

Registered number: 04301284

LIFEWAYS PARAGON LIMITED

UNAUDITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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LIFEWAYS PARAGON LIMITED

COMPANY INFORMATION

Directors	P Marriner G A Cross K N Franklin (resigned 18 June 2017)
Registered number	04301284
Registered office	56 Southwark Bridge Road London SE1 0AS
Bankers	HSBC Bank PLC 26 Broad Street Reading Berkshire RG1 2BU
Solicitors	Shoosmiths LLP Witan Gate House 500-600 Witan Gate West Milton Keynes MK9 1SH

LIFEWAYS PARAGON LIMITED

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LIFEWAYS PARAGON LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their strategic report for the 12 month period ended 31 August 2016. The corresponding prior period was for the period to 31 August 2015.

Principal activity

The company's principal activity during the year continued to be the provision of high quality care and support within a supported living environment.

Business review

At Lifeways Paragon Limited, we are passionate about supporting individuals to maximise their quality of life whilst living in the community throughout the North West. We believe in assisting individuals to live their life in the way they want to.

Registered as a domiciliary provider, we work with the Local Authority Supporting People Teams to deliver up to 24 hours support for adults and young people in transition with mental health, learning or physical disabilities.

In order to enhance flexibility and choice, we have well developed relationships with a range of housing providers to support individuals in their choice of a flat, house, apartment or shared accommodation, whatever the individual needs.

We have found that the key in developing best quality solutions is to work in partnership with the individual, the commissioner, the housing association, as well as family and friends.

Achieving quality outcomes is pivotal in ensuring the individuals we support are at the forefront of everything we do. We do this through robust external and internal quality monitoring systems to make sure we are enhancing the quality of individuals' lives.

Financial key performance indicators

	12 Months ended 31 August 2016 £	12 Months ended 31 August 2015 £
Revenue	10,027,622	10,878,542
Gross Profit	3,248,621	3,992,492
Gross Profit percentage	32.4%	36.7%
Average number of care staff	528	492

Results

The profit for the period, before taxation, amounted to £1,070,938 (2015: £2,782,359).

Performance in the period

Turnover has decreased slightly due to the serious challenges to public sector finances and the many delays in the commencement of contracts. The amount of repeat business we generated is testimony to the dedication of our managers and staff to the quality of service provided to clients and purchasers as well as our value for money.

LIFEWAYS PARAGON LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

Service excellence

Our clients and the quality of care and support we provide are and will remain the single most important parts of our business. The company is committed to providing excellent services at all times. Across the organisation the quality of our service delivery is measured in different ways and our primary objective is to satisfy our entire customer requirements be they regulatory or contractual. Our mission is to:

"...deliver excellent, individualised and inclusive services to people with a range of disabilities and complex needs in their communities. The services we deliver will make a positive impact on the life of each person we support."

Our approaches are underpinned by a strong belief that:

- People with disabilities have the same rights as everyone else.
- People should have greater choice and control over the support they need to go about their daily lives with greater access to housing, education, employment, leisure and transport opportunities and to participation in family and community life.
- People are involved in and in control of decisions made about their lives, having information and support to understand different options and their implications and consequences, so they can make informed decisions about their own lives.
- People are able to participate in all the aspects of community to work, learn, get about and meet people, be part of social networks and access goods and services —and have the support to do so.

We hold, and are guided by, a range of nationally recognised quality assurance standards. We also have our own comprehensive quality framework that is grounded in excellent person centred approaches and underpinned by the principles of involvement and citizenship. Services delivered to each person need to reflect this sentiment and as a result quality of service delivery is measured against this.

LIFEWAYS PARAGON LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2016

Principal risks and uncertainties

The following are the most significant risks faced by the business

Health and safety — the business currently employs over staff providing services to almost people, predominantly in their own homes and often in challenging and complex situations which increase the risk of accidents. The board regards the health and safety of its clients and employees as its most important responsibility and has a robust health and safety policy in place in order to minimise the risk of accidents. The company's health and safety manual, which details best practice procedures, is available to all staff and its contents are reinforced through training and development. A monthly health and safety report is submitted to the board and regular health and safety and staff training audits are conducted with the results reported to the board. Health and safety is regarded as the responsibility of every employee.

