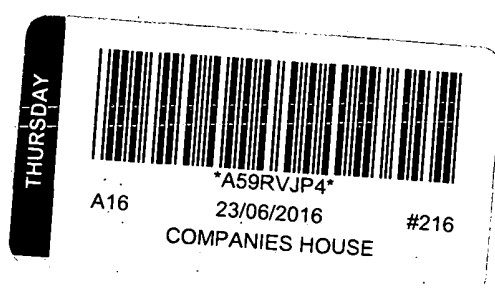


**InHealth Group Limited**

**Directors' report and financial statements  
for the year ended 30 September 2015**



InHealth Group Limited  
Directors' report and financial statements  
for the year ended 30 September 2015

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InHealth Group Limited  
Directors' report and financial statements  
for the year ended 30 September 2015

**COMPANY INFORMATION**

<b>DIRECTORS:</b>	R J Bradford Sir A D Chessells A S L Cummings
<b>REGISTERED OFFICE:</b>	Beechwood Hall Kingsmead Road High Wycombe Buckinghamshire HP11 1JL
<b>REGISTERED NUMBER:</b>	04620480 (England and Wales)
<b>AUDITOR:</b>	KPMG LLP Altius House One North Fourth Street Milton Keynes MK9 1NE
<b>BANKERS:</b>	Bank of Scotland 4 <sup>th</sup> Floor 25 Gresham Street London EC2V 7HN

## **STRATEGIC REPORT**

The Directors present their Strategic report on the group for the year ended 30 September 2015.

### **REVIEW OF THE BUSINESS**

The Group's revenue increased by 11% from £116.2 million in 2014 to £128.8 million in 2015, continuing the history of revenue growth. The Group's largest customer remains the NHS. The revenue in 2015 reflects increases in trading activity offset by specific price reductions arising as a result of market conditions within Healthcare.

The opportunities within the diagnostics sector continue to be significant in both primary and secondary care. Demand for the Group's services is driven by a combination of demographic trends, increasing patient choice, benefit and cost effectiveness of scans and tests, as well as technological advancements.

The economic pressures on Healthcare, and specifically on the NHS, are leading to greater consideration of cost, whilst requiring high quality and innovative partnerships and solutions. In order to absorb the pricing pressures in both the NHS and private markets, InHealth will continue to focus on maximising operational efficiencies over the next year to maintain margins and create value for customers without compromise to quality for patients.

The Group continues to focus on:

- growth through the establishment and expansion of strong customer relationships; and
- operational and clinical excellence in the delivery of all services.

InHealth has an established reputation for high quality service and a track record in the mobilisation of new services. The Group will continue to explore wider opportunities for growth as the emerging market for Healthcare enables opportunities where our skills and capabilities can offer clinical excellence, efficiency and productivity benefits to our patients and customers.

On 1 April 2015 InHealth Endoscopy Limited acquired an additional 48% of the shares of Prime Endoscopy (Bristol) Limited, increasing its shareholding in this entity to 98%. Prime Endoscopy (Bristol) Limited provides diagnostic medical procedures, principally endoscopic investigations, to the NHS and other healthcare organisations.

### **GROWING CAPACITY AND MAINTAINING EQUIPMENT TO HIGH STANDARDS**

Throughout the year and since the year end we have continued to invest in growing equipment capacity, often ahead of contracted demand. We also follow a rigorous policy of keeping all of the assets maintained to a high standard including regular upgrades to keep equipment current with technology developments. Movements in tangible fixed assets during the year are set out in the notes to the financial statements on pages 23 to 24.

### **FINANCIAL INSTRUMENTS**

#### **Financial risk management**

During the year the Group's operations exposed it to certain financial risks such as foreign currency risk, credit risk, liquidity risk and interest rate risk as described below.

#### **Foreign currency risk**

The Group's transactions are predominantly in Sterling, but some transactions are in other currencies and the Group is therefore exposed to the movement in foreign currency exchange rates. This risk is considered low due to the number and value of transactions that occur.

#### **Credit risk**

The Group's principal financial assets are bank balances and trade debtors, which represent the Group's maximum exposure to credit risk in relation to financial assets. The Group's credit risk is primarily attributable to its trade debt. The Directors provide robust guidelines to minimise credit risk however given the nature of its customers, the Group does not have significant exposure in this area.

InHealth Group Limited  
Directors' report and financial statements  
for the year ended 30 September 2015

**STRATEGIC REPORT** *(continued)*

**Liquidity risk**

The Group's policy has been to ensure continuity of funding for operations via additional credit facilities to aid short-term flexibility. The Group has a strong cash position and held £17.5 million in cash at 30 September 2015. The Group has cash generation ability and maintains overdraft facilities (that have yet to be drawn upon) to ensure that obligations associated with the financial liabilities of any subsidiary can be met. The Directors are satisfied that the Group can meet the obligations associated with its financial liabilities and that no material risk exists of the Group not being able to do so.

**Interest rate risk**

The interest rates on the Group's borrowings are at market rates. The Group's policy is to keep its borrowings within defined limits such that the risk that could arise from a significant change in interest rates would not have a material impact on cash flows. The Directors monitor the overall level of cash, borrowings and interest cost to limit any adverse effect on financial performance of the Group overall.

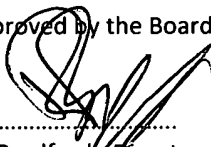
**Impairment of assets**

Assets are reviewed for impairment during the financial year and in addition a review is carried out where there are indicators that the assets may be impaired.

**KEY PERFORMANCE INDICATORS**

Management monitors progress by reference to Key Performance Indicators (KPIs). Year on year total revenue growth is 11% (2014: 16%) which is in line with our expectation and due to volume growth in the business. This has led to an increase in the EBIT profitability from 4% to 6%.

Approved by the Board and signed on its behalf by:

  
.....  
R J Bradford Director

Date 20 January 2016

## **DIRECTORS' REPORT**

The Directors present their report and audited financial statements for the Company and the Group for the year ended 30 September 2015.

