

## **InHealth Group Limited**

### **Directors' Report and Financial Statements for the Year Ended 30 September 2016**



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## Company Information

Directors:	R J Bradford Sir A D Chessells A S L Cummings
Registered Office:	Beechwood Hall Kingsmead Road High Wycombe Buckinghamshire HP11 1JL
Registered Number:	04620480 (England and Wales)
Auditor:	KPMG LLP Altius House One North Fourth Street Milton Keynes MK9 1NE
Bankers:	Bank of Scotland 4th Floor 25 Gresham Street London EC2V 7HN

## Strategic Report

The InHealth Group provides diagnostic healthcare services and solutions for the NHS and private patients throughout the United Kingdom and Ireland.

The opportunities within the diagnostics sector continue to be significant in pre-acute hospitals, primary care settings and in secondary or acute care settings. Demand for the Company's services is driven by a combination of demographic trends, increasing patient choice and knowledge, technological advancements and continuing financial pressures on the NHS and a recognition of the value provided by specialist providers, such as InHealth.

The productivity target faced by the NHS of saving £22bn over 5 years, coupled with constantly increasing demands as a result of the ageing and growing population, is a significant challenge for the UK. In addition to this, advances in medical insight and technology continue to drive demand from patients and referrers. There is therefore a resulting need for the NHS to increase efficiencies and to introduce new models of care, which require changes in operating systems, leadership, culture, capability and will also require considerable capital investment.

The need for the NHS to collaborate with delivery partners is key to developing these new models of care. InHealth can provide both additional capacity and capital to help the NHS deliver a better service to patients. Importantly, InHealth also has proven long term relationships with Trusts and Clinical Commissioning Groups (CCGs), which allows them to identify and customise efficient solutions.

The pace of change in healthcare also means that tailor-made, flexible solutions often need to be delivered quickly and InHealth can also offer shorter term mobile services delivering operational and financial benefits for the NHS. InHealth demonstrates greater efficiencies by investing in the best, most modern equipment, thus minimising downtime and maximising utilisation of assets.

A good example of new models of care are InHealth's growing number of community-based clinics. These clinics provide diagnostic services, such as MRI, CT, Endoscopy and mammography, which are an average of 17 minutes travelling time for recent patient attendees in their locality across London. These dedicated services expedite the patient pathway, lead to substantial cost savings for CCGs and reduce capacity pressure on acute Trusts. The result is a better patient experience, improved outcomes and reduced costs through planned and smooth referral to test processes.

The InHealth Group now employs over 1,700 people, the majority working with patients every day across 350 units throughout the UK. Last year a test, scan, procedure or intervention was performed for over 1.5 million patients.

### Key performance indicators

Management monitors progress by reference to Key Performance Indicators (KPIs), which include the revenue, profit and EBITDA margin return on sales. Group revenue in the year was £121.3 million (2015: £128.3 million), with profit before tax for the year at £5.7 million (2015: £8.7 million). The Group's EBITDA margin this year was 16% (2015: 17%).

The Company's trading activity in 2016 continues to reflect specific price reductions delivering value for money to our customers, a higher volume and growth in a number of new modalities and some new service lines where mobilisation of such services in the early months delivers a lower level of revenue and profitability.

## **Strategic Report** *(continued)*

### **Progress through the year**

During the year, InHealth secured new diagnostic services contracts across the country, including significant radiology wins in Croydon, Kingston and Walsall and major breast screening contracts in Outer North East London and Surrey.

In parallel with the diagnostic services, InHealth continues to broaden its reach across the pre-acute patient pathway and has strengthened its position across the UK in Cardiac, Endoscopy, Screening programmes, Mobile Services and Audiology.

The InHealth Group completed three acquisitions this year, which support and strengthen the strategy for growth and expansion across the patient pathway. Details of all three acquisitions of subsidiaries and businesses are included in note 2 of the Financial Statements.

On 21 January 2016, InHealth Limited acquired a Radiographer Reporting business, extending the Group's radiology services and creating career opportunities for radiographers. Now part of the InHealth radiology service, this solution assists radiology departments in maximising reporting capabilities by using their on-site, Advanced Practitioner Radiographers to produce accurate, timely reports for optimal patient management and safety. Reporting for over 30 hospitals in the UK, InHealth's expanding network of reporting radiographers is now well placed to respond to the increasing demand for this service and to offer a more integrated service, which will benefit both patients and referrers.

On 1 June 2016, InHealth Limited acquired Pain Management Solutions. Established over 10 years ago, Pain Management Solutions delivers innovative pain management to NHS patients in community settings across the UK. The patient-centred service offers early intervention to prevent the onset of chronic pain, to reduce the need for analgesics and to improve the quality of life for the patient.

On 8<sup>th</sup> September 2016, InHealth Limited acquired 76% of Health Intelligence. Founded in 1996, Health Intelligence provides services to 350,000 patients per year and delivers information management solutions, data analytics and imaging-led screening services to help the NHS improve diagnosis of long term conditions, promote prevention and deliver cost savings. This enables InHealth to expand the reach and breadth of screening services.

There has been continued investment in InHealth's services, with the