Quality failure — The provision of a quality service to clients and purchasers is key to the attraction and retention of customers. In order to promote quality, appropriate training and supervision is given to staff, reinforced by procedures manuals and internal quality audits. A report on quality assurance is submitted to the board every month.

Failure to comply with regulation — A regular dialogue takes place with the company's regulatory body, the Care Quality Commission (CQC), Care Commission — Scotland and Commission for Social Services Inspectorate Wales (CSSIW) to ensure our procedures comply with regulations and are up to date. If there are any adverse findings from regular regulatory inspections these are followed up promptly and improvements made where necessary.

Staff recruitment and retention — High quality skilled staff are required to service the existing client base and to grow the company's business. Any difficulties in recruiting or retaining staff may impact on the quality of service and/or gross margins. The company's recruitment, training and development policies are designed to maximise the attractiveness of the company to existing and potential employees and the directors believe its pay rates are above average compared with its competitors.

Shifts in governmental policies — As the majority of the company's sales are to the public sector we would be vulnerable to a major policy shift away from supported living. However the board believes this is not considered to be a major risk because the community care movement is now well established and has undoubtedly proven its value and effectiveness. Further, the group has a proven track record in adapting to changes and challenges in the market.

Treasury management and financial instruments

The company's financial instruments include all assets and liabilities of a financial nature such as cash, overdrafts and long term liabilities and various items, such as trade debtors and trade creditors that arise directly from the company's operations. All such instruments play an important part in the operations of the company to enable it to operate smoothly and effectively and to pay its obligations as they fall due.

As the company operates solely in the UK, it has no exposure to foreign exchange risk.

The company's most material financial instruments are its receivables and payables to and from other group companies and its principal third party financial asset is its trade debtors. Exposure to risk from group transactions is managed centrally by the parent company by only transacting with wholly owned companies within the same group. The credit risk associated with third parties is limited as a high proportion of customers are public sector bodies such as a Local Authorities and Clinical Commissioning Groups. In order to manage credit risk regular meetings take place between the directors and the credit control team and aged debtor listings are reviewed on a regular basis.

LIFEWAYS PARAGON LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016**

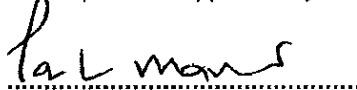
Going concern

At the date of these accounts, the directors have carried out a detailed and comprehensive review of the business and its future prospects. In particular they have compared the forecast future performance of the company and anticipated cash flows with the available working capital facilities and covenants contained in the banking arrangements that form part of the company's current financing structure and, in the light of current economic conditions, have considered the ability of the company to meet its obligations as they fall due. In the opinion of the directors, the company is expected to be able to continue trading within the current arrangements and consequently the financial statements are on a going concern basis.

Future developments

There are no planned changes to the company's activity.

This report was approved by the board on 29/6/17 and signed on its behalf.



P Marriner
Director

LIFEWAYS PARAGON LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016**

The directors present their annual report and the financial statements for the year ended 31 August 2016.

Dividends paid

There were no dividends paid in the year under review (2015: £NIL).

The directors who served during the year were:

P Marriner
G A Cross
K N Franklin (resigned 18 June 2017)

Employee involvement

HR Management is primarily tasked with supporting our business goals by attracting, retaining and developing the most talented people available to us. We promote an open culture and encourage the involvement of all staff in the development of the business. We recognise and reward our staff for their effort and contribution towards achievement of individual objectives in support of the company's goals.

Disabled employees

All applications for employment are treated with full, fair and equal consideration. Job offers are entirely based on merit taking into account aptitude and capability to carry out each role based on a defined job specification. The company has an excellent reputation for diversity and recognising and making the best use of all of its employees's skills. In the event that an employee becomes disabled, the company would do its utmost to retain the employee by, wherever possible, providing an environment adapted for their needs. This could mean providing specially adapted working facilities, home working facilities or re-training. It is the policy of the company that all job opportunities, career development, training and career advancement opportunities are available to all employees.

Qualifying third party indemnity provisions

During the year the company had in force an indemnity provision in favour of one or more directors of Lifeways Paragon Limited against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006.

Matters covered in the strategic report

Financial instruments, principle risk and uncertainties disclosures and the results for the year are stated in the Strategic report.

Audit Exemption taken for the year ended 31 August 2016

The company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act. The ultimate holding company and controlling party is Listrac Holdings Limited.

This report was approved by the board on

29/6/17

and signed on its behalf.