## **PRINCIPAL ACTIVITIES**

The principal activity of the Company in the year under review was that of a holding Company. The principal activity of the Group is the provision of a broad range of diagnostic services and healthcare solutions in both Hospital based and Community/GP environments throughout the UK. The business provides imaging and diagnostic tests and examinations to patients, working in close partnership with the NHS, as well as private healthcare providers.

The Group has a reputation for delivering market-leading services over the course of long-term relationships and for providing excellent clinical practice, best value and best support to its customers.

## **DIVIDENDS**

The Directors do not recommend the payment of a dividend (2014: £nil).

## **POLITICAL DONATIONS**

The Group made no political donations (2014: £nil).

## **TAXATION**

The Group has an effective tax rate of 31% (2014: 37%). The Group is committed to acting with integrity and transparency in all tax matters as part of its corporate responsibility.

## **DIRECTORS**

The Directors who held office during the year and up to the date of signing the financial statements were as follows:

R J Bradford  
Sir A D Chessells  
A S L Cummings  
S L Bricknell (resigned 15 April 2015)

## **EMPLOYEES**

Our people are central to our success, both in delivering existing business and in winning new contracts. Investment in our people and in building the right working environment will continue to be a priority. The Group holds gold level accreditation with Investors In People and employs 1,027 highly skilled and trained professionals with many years of experience working within the health sector. The majority of staff have an interaction with patients every day. The Board remains grateful for the contributions made by all individuals.

### **Employee involvement**

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

### **Employment of disabled people**

It is the Group's policy that disabled people are given the same consideration as other applicants for all job vacancies for which they offer themselves as suitable candidates. Similarly, the Group's policy is to continue to employ and train employees who have become disabled wherever possible.

Every effort has been made to ensure that line managers fully understand that disabled people must have the same prospects and promotional opportunities that are available to other employees. The Group makes appropriate modification to procedures and equipment where it is practical and safe to do so.

InHealth Group Limited  
Directors' report and financial statements  
for the year ended 30 September 2015

**DIRECTORS' REPORT** (*continued*)

**CORPORATE AND SOCIAL RESPONSIBILITY**

The Group is committed to transparency and ethical behaviour in all of its activities, as well as making a positive social, economic and environmental contribution to the community in which it operates. The Group strives to be open and honest in communicating its policies, strategies, targets, performance and governance to its stakeholders. The Group is proud of the way in which its employees demonstrate their commitment and integrity, both in their day to day work, but also through their work with charities, communities and environmental projects every year.

The Group endeavours to continually improve its environmental performance. The Group acknowledges that there are inevitable environmental impacts associated with daily operations, but aims to minimise any harmful effects and strongly encourages the policies of 'reduce, re-use and recycle'. The Group regularly reviews its environmental policy to ensure that it reflects changes in regulations and best practice. The Group aims to continually manage the impact of its operations and develop initiatives to improve its environmental footprint. The approach to Corporate and Social Responsibility is reviewed on an annual basis in a continual commitment to sustainable and responsible development.

**EVENTS AFTER THE BALANCE SHEET DATE**

There were no post balance sheet events.

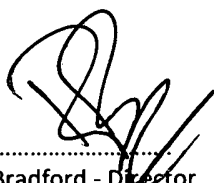
**STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR**

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

**INDEPENDENT AUDITOR**

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

By Order of the Board



.....  
R J Bradford - Director

Date 20 January 2016

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.



KPMG LLP  
Altius House  
One North Fourth Street  
Milton Keynes  
MK9 1NE

#### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INHEALTH GROUP LIMITED**

We have audited the financial statements of InHealth Group Limited for the year ended 30 September 2015 set out on pages 8 to 33. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 Directors' Responsibilities Statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

#### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

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

- adequate accounting records have not been kept 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.

David Neale (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
Altius House  
One North Fourth Street  
Milton Keynes  
MK9 1NE  
Date

InHealth Group Limited  
Directors' report and financial statements  
for the year ended 30 September 2015

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**For the year ended 30 September 2015**

	Notes	2015 £000	2014 £000
Revenue: Group and share of joint ventures	3	128,755	116,166
Less share of joint ventures		(423)	(704)
Group revenue		128,332	115,462
Cost of sales		(76,359)	(83,352)
<b>GROSS PROFIT</b>		51,973	32,110
Administrative expenses		(44,132)	(28,098)
<b>GROUP OPERATING PROFIT</b>	4	7,841	4,012
Share of operating profit in joint ventures	12	57	75
Total operating profit		7,898	4,087
Investment income		-	35
Other interest receivable and similar income	7	85	105
Interest payable and similar charges	8	(387)	(400)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		7,596	3,827
Tax on profit on ordinary activities	9	(2,336)	(1,417)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		5,260	2,410
Minority interests	20	(2)	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		5,258	2,410

**CONTINUING OPERATIONS**

During the year, the group increased its shareholding of Prime Endoscopy (Bristol) Limited from 50% to 98%. Prime Endoscopy (Bristol) Limited provides diagnostic medical procedures, principally endoscopic investigations, to the NHS and other healthcare organisations.

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

The notes from pages 15 to 33 form part of these financial statements.

InHealth Group Limited  
 Directors' report and financial statements  
 for the year ended 30 September 2015

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**For the year ended 30 September 2015**

	Notes	2015 £000	2014 £000
<b>PROFIT FOR THE FINANCIAL YEAR</b>		5,258	2,410
Actuarial gain/(loss)	23	161	(87)
Deferred tax	16	(33)	-
		128	(87)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>		5,386	2,323

The notes from pages 15 to 33 form part of these financial statements.

