loans	Total	Bank loans and overdrafts	Other loans	Total
	2016 £ 000	2016 £ 000	2016 £ 000	2015 £ 000	2015 £ 000	2015 £ 000
In one year or less, or on demand	549	-	549	252	62	314
In more than one year, but not more than two years	282	-	282	275	-	275
In more than two years, but not more than five years	866	-	866	825	-	825
In more than five years	2,375	-	2,375	1,837	-	1,837
	3,523	-	3,523	2,937	-	2,937

Company	Bank loans and overdrafts	Bank loans and overdrafts
	2016 £ 000	2015 £ 000
In one year or less, or on demand	369	110
In more than one year, but not more than two years	128	164
In more than two years, but not more than five years	404	492
In more than five years	1,454	1,447
	1,986	2,103

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the Group. The bank loan with an element repayable after more than 5 years, is repayable by fixed monthly instalments, incurring interest at a rate of 2% and 2.15% above the Bank of England base rate.

# Ability Matters Group Limited

## Notes to the Financial Statements for the year ended 31 October 2016 (continued)

Ability Matters Group purchased long leasehold premises in January 2016 at a cost of £2.95 million. The purchase has been in part funded by a fixed term bank loan of £2.2 million which is repayable by monthly instalments over 16 years, incurring interest at 2.15% above Bank of England base rate.

### 17 Provisions

	Group		Company	
	Deferred Tax £ 000	Total £ 000	Deferred Tax £ 000	Total £ 000
At 1 November 2015	239	239	2	2
Charged to the profit and loss account	(18)	(18)	30	30
At 31 October 2016	<u>221</u>	<u>221</u>	<u>32</u>	<u>32</u>

### 18 Share capital

	No	2016 £	No	2015 £
Allotted, called up and fully shares				
A Ordinary shares of £0.01 each	10,200	102	10,200	102
B Ordinary shares of £0.01 each	10,200	102	10,200	102
C Ordinary shares of £0.01 each	3,321	33	3,321	33
	<u>23,721</u>	<u>237</u>	<u>23,721</u>	<u>237</u>

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

	2016 £ 000	2015 £ 000
Operating profit	1,949	1,467
Depreciation, amortisation and impairment charges	1,756	901
(Increase)/decrease in stocks	(916)	(660)
Decrease/(increase) in debtors	(2,085)	954
(Decrease)/Increase in creditors	1,932	309
Dividend Paid	(300)	-
Interest paid	(82)	(103)
Foreign currency translation differences	75	60
Tax paid	(504)	(294)
Net cash inflow/(outflow) from operating activities	<u>1,824</u>	<u>2,634</u>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**20 Reconciliation of net cash flow to movement in net debt**

	<b>2016</b> <b>£ 000</b>	<b>2015</b> <b>£ 000</b>
Increase/(decrease) in cash excluding acquisitions	(206)	339
Cash (inflow) from bank loan	(1,158)	(2,213)
Other	-	(186)
Cash outflow from repayment of loans and borrowings	337	447
Change in net debt resulting from cash flows	<u>(1,028)</u>	<u>(1,613)</u>
Net debt at 1 November 2015	(2,045)	(432)
Net debt at 31 October 2016	<u><u>(3,072)</u></u>	<u><u>(2,045)</u></u>

**21 Gross cash flows**

	<b>2016</b> <b>£ 000</b>	<b>2015</b> <b>£ 000</b>
<b>Investing Activities</b>		
Payments to acquire intangible fixed assets	(170)	(336)
Payments to acquire tangible fixed assets	(2,682)	(3,615)
Proceeds from disposal of fixed assets	-	30
Payments to acquire subsidiary	-	(88)
	<u><u>(2,852)</u></u>	<u><u>(4,009)</u></u>
<b>Financing Activities</b>		
Bank loans advanced in year	1,159	2,213
Loan repayments	(337)	(447)
	<u><u>822</u></u>	<u><u>(1,766)</u></u>

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**22 Analysis of changes in net funds**

	<b>2015</b> <b>£ 000</b>	<b>Cash</b> <b>flow</b> <b>£ 000</b>	<b>Other</b> <b>changes</b> <b>£ 000</b>	<b>2016</b> <b>£ 000</b>
Cash at bank and in hand	1,206	(206)	-	1,000
Debt due within one year	(314)	23	(258)	(549)
Debt due after one year	(2,937)	(844)	258	(3,523)
Total	<u>(2,045)</u>	<u>(1,027)</u>	<u>-</u>	<u>(3,072)</u>

**23 Pension schemes**

The Group operates both defined contribution and a defined benefit schemes on behalf of the employees.