P Marriner
Director

LIFEWAYS PARAGON LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 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; and
- 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.

LIFEWAYS PARAGON LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Turnover	3	10,027,622	10,878,542
Cost of sales		(6,779,001)	(6,886,050)
Gross profit		3,248,621	3,992,492
Administrative expenses		(2,968,778)	(1,961,896)
Operating profit	4	279,843	2,030,596
Interest receivable and similar income	7	1,208,983	1,208,831
Interest payable and similar charges	8	(411,238)	(455,107)
Profit before tax		1,077,588	2,784,320
Tax (charge)/credit on profit on ordinary activities	9	(6,650)	(1,961)
Profit for the year		1,070,938	2,782,359

There were no recognised gains and losses for 2016 or 2015 other than those included in the income statement. Accordingly, no separate statement of total comprehensive income is presented.

All results derive from continuing operations.

The notes on pages 10 to 21 form part of these financial statements.

LIFEWAYS PARAGON LIMITED
REGISTERED NUMBER: 04301284

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2016

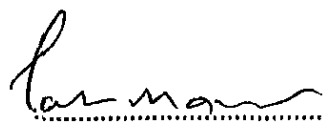
	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	10		81,522		85,157
			81,522		85,157
Current assets					
Debtors: amounts falling due within one year	11	22,303,942		22,414,321	
Cash at bank and in hand	12	11,434		12,206	
		22,315,376		22,426,527	
Creditors: amounts falling due within one year	13	(6,585,774)		(7,771,998)	
Net current assets			15,729,602		14,654,529
Total assets less current liabilities			15,811,124		14,739,686
Provisions for liabilities					
Other provisions	15	(76,000)		(75,500)	
			(76,000)		(75,500)
Net assets			15,735,124		14,664,186
Capital and reserves					
Called up share capital	16		1,000		1,000
Profit and loss account			15,734,124		14,663,186
			15,735,124		14,664,186

For the year ending 31 August 2016 the company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with Section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

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


P Marriner
Director

29/6/17

The notes on pages 10 to 21 form part of these financial statements.

LIFEWAYS PARAGON LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2015	1,000	14,663,186	14,664,186
Comprehensive income for the year			
Profit for the year	-	1,070,938	1,070,938
Total comprehensive income for the year	-	1,070,938	1,070,938
At 31 August 2016	1,000	15,734,124	15,735,124

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2014	1,000	11,880,827	11,881,827
Comprehensive income for the year			
Profit for the year	-	2,782,359	2,782,359
Total comprehensive income for the year	-	2,782,359	2,782,359
At 31 August 2015	1,000	14,663,186	14,664,186

The notes on pages 10 to 21 form part of these financial statements.

LIFEWAYS PARAGON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention 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.

Information on the impact of first-time adoption of FRS 102 is given in note 22.

Lifeways Paragon Limited (the 'Company') is a company incorporated and domiciled in the UK. The registered office address is 56 Southwark Bridge Rd, London SE1 0AS.

The financial statements are stated in pounds sterling, which is the company's functional and presentational currency.

The following principal accounting policies have been applied:

1.2 Going concern

At the date of these accounts, the directors have carried out a detailed and comprehensive review of the business and its future prospects. In particular they have compared the forecast future performance of the company and anticipated cash flows with the available working capital facilities and covenants contained in the banking arrangements that form part of the company's current financing structure and, in the light of current economic conditions, have considered the ability of the company to meet its obligations as they fall due. In the opinion of the directors, the company is expected to be able to continue trading within the current arrangements and consequently the financial statements are on a going concern basis.

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:*

Rendering of services

Turnover 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 turnover 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.

LIFEWAYS PARAGON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting policies (continued)

1.4 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	- 20%
Office equipment	- 20%
Computer equipment	- 33%
Leasehold improvements	- Straight line over the shorter of the remaining period of the lease or the useful life

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 Income Statement.

1.5 Impairment

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.6 Operating leases: the Company as a lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the life of the lease.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 September 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

LIFEWAYS PARAGON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting policies (continued)

1.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except that a change 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 reporting 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 Statement of Financial Position 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 reporting date.

LIFEWAYS PARAGON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting policies (continued)

1.8 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified 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 Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

LIFEWAYS PARAGON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

1. Accounting policies (continued)

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1.9 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 payments obligations.