InHealth Group Limited  
Directors' report and financial statements  
for the year ended 30 September 2015

**CONSOLIDATED BALANCE SHEET**  
**At 30 September 2015**

		<b>2015</b>		<b>2014</b>	
	<b>Notes</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>FIXED ASSETS</b>					
Intangible assets	<b>10</b>		11,062		12,026
Tangible assets	<b>11</b>		62,835		59,651
Investments	<b>12</b>				
Investments in joint ventures					
Share of gross assets		-		215	
Share of gross liabilities		-		(126)	
					89
			<u>73,897</u>		<u>71,766</u>
<b>CURRENT ASSETS</b>					
Stocks	<b>13</b>	671		988	
Debtors: amounts falling due within one year	<b>14</b>	31,541		30,304	
Debtors: amounts falling due after more than one year	<b>14</b>	1,608		1,612	
Cash at bank		17,481		13,051	
		<u>51,301</u>		<u>45,955</u>	
<b>CREDITORS: Amounts falling due within one year</b>	<b>15</b>	<u>(37,591)</u>		<u>(35,554)</u>	
<b>NET CURRENT ASSETS</b>			<u>13,710</u>		<u>10,401</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>87,607</u>		<u>82,167</u>
<b>PENSION LIABILITY</b>	<b>23</b>		(113)		(309)
<b>PROVISIONS FOR LIABILITIES</b>	<b>16</b>		(635)		(228)
<b>CREDITORS: Amounts falling due after more than one year</b>	<b>17</b>		<u>(3,874)</u>		<u>(4,038)</u>
<b>NET ASSETS</b>			<u>82,985</u>		<u>77,592</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	<b>18</b>		1,012		1,012
Share premium account	<b>19</b>		53,101		53,100
Profit and loss account	<b>19</b>		28,866		23,480
<b>SHAREHOLDERS' FUNDS</b>	<b>21</b>		<u>82,979</u>		<u>77,592</u>
Minority interests	<b>20</b>		6		-
<b>EQUITY</b>			<u>82,985</u>		<u>77,592</u>

These financial statements were approved by the Board of Directors on 20 January 2016 and were signed on its behalf by:

.....  
R J Bradford

Company registration number: 04620480

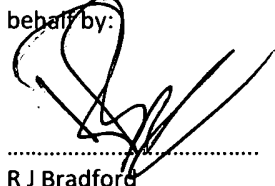
The notes from pages 15 to 33 form part of these financial statements.

InHealth Group Limited  
Directors' report and financial statements  
for the year ended 30 September 2015

**COMPANY BALANCE SHEET**  
**At 30 September 2015**

		<b>2015</b>		<b>2014</b>	
	<b>Notes</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>FIXED ASSETS</b>					
Intangible assets	<b>10</b>		646		735
Tangible assets	<b>11</b>		-		-
Investments	<b>12</b>		38,283		38,283
			<u>38,929</u>		<u>39,018</u>
<b>CURRENT ASSETS</b>					
Debtors: amounts falling due within one year	<b>14</b>	10,647		11,969	
Debtors: amounts falling due after more than one year	<b>14</b>	24,558		23,437	
Cash at bank		652		410	
		<u>35,857</u>		<u>35,816</u>	
<b>CREDITORS: Amounts falling due within one year</b>	<b>15</b>	<u>(8,107)</u>		<u>(8,045)</u>	
<b>NET CURRENT ASSETS</b>			<u>27,750</u>		<u>27,771</u>
<b>NET ASSETS</b>			<u>66,679</u>		<u>66,789</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	<b>18</b>		1,012		1,012
Share premium account	<b>19</b>		53,101		53,100
Profit and loss account	<b>19</b>		12,566		12,677
<b>SHAREHOLDERS FUNDS</b>	<b>21</b>		<u>66,679</u>		<u>66,789</u>

These financial statements were approved by the Board of Directors on 20 January 2016 and were signed on its behalf by:



R J Bradford

Company registration number: 04620480

The notes from pages 15 to 33 form part of these financial statements.

InHealth Group Limited  
 Directors' report and financial statements  
 for the year ended 30 September 2015

**CONSOLIDATED CASH FLOW STATEMENT**  
 For the year ended 30 September 2015

	Notes	2015 £000	2014 £000
Net cash inflow from operating activities	1	22,799	20,525
Returns on investments and servicing of finance	2	(170)	(118)
Taxation		(1,560)	(1,191)
Capital expenditure	2	(15,364)	(19,646)
Acquisitions and disposals	2	(714)	(1,920)
		4,991	(2,350)
Financing	2	(561)	620
Increase/(decrease) in cash in the year		4,430	(1,730)

	Notes	2015 £000	2014 £000
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(decrease) in cash in the year	3	4,430	(1,730)
Cash outflow from hire purchase agreements		2,199	1,809
Change in net funds resulting from cash flows		6,629	79
New hire purchase agreements		(1,637)	(2,425)
Movement in net funds in the year		4,992	(2,346)
Net funds at 1 October		7,006	9,352
Net funds at 30 September	3	11,998	7,006

The notes on pages 13 and 14 are notes to the consolidated cash flow statement.

InHealth Group Limited  
 Directors' report and financial statements  
 for the year ended 30 September 2015

**Notes to the Consolidated Cash Flow Statement**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Operating profit	7,898	4,087
Depreciation, amortisation charges	13,977	14,171
Impairment charges	-	1,600
Profit on disposal of fixed assets	(499)	(79)
Decrease in stocks	327	98
Increase in debtors	(917)	(7,398)
Increase in creditors	2,105	8,152
Operating profit in joint ventures	(57)	(75)
Difference between pension charge and cash contributions	(35)	(31)
<b>Net cash inflow from operating activities</b>	<b>22,799</b>	<b>20,525</b>

**2. ANALYSIS OF CASH FLOWS IN CONSOLIDATED CASH FLOW STATEMENT**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	29	54
Interest paid	(2)	(5)
Interest element of hire purchase payments	(197)	(202)
Dividends received from joint ventures	-	35
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(170)</b>	<b>(118)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(18,445)	(19,802)
Sale of tangible fixed assets	3,115	309
Purchase of other intangibles	(34)	(153)
<b>Net cash outflow for capital expenditure</b>	<b>(15,364)</b>	<b>(19,646)</b>
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertakings	(938)	(2,032)
Net cash acquired with subsidiary undertaking	224	112
<b>Net cash outflow for acquisitions and disposals</b>	<b>(714)</b>	<b>(1,920)</b>
<b>Financing</b>		
Capital element of hire purchase payments	(2,199)	(1,809)
Proceeds of asset financing	1,637	2,425
Issue of Share Capital	1	4
<b>Net cash (outflow)/inflow from financing</b>	<b>(561)</b>	<b>620</b>