The main scheme is a defined contribution pension scheme whose assets are held separately from those of the Group in an independently administered fund. Contributions are charged to the profit and loss account as incurred and totalled £353,000 for the year (2015: £378,000). The amount of unpaid contributions at the year end and included within creditors due in less than one year is £130,000 (2015: £111,000).

The value of the defined benefit scheme is not material.

**24 Contingent liabilities**

In conjunction with the other members of the Ability Matters Group Limited group of companies, the Company has given a composite guarantee to the Company's bankers. There is a right of set off incorporated in the composite guarantee and a mortgage debenture.

**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

**25 Commitments under operating leases**

As at 31 October 2016 the Company had annual commitments under non-cancellable operating leases which expire as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Land and buildings				
Within one year	253	260	24	5
Within two and five years	501	697	-	125
	<u>753</u>	<u>957</u>	<u>24</u>	<u>130</u>
Other				
Within one year	246	47	44	2
Within two and five years	283	213	67	21
	<u>529</u>	<u>260</u>	<u>111</u>	<u>23</u>

**26 Transition to FRS 102**

The financial statements as at 31<sup>st</sup> October 2016 reflect the treatment required by FRS 102. For the Company and the Group, the only substantive adjustment relates to the provision for accrued holiday. Amounts reported for the period ended 31<sup>st</sup> October 2015 have been restated to reflect the requirements of FRS 102. The impact of these restatements is set out below:

<b>Group</b>	<b>As previously reported £ 000</b>	<b>FRS 102 Restatement £ 000</b>	<b>Restated £ 000</b>
Reserves as at 31 <sup>st</sup> October 2014	6,901	(129)	6,772
Profit for the year ended 31 <sup>st</sup> October 2015	1,172	(20)	1,152
Reserves as at 31 <sup>st</sup> October 2015	<u>8,073</u>	<u>(149)</u>	<u>7,924</u>
Creditors – Amounts falling due within one year as at 31 <sup>st</sup> October 2015	<u>6,644</u>	<u>149</u>	<u>6,793</u>
Accruals as at 31 <sup>st</sup> October 2015	<u>1,216</u>	<u>149</u>	<u>1,365</u>



**Ability Matters Group Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 October 2016 (continued)**

<b>Company</b>	<b>As previously reported £ 000</b>	<b>FRS 102 Restatement £ 000</b>	<b>Restated £ 000</b>
Reserves as at 31 <sup>st</sup> October 2014	1,426	(32)	1,394
(Loss) for the year ended 31 <sup>st</sup> October 2015	(333)	8	(325)
Reserves as at 31 <sup>st</sup> October 2015	<u>1,093</u>	<u>(24)</u>	<u>1,069</u>
Creditors – Amounts falling due within one year as at 31 <sup>st</sup> October 2015	<u>2,468</u>	<u>24</u>	<u>2,492</u>
Accruals as at 31 <sup>st</sup> October 2015	<u>127</u>	<u>24</u>	<u>151</u>

**27 Related party transactions**

The Group has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related party disclosures", not to disclose any transactions with members of the group headed by Ability Matters Group Limited on the grounds that 100% of the voting rights in the Company are controlled within the Group and each company is included in the consolidated financial statements.

In March 2011, the Director Michael O'Byrne advanced loans to the Group totalling £1,000,000 bearing an annual interest rate of 2.0% above bank base rate. Interest was applied daily and added to the loan and the balance was repaid by monthly repayments. The outstanding amount owed at the year-end was £nil (2015: £nil) and during the year interest of £nil (2015: £3,000) was paid by the Group.

An interest free loan for an amount of €84,606 was owed by Ortho Europe Limited (a wholly owned subsidiary) to the Director Michael O'Byrne at 31 October 2015. This was repaid during the year.

During the year a Dividend amounting to £299,982 was paid to The Director Michael O'Byrne.

**28 Control**

The Company is controlled by M A O'Byrne by virtue of his shareholding.