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

1.10 Provisions

Provisions relate to dilapidations and are represented by the directors' estimate of the present value of amounts potentially owed in respect of dilapidations to leased properties occupied by the group. The provision is expected to be utilised in line with the expiration of the operating leases over one to five years. The provisions for dilapidations are not discounted as the impact is immaterial.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors are of the opinion that there are no critical accounting judgements or key sources of estimation uncertainty during the current year.

3. Turnover

Turnover represents amounts receivable for services provided in the year of account. All turnover was derived from activities located in the United Kingdom. No segmental data is provided on the basis that the revenue streams are not significantly differentiated.

LIFEWAYS PARAGON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

4. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	15,648	10,894
Other operating lease rentals	67,326	71,361
	<u>82,974</u>	<u>82,255</u>

5. Employees

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	6,195,649	6,541,062
Social security costs	452,646	435,064
Cost of defined contribution scheme	40,302	32,935
	<u>6,688,597</u>	<u>7,009,061</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Direct care staff	510	492
Administrative staff	19	19
	<u>529</u>	<u>511</u>

6. Directors' remuneration

No remuneration was paid or is payable to the directors in their capacity as directors of the company (2015: £Nil). The directors receive remuneration from a fellow group undertaking, Lifeways Community Care Limited in respect of services to the group of which the company is a member. Total remuneration payable by the enlarged group to the directors of the company (including pension scheme contributions) was £669,986 (2015: £609,177). It is not possible to identify the proportion of this remuneration that relates to this company.

7. Interest receivable

	2016 £	2015 £
Interest receivable from group companies	1,208,983	1,208,831
	<u>1,208,983</u>	<u>1,208,831</u>

LIFEWAYS PARAGON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

8. Interest payable and similar charges

	2016 £	2015 £
Loans from group undertakings	411,238	455,107
	<u>411,238</u>	<u>455,107</u>

9. Taxation

	2016 £	2015 £
Adjustments in respect of previous periods	(1,430)	-
Deferred tax		
Origination and reversal of timing differences	7,527	2,054
Changes to tax rates	2,104	-
Increase in discount	-	(93)
Group relief	(1,551)	-
Total deferred tax	<u>8,080</u>	<u>1,961</u>
Taxation on profit on ordinary activities	<u>6,650</u>	<u>1,961</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 20% (2015 - 20.58%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,077,588</u>	<u>2,784,320</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.58%)	215,518	573,013
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,470	9,407
Adjustments to tax charge in respect of prior periods	(2,980)	-
Other timing differences leading to an increase (decrease) in taxation	2,105	-
Group relief	(210,463)	(580,366)
Deferred tax	-	(93)
Total tax charge for the year	<u>6,650</u>	<u>1,961</u>

Factors that may affect future tax charges

LIFEWAYS PARAGON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

9. Taxation (continued)

The tax rate for the year has reduced following the reduction of the corporation tax rate from 21% to 20% on 1 April 2015. Further changes to the UK corporation tax rate were announced in the Summer Finance Bill on 8 July 2015. These include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. This will reduce the Company's future current tax charge accordingly. A further reduction to 17% from 1 April 2020 was proposed in the Finance Bill 2016.

10. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Leasehold improvements £	Total £
Cost or valuation					
At 1 September 2015	76,675	61,038	274,154	75,500	487,367
Additions	5,755	-	5,758	500	12,013
At 31 August 2016	82,430	61,038	279,912	76,000	499,380
Depreciation					
At 1 September 2015	68,114	61,038	266,719	6,339	402,210
Charge for period on owned assets	2,877	-	7,489	5,282	15,648
At 31 August 2016	70,991	61,038	274,208	11,621	417,858
Net book value					
At 31 August 2016	11,439	-	5,704	64,379	81,522
At 31 August 2015	8,561	-	7,435	69,161	85,157

11. Debtors

	2016 £	2015 £
Trade debtors	402,341	523,780
Amounts owed by group undertakings	21,241,810	21,126,063
Other debtors	25,576	10,413
Prepayments and accrued income	615,282	727,052
Deferred taxation	18,933	27,013
	<u>22,303,942</u>	<u>22,414,321</u>

LIFEWAYS PARAGON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

12. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	11,434	12,206
	<u>11,434</u>	<u>12,206</u>

13. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	35,113	43,384
Amounts owed to group undertakings	6,225,070	7,554,822
Corporation tax	209,365	1,430
Other creditors	59,876	83,710
Accruals and deferred income	56,350	88,652
	<u>6,585,774</u>	<u>7,771,998</u>

14. Deferred taxation

	2016 £	2015 £
At beginning of year	27,013	28,974
Charged to the profit or loss	(9,630)	(1,961)
Arising on business combinations	1,550	-
At end of year	<u>18,933</u>	<u>27,013</u>

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	18,933	28,974
Other timing differences	-	(1,961)
	<u>18,933</u>	<u>27,013</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

15 Provisions

	Dilapidations Provision £
At 1 September 2015	75,500
Charged to the profit or loss	500
At 31 August 2016	<u>76,000</u>
Dilapidations provision	

The dilapidations provision represents the directors' estimate of the present value of amounts potentially owed in respect of dilapidations to leased properties occupied by the group. The provision is expected to be utilised in line with the expiration of the operating leases over one to five years. The provisions for dilapidations are not discounted.

16. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
100,000 Ordinary shares of £0.01 each	<u>1,000</u>	<u>1,000</u>

17. Pension commitments

During the year ended 31 August 2016 the company operated a defined contribution pension scheme into which the company paid contributions of £40,302. (2015: £32,935). £Nil (2015: £Nil) was included within creditors as at the year end.

LIFEWAYS PARAGON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

18. Contingent liability

The company employs 529 members of staff throughout the business. At any one time there are a number of ongoing employee legal cases, a number of which may be progressing through Employment Tribunal as would be expected with a business of such scale.

The Directors continually monitor the status of open employee claims and, at each balance sheet date, will formally consider the likely outcome of open cases brought against the company. Where appropriate, the Directors will seek legal advice when making this assessment.

Where the outcome of a claim is deemed to result in a probable outflow of resources a provision will be made. No provision has been recorded for open registered employee claims at year end. The current estimated value of outstanding registered claims, which are not provided, is £78k. Whilst it is possible that the claimants in these cases may be successful, the Directors are of the view that the company has a defensible position for claims currently open.

There continues to be sector wide uncertainty, including open enquiries by the relevant Authorities, around long established protocols to appropriately remunerate staff as they make themselves available on call, at night, to support people. In considering the impact of this on the company, the Directors have taken legal advice and do not believe it is probable that there will ultimately be an adverse outcome. The Directors also believe that the current remuneration protocols should be maintained since any unfavourable change could materially affect the company's ability to provide support in future unless appropriate funding is rendered by Local Authorities and Commissioners; those being the bodies ultimately responsible for the appropriate provision of support under the Care Act.

19. Commitments under operating leases

At 31 August 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	1,580	471
Later than 1 year and not later than 5 years	4,071	6,237
Later than 5 years	<u>49,595</u>	<u>49,595</u>

20. Related party transactions

The company is taking advantage of the exemption contained in FRS 102 not to disclose transactions with other group companies.

21. Ultimate Parent Undertaking and Controlling party

The directors regard The SLC Group Limited, a company registered in England and Wales, as the company's immediate parent undertaking.

The company's group parent undertaking is Listrac Holdings Limited, a limited company registered in Jersey, Channel Islands. Copies of the accounts of Listrac Holdings Limited, the smallest and largest group for which accounts are prepared that include the results of the company, may be obtained from the registered office.

The company ultimately is majority owned by the controlling party, OMERS Administration Corporation ("OMERS") as administrator of the Ontario Municipal Employees Retirement System pension plans and trustee of the pension funds.

LIFEWAYS PARAGON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2016

22. First time adoption of FRS 102

This is the first year in which the financial statements have been prepared under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the period ended 31 August 2015 and the date of transition to FRS 102 was therefore 1 September 2014.

Reconciliation of equity

	At 31 August 2014 £	At 31 August 2015 £
Equity reported under previous UK GAAP	11,893,798	14,676,157
Adjustments to equity on transition to FRS 102		
* Holiday pay provision for salaried staff	(14,965)	(14,965)
*Other STTDs	2,993	2,993
Equity reported under FRS 102	<u>11,881,826</u>	<u>14,664,185</u>

* FRS 102 has a requirement to recognise a holiday pay accrual for salaried employees. This is different to UK GAAP, hence an impact has been recognised along with associated deferred tax.