InHealth Group Limited  
 Directors' report and financial statements  
 for the year ended 30 September 2015

**Notes to the Consolidated Cash Flow Statement** *(continued)*

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>1 Oct 2014 £000</b>	<b>Cash flow £000</b>	<b>Other non- cash charges £000</b>	<b>30 Sept 2015 £000</b>
Net cash:				
Cash at bank and in hand	13,051	4,430	-	17,481
Debt:				
Hire purchase	(6,045)	562	-	(5,483)
Total	<u>7,006</u>	<u>4,992</u>	<u>-</u>	<u>11,998</u>



## Notes to the Financial Statements

### 1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

As the Company is a wholly owned subsidiary within the Group headed by InHealth UK Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 'Related Party Disclosures' and has therefore not disclosed transactions or balances with wholly owned subsidiaries, which form part of that Group.

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2015. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition and up to the date of disposal.

A joint venture is an undertaking in which the Group has a long-term interest and over which it exercises joint control. The Group's share of the profits less losses of joint ventures is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet.

Where a Group Company is party to a joint arrangement, which is not an entity that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

#### ***Going concern***

The Directors have considered the factors that impact the Company's future development, performance, cash flows and financial position along with the Company's current liquidity in forming their opinion on the going concern basis. The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### ***Investments***

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

In the Group's financial statements, unlisted investments are stated at cost less amounts written off.

Investment assets are reviewed for impairment at the end of the financial year and are reviewed for impairment when there are indications that the asset may be impaired.

**Notes to the Financial Statements (continued)**

**1. ACCOUNTING POLICIES (continued)**

***Intangible fixed assets and amortisation***

Intangible fixed assets purchased separately from a business are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Licences purchased by the Group are amortised to nil by equal instalments over their useful economic lives of between one and three years.

Subsequent to the appointment of preferred bidder status, bid costs are capitalised and held on the balance sheet provided the award of the contract is virtually certain and is expected to generate net cash flow to allow recovery of bid costs.

Bid costs are amortised over the life of the contract.

***Goodwill***

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over the life of the goodwill but is subject to annual review for impairment.

***Fixed assets and depreciation***

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold property	-	50 years straight line
Short term leasehold improvements	-	over the term of the lease
Plant and machinery	-	4 – 10 years straight line
Fixtures and fittings	-	3 – 6 years straight line
Motor vehicles	-	2 – 6 years straight line

No depreciation is provided on freehold land.

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange at the date of the transaction or if there is a forward currency contract hedge in place, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included within the profit and loss account.

**Notes to the Financial Statements (continued)**

**1. ACCOUNTING POLICIES (continued)**

***Post retirement benefits***

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 contributions payable to the scheme in respect of the accounting period.

The Group also participates in a multi-employer defined benefit pension scheme. The assets of the scheme are held under one combined scheme and are not separately identifiable. Accordingly this scheme is accounted for as if it were a defined contribution pension scheme with the amount charged to the profit and loss account representing the contributions payable to the scheme in respect of the accounting period.

A small number of the Group's employees are members of a defined benefit scheme operated by InHealth Limited, a Group company. This scheme exists as part of legacy Transfer of Undertakings (Protection of Employment) ("TUPE") arrangements in relation to previous contracts that required such a pension scheme to be provided to employees coming into the Group. Pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and in the statement of total recognised gains and losses, actuarial gains and losses.

***Leases and hire purchase arrangements***

Assets acquired under finance leases or hire purchase arrangements are capitalised and the outstanding future obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

***Stocks***

Stocks are stated at the lower of cost and net realisable value.

***Taxation***

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19 Deferred Taxation.

Deferred tax assets are only recognised to the extent that the Directors consider it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

***Revenue***

Revenue represents the amounts invoiced for the provision of diagnostic services and healthcare solutions (excluding value added tax). Revenue is recognised on the provision of services.

***Share based payments***

Where a member of the Group grants equity settled awards to the Company's employees, and the Company has no obligation to settle the award, the Company accounts for these share based payments as equity settled. In the event of any modification to terms of any share schemes the Company elects to maintain the original treatment of the scheme (i.e. either equity settled or cash settled).

**Notes to the Financial Statements (continued)**

**2. ACQUISITION OF BUSINESS**

On 1 April 2015 InHealth Endoscopy Limited, an indirect subsidiary of InHealth Group Limited, acquired an additional 48% of the shares of Prime Endoscopy (Bristol) Limited, increasing its shareholding in this entity to 98%. Prime Endoscopy (Bristol) Limited provides diagnostic medical procedures, principally endoscopic investigations, to the NHS and other healthcare organisations.

The purchase consideration and costs of acquisition are shown in the table below along with disclosure of the share of net assets acquired at fair value. The closing net book value of goodwill is shown below and forms part of note 10. Goodwill is being written off over a 20 year period, which is the Board's view of its useful life. The value of goodwill is reviewed on an annual basis.

The total purchase consideration for the shares consists of the following:

	<b>£000</b>
Cash paid for all ordinary shares – paid in year	430
Stamp duty & legal costs	2
Purchase consideration and costs of acquisition	<u>432</u>

	<b>Fair value (100%) acquired 1 April 2015 £000</b>	<b>Fair value (48%) acquired 1 April 2015 £000</b>
<b>Fixed Assets</b>		
Tangible fixed assets	34	17
<b>Current Assets</b>		
Stock	10	5
Debtors	316	158
Cash	224	112
	<u>550</u>	<u>275</u>
<b>Liabilities</b>		
Creditors	(324)	(162)
<b>Net assets acquired</b>	<u>260</u>	<u>130</u>

	<b>£000</b>
Purchase consideration and costs of acquisition	432
Less fair value of net assets acquired on acquisition	(130)
Goodwill at date of acquisition	<u>302</u>

The fair value of the assets and liabilities at the acquisition date is equal to the book value.

The acquired undertaking made a profit of £82,000 from the beginning of its financial year to the date of acquisition. 50% of the operating profit in the financial year to date of acquisition is recognised in the group results through share of operating profit in joint ventures.

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**Notes to the Financial Statements (continued)**

**3. REVENUE**

The Group's revenue is substantially related to activities in the UK.

**4. NOTES TO THE PROFIT AND LOSS ACCOUNT**

The operating profit is stated after charging/(crediting):

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Depreciation and other amounts written off tangible fixed assets:		
Owned	11,292	11,205
Leased	1,385	1,718
Profit on disposal of fixed assets	(499)	(79)
Impairment write down of fixed assets	-	1,600
Amortisation of goodwill	1,170	1,124
Amortisation of other intangibles	130	124
Hire of plant and machinery – operating leases	242	198
Hire of other assets – operating leases	3,962	3,726
	<hr/>	<hr/>
<i>Auditor's remuneration</i>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Audit of these financial statements	107	107
	<hr/>	<hr/>

Amounts receivable by the Company's auditor in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the ultimate parent company InHealth UK Holdings Limited.

**5. REMUNERATION OF DIRECTORS**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	752	733
Contributions to money purchase pension schemes	18	41
	<hr/>	<hr/>
Retirement benefits are accruing to the following number of Directors under		
	<b>2015</b>	<b>2014</b>
Money purchase schemes	1	1
	<hr/>	<hr/>

The aggregate of emoluments of the highest paid Director was £415,000 (2014: £336,000), and Company pension contributions of £nil (2014: £15,000) were made to a money purchase scheme on their behalf.

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**Notes to the Financial Statements (continued)**

**6. STAFF NUMBERS AND COSTS**

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

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Sales	13	18
Operations	902	773
Administrative	109	122
Directors	3	4
	<b>1,027</b>	<b>917</b>

The aggregate payroll costs of these people were as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	41,071	36,766
Social security costs	4,415	3,917
Other pension costs	1,158	1,154
	<b>46,644</b>	<b>41,837</b>

**7. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Bank interest	29	57
Expected return on defined benefit pension plan assets	56	48
	<b>85</b>	<b>105</b>

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Bank interest	57	56
Other finance charges	67	80
Interest on defined benefit pension plan obligation	62	62
Hire purchase	201	202
	<b>387</b>	<b>400</b>

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**Notes to the Financial Statements (continued)**

**9. TAXATION**

Analysis of charge in period

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<i>UK corporation tax</i>		
Current tax on income for the period	1,895	1,605
Adjustments in respect of prior periods	67	(414)
Current tax	<u>1,962</u>	<u>1,191</u>
<i>Deferred tax (see note 15)</i>		
Origination and reversal of timing differences	354	(126)
Adjustments in respect of prior periods	20	353
Effect of decreased tax rate	-	(1)
Deferred tax	<u>374</u>	<u>226</u>
Total tax on profit on ordinary activities	<u>2,336</u>	<u>1,417</u>
Tax relates to the following		
Parent and subsidiaries	2,320	1,401
Joint ventures	<u>16</u>	<u>16</u>

*Factors affecting the tax charge for the current period*

The current tax charge for the period is higher (2014: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	<u>7,596</u>	<u>3,827</u>
Current tax at 20.5% (2014: 22%)	1,557	842
<i>Effects of:</i>		
Expenses not deductible for tax purposes	56	96
Income not taxable for tax purposes	(115)	-
Capital allowances for year in excess of depreciation	(412)	-
Depreciation in excess of capital allowances	74	584
Losses received as Group relief	-	6
Consideration paid for group relief	-	(6)
Adjustments in respect of prior periods	67	(414)
Fixed assets ineligible for depreciation	776	109
Other short term timing differences	(5)	(26)
Tax loss utilisation	(29)	-
Amounts debited directly to statement of total recognised gains and losses	33	-
Defined benefit pension scheme timing differences	(40)	-
Tax on profit on ordinary activities	<u>1,962</u>	<u>1,191</u>

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**Notes to the Financial Statements (continued)**

**9. TAXATION (continued)**

*Factors that may affect future, current and total tax charges*

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the Group's future current tax charge accordingly. The deferred tax liability at 30 September 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

It is not anticipated that the effect of the announced further rate reduction will have a significant impact on the Group's results, although this will further reduce the Group's future current tax charge and reduce the Group's deferred tax accordingly.

The elements of unrecognised deferred taxation are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Fixed asset timing differences	127	54
Unutilised losses	681	661
Unrecognised deferred tax asset	<u>808</u>	<u>715</u>

Deferred tax assets are only recognised to the extent that the Directors consider it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. The Group did not recognise the above deferred tax assets in the period due to uncertainty as to the timing of the realisation of the amount. There are no unprovided deferred tax liabilities.

**10. INTANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Goodwill</b>	<b>Bid costs</b>	<b>Other</b>	
	<b>£000</b>	<b>£000</b>	<b>intangibles</b>	<b>Total</b>
			<b>£000</b>	<b>£000</b>
<b>COST</b>				
At 1 October 2014	23,992	1,156	508	25,656
Additions	302	-	34	336
At 30 September 2015	<u>24,294</u>	<u>1,156</u>	<u>542</u>	<u>25,992</u>
<b>AMORTISATION</b>				
At 1 October 2014	12,183	1,156	291	13,630
Amortisation for year	1,170	-	130	1,300
At 30 September 2015	<u>13,353</u>	<u>1,156</u>	<u>421</u>	<u>14,930</u>
<b>NET BOOK VALUE</b>				
At 30 September 2015	<u>10,941</u>	<u>-</u>	<u>121</u>	<u>11,062</u>
At 30 September 2014	<u>11,809</u>	<u>-</u>	<u>217</u>	<u>12,026</u>



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Notes to the Financial Statements (continued)

10. INTANGIBLE FIXED ASSETS (continued)

Company	Goodwill £000
<b>COST</b>	
At 1 October 2014 and 30 September 2015	1,610
<b>AMORTISATION</b>	
At 1 October 2014	875
Amortisation for year	89
At 30 September 2015	964
<b>NET BOOK VALUE</b>	
At 30 September 2015	646
At 30 September 2014	735

11. TANGIBLE FIXED ASSETS

Group	Short term leasehold improvements £000	Freehold property £000	Plant and machinery £000	Assets in course of construction £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
<b>COST</b>							
At 1 October 2014	21,358	8,560	85,370	3,823	13,961	2,862	135,934
Additions	1,654	-	12,884	2,166	20	1,721	18,445
Acquired through business combination	1	-	12	-	19	-	32
Disposals	(604)	-	(8,306)	(40)	(36)	(616)	(9,602)
Reclassifications	53	-	2,838	(2,905)	14	-	-
At 30 September 2015	22,462	8,560	92,798	3,044	13,978	3,967	144,809
<b>DEPRECIATION</b>							
At 1 October 2014	8,255	2,084	53,172	-	11,581	1,191	76,283
Charge in the year	1,908	165	8,554	-	1,274	776	12,677
Disposals	(594)	-	(5,776)	-	(87)	(529)	(6,986)
At 30 September 2015	9,569	2,249	55,950	-	12,768	1,438	81,974
<b>NET BOOK VALUE</b>							
At 30 September 2015	12,893	6,311	36,848	3,044	1,210	2,529	62,835
At 30 September 2014	13,103	6,476	32,198	3,823	2,380	1,671	59,651

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**Notes to the Financial Statements** *(continued)*

**11. TANGIBLE FIXED ASSETS** *(continued)*

Included in the total net book value of plant and machinery is £7,915,000 (2014: £8,382,000) in respect of assets held under hire purchase. Depreciation for the year on these assets was £1,385,000 (2014: £1,718,000).

<b>Company</b>	<b>Fixtures and fittings £000</b>
<b>COST</b>	
At 1 October 2014 and 30 September 2015	1,532
<b>DEPRECIATION</b>	
At 1 October 2014	1,532
Charge in the year	-
At 30 September 2015	1,532
<b>NET BOOK VALUE</b>	
At 30 September 2015	-
At 30 September 2014	-

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Notes to the Financial Statements (continued)

12. FIXED ASSET INVESTMENTS

Group	Interest in joint ventures £000
<b>SHARE OF POST ACQUISITION RESERVES</b>	
Retained profits less losses at 1 October 2014	89
Share of operating profit in joint venture until 1 April 2015	57
Tax relating to the joint venture until 1 April 2015	(16)
Disposal of joint venture (prior to subsidiary acquisition – see note 2)	(130)
At 30 September 2015	-
<b>NET BOOK VALUE</b>	
At 30 September 2015	-
At 30 September 2014	89
Company	Shares in Group undertakings £000
<b>COST</b>	
At 1 October 2014 and 30 September 2015	40,196
<b>PROVISIONS</b>	
At 1 October 2014 and 30 September 2015	1,913
<b>NET BOOK VALUE</b>	
At 1 October 2014 and 30 September 2015	38,283

During the year the Directors carried out an impairment review of the Company's and Group's fixed asset investments. No impairment charge was considered necessary.

In the opinion of the Directors the aggregate value of the fixed asset investments is not less than the amount at which they are stated in the balance sheet.

The investments in Group undertakings include the following companies in which the Company's interest at the year end is more than 20%:

	Principal activity	Percentage of shares held	Class of shares held (all ordinary)
<b>Direct subsidiary undertakings</b>			
InHealth Limited	Provision of healthcare services	100%	£1
InHealth Properties Limited	Property administration	100%	£1
InHealth Facilities Management Limited	Holding company	100%	£1
InHealth (London) Limited	Provision of diagnostic services	100%	£1
<b>Subsidiary undertakings of InHealth Limited</b>			
InHealth Molecular Imaging Limited	Provision of scanning services	100%	£1
Vista Diagnostics Limited	Provision of scanning services	100%	£1
Preventicum UK Limited	Holding company	100%	10p
Medical Imaging Group Limited	Holding company	100%	£1
InHealth Endoscopy Limited	Diagnostic medical procedures	100%	£1
InHealth Echotech Limited (formerly Echotech Limited)	Provision of scanning services	100%	£1

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Notes to the Financial Statements (continued)

12. FIXED ASSET INVESTMENTS (continued)

	Principal activity	Percentage of shares held	Class of shares held (all ordinary)
<b>Direct subsidiary undertakings of InHealth Limited (continued)</b>			
Lister InHealth Limited	Dormant	100%	£1
Cardinal InHealth Limited	Dormant	100%	1p
InHealth (ACAD) Limited	Dormant	100%	£1
Mobile P.E.T. Leasing Limited	Dormant	100%	£1
Molecular Imaging Solutions Limited	Dormant	100%	£1
Quantum Imaging Limited	Dormant	100%	50p
InHealth Diagnostics & Healthcare Solutions Limited	Dormant	100%	€1
<b>Subsidiary undertaking of Preventicum UK Limited</b>			
Euroclinics (UK) Limited	Provision of health screening	100%	£1
<b>Subsidiary undertakings of Medical Imaging Group Limited</b>			
e-Locum Services Limited	Scan reporting services	100%	£1
Medical Imaging Audit and Accreditation Limited	Dormant	100%	£1
<b>Subsidiary undertakings of InHealth Endoscopy Limited</b>			
Prime Endoscopy (Bristol) Limited	Diagnostic medical procedures	98%	£1
<b>Subsidiary undertakings of InHealth Properties Limited</b>			
Primary Care Advisory Limited	Dormant	100%	£1
InHealth Diagnostic & Imaging Limited	Dormant	100%	£1

All of the companies above are incorporated in England and Wales, except InHealth Diagnostics & Healthcare Solutions Limited which is incorporated in Ireland.

13. STOCKS

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
Consumables	671	988	-	-

14. DEBTORS

	Group		Company	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Amounts falling due within one year:</b>				
Trade debtors	16,772	16,388	2	-
Amounts owed by Group undertakings	7,291	5,600	10,612	11,935
Other debtors	1,223	462	33	34
Prepayments and accrued income	6,255	7,854	-	-
	31,541	30,304	10,647	11,969
<b>Amounts falling due after more than one year:</b>				
Amounts owed by Group undertakings	1,608	1,612	24,558	23,437
<b>Aggregate amounts</b>	<b>33,149</b>	<b>31,916</b>	<b>35,205</b>	<b>35,406</b>

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**Notes to the Financial Statements (continued)**

**15. CREDITORS: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Hire purchase contracts (see note 16)	1,611	2,096	-	-
Trade creditors	9,427	10,333	-	-
Amounts owed to Group undertakings	-	-	7,995	7,995
Taxation and social security	2,912	2,462	-	-
Other creditors	1,421	1,619	-	-
Accruals and deferred income	22,220	19,042	112	50
Bank loans and overdrafts	-	2	-	-
	<u>37,591</u>	<u>35,554</u>	<u>8,107</u>	<u>8,045</u>

**16. PROVISIONS FOR LIABILITIES**

*Deferred tax liability*

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Fixed asset timing differences	780	293	-	-
Other short term timing differences	(122)	(65)	-	-
Tax losses carried forward	(23)	-	-	-
Net deferred tax liability	<u>635</u>	<u>228</u>	<u>-</u>	<u>-</u>

Deferred tax assets are only recognised to the extent that the Directors consider it more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. There are no unprovided deferred tax liabilities.

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 October	228	2	-	-
Profit and loss account charge	374	226	-	-
Debit to the statement of total recognised gains and losses	33	-	-	-
At 30 September	<u>635</u>	<u>228</u>	<u>-</u>	<u>-</u>

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Notes to the Financial Statements (*continued*)

17. CREDITORS: amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£000	£000	£000	£000
Hire purchase contracts	3,872	3,949	-	-
Other creditors	2	89	-	-
	<u>3,874</u>	<u>4,038</u>	<u>-</u>	<u>-</u>

The maturity of obligations under hire purchase contracts are as follows:

Group	Hire purchase contracts	
	2015	2014
	£000	£000
Net obligations payable:		
Within one year	1,611	2,096
Between one and five years	3,872	3,949
	<u>5,483</u>	<u>6,045</u>

18. CALLED UP SHARE CAPITAL

	2015	2014
	£000	£000
<i>Allotted, called up and fully paid</i>		
1,002,003 (2014: 1,002,003) Ordinary shares of £1 each	1,002	1,002
102,920 (2014: 94,580) "A" Ordinary shares of 10p each	10	10
	<u>1,012</u>	<u>1,012</u>

During the year the Company issued 8,340 "A" Ordinary shares for cash consideration of £2,502.

19. RESERVES

Group	Share premium £000	Profit and loss account £000	Total £000
At 1 October 2014	53,100	23,480	76,580
Shares issued	1	-	1
Profit for the year	-	5,258	5,258
Other recognised gains and losses	-	128	128
At 30 September 2015	<u>53,101</u>	<u>28,866</u>	<u>81,967</u>

Company	Share premium £000	Profit and loss account £000	Total £000
At 1 October 2014	53,100	12,677	65,777
Shares issued	1	-	1
Loss for the year	-	(111)	(111)
At 30 September 2015	<u>53,101</u>	<u>12,566</u>	<u>65,667</u>

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Notes to the Financial Statements (*continued*)

**20. MINORITY INTERESTS**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
At beginning of year	-	-
Retained profit for the period	2	-
Acquisition of subsidiary undertakings	4	-
At end of year	<u>6</u>	<u>-</u>

**21. RECONCILIATION OF SHAREHOLDERS' FUNDS**

<b>Group</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Profit for the financial year	5,258	2,410
Share capital increase	-	2
Share premium increase	1	2
Other gains and losses in relation to pension scheme	128	(87)
Net addition to shareholders' funds	<u>5,387</u>	<u>2,327</u>
Opening shareholders' funds	<u>77,592</u>	<u>75,265</u>
Closing shareholders' funds	<u>82,979</u>	<u>77,592</u>
<b>Company</b>	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Loss for the financial year	(111)	(116)
Share capital increase	-	2
Share premium increase	1	2
Net reduction to shareholders' funds	<u>(110)</u>	<u>(112)</u>
Opening shareholders' funds	<u>66,789</u>	<u>66,901</u>
Closing shareholders' funds	<u>66,679</u>	<u>66,789</u>

**22. COMMITMENTS**

Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Contracts placed for future capital expenditure not provided for in the financial statements	<u>1,584</u>	<u>8,069</u>

Capital commitments represent agreements to purchase MRI equipment and additional mobile trailers.

Annual commitments under non-cancellable operating leases are as follows:

	<b>2015</b>		<b>2014</b>	
	<b>Land and buildings</b>	<b>Other</b>	<b>Land and buildings</b>	<b>Other</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating leases which expire:				
Within one year	342	53	471	57
Between one and five years	614	117	558	239
In more than five years	590	-	674	-
	<u>1,546</u>	<u>170</u>	<u>1,703</u>	<u>296</u>

## 23. PENSION SCHEMES

The pension cost charged to the profit and loss account for the year represents contributions payable by the Group to all pension schemes accounted for as defined contribution schemes and amounts to £1,158,000 (2014: £1,154,000).

Contributions amounting to £303,000 (2014: £188,000) were payable to the schemes at the end of the year relating to the final month and are included in creditors.

### Defined contribution pension scheme

The Group operates a defined contribution pension scheme.

### Multi-employer defined benefit pension scheme

The Group participates in a multi-employer defined benefit pension scheme whose assets are held under one combined scheme. There are 4 current employees and 1 deferred member in this scheme. The scheme uses a weighted approach in relation to its actuarial assumptions and asset allocation strategy. Insufficient information is available for the Group to account for the scheme as a defined benefit scheme. Contributions are set at a level to make good a deficit but the Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The contributions from the Group are set at a common level rather than reflecting the characteristics of the workforces of individual employers. On this basis the Group is accounting for this scheme as if it were a defined contribution scheme and its contributions are included above.

### Defined benefit pension scheme

The Group operates a pension scheme providing benefits based on final pensionable pay. The latest actuarial valuation was carried out at 1 October 2013, which has been agreed between the Trustees and the relevant Group companies.

The information disclosed below is in respect of the whole of the Group for the periods shown.

The amounts recognised in the balance sheet are as follows:

	2015 £000	2014 £000
Present value of funded obligations	(1,631)	(1,525)
Fair value of plan assets	1,518	1,216
	<u>(113)</u>	<u>(309)</u>

The amounts recognised in the profit and loss account are as follows:

	2015 £000	2014 £000
Current service cost	73	61
Interest on defined benefit pension plan obligation	62	62
Expected return on defined benefit pension plan assets	(56)	(48)
	<u>79</u>	<u>75</u>
Actual return on plan assets	<u>200</u>	<u>82</u>

The overall expected rate of return is calculated by weighting the individual rates in accordance with the anticipated balance in the plan's investment portfolio.



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**Notes to the Financial Statements (continued)**

**23. PENSION SCHEMES (continued)**

**Defined benefit pension scheme (continued)**

Changes in the present value of the defined benefit obligation are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Opening defined benefit obligation	1,525	1,353
Current service cost	73	61
Contributions by scheme participants	12	11
Interest cost	62	62
Actuarial (gains)/losses	(17)	121
Benefits paid	(24)	(83)
	<u>1,631</u>	<u>1,525</u>

Changes in the fair value of scheme assets are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Opening fair value of scheme assets	1,216	1,100
Contributions by employer	114	106
Contributions by scheme participants	12	11
Expected return	56	48
Actuarial gains	144	34
Benefits paid	(24)	(83)
	<u>1,518</u>	<u>1,216</u>

The amounts recognised in the statement of total recognised gains and losses are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Actuarial gains/(losses)	<u>161</u>	<u>(87)</u>
Cumulative amount of actuarial losses	<u>(169)</u>	<u>(330)</u>

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**Notes to the Financial Statements (continued)**

**23. PENSION SCHEMES (continued)**

**Defined benefit pension scheme (continued)**

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	<b>2015</b>	<b>2014</b>
Unitised with profits policy	92.6%	89.9%
Cash	7.4%	10.1%
	<u>100.0%</u>	<u>100.0%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	<b>2015</b>	<b>2014</b>
Discount rate	4.00%	4.00%
Expected return on scheme assets	4.28%	4.42%
Future salary increases	2.40%	3.30%
Pension escalation in payment to 1 October 2005	5.00%	5.00%
Pension escalation in payment from 1 October 2005 to 30 September 2012	3.30%	3.30%
Inflation assumption	3.30%	3.30%
Pension revaluation in deferment	2.50%	2.50%
Pension escalation in payment from 1 October 2013	3.30%	3.30%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 60-year old to live for a number of years as follows:

- Current pensioner aged 60: 27.7 years (male), 30.0 years (female)
- Future retiree upon reaching 60: 29.3 years (male), 31.6 years (female)

Amounts for the current and previous four periods are as follows:

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Defined benefit pension plans</b>					
Defined benefit obligation	(1,631)	(1,525)	(1,353)	(1,186)	(1,143)
Fair value of scheme assets	1,518	1,216	1,100	954	810
Deficit	<u>(113)</u>	<u>(309)</u>	<u>(253)</u>	<u>(232)</u>	<u>(333)</u>
Experience adjustments on scheme liabilities	(22)	(3)	8	(7)	88
Experience adjustments on scheme assets	14	34	25	(40)	3

**24. SHARE BASED PAYMENTS**

The Group's growth share plan allows certain members of senior management to be invited to purchase shares in InHealth Group Limited. In the year to 30 September 2015 8,340 shares (2014: 11,120) were issued as part of this share scheme. The total expense recognised for the year and the total liabilities recognised at the end of the year arising from share based payments was nil (2014: nil) as the consideration received for these shares was equal to their fair value.

**Notes to the Financial Statements (continued)**

**25. RELATED PARTY DISCLOSURES**

Total sales by the Group to its joint ventures in the period from 1 October 2014 to 31 March 2015 were £268,000 (2014: full year £528,000). The outstanding balance at the year end with the joint ventures was £nil (2014: £12,000) as the joint venture was acquired as a subsidiary during the year (see note 2). This balance is included in other debtors in note 14 for the comparative period. Total sales by the Group to its 98% subsidiary in the period from 1 April 2015 to 30 September 2015 were £322,000.

Total purchases by the Group from the joint ventures were £nil (2014: £nil). The outstanding balance at the year end with the joint ventures was £nil (2014: £nil).

The Group has taken advantage of the exemption under FRS 8 not to disclose transactions with wholly owned subsidiaries.

**26. EVENTS AFTER THE BALANCE SHEET DATE**

There were no post balance sheet events.

**27. ULTIMATE CONTROLLING PARTY**

The ultimate parent undertaking and controlling party is the Damask Trust, the Trustees of which are I H Bradbury and the Embleton Trust Corporation Limited.

The largest Group in which the Company will be consolidated is InHealth UK Holdings Limited. The smallest Group in which the Company is consolidated is InHealth Group Holdings PLC. These two Group companies are incorporated in England and Wales. The consolidated financial statements of these Groups are available to the public and may be obtained from Beechwood Hall, Kingsmead Road, High Wycombe, Buckinghamshire, HP11 1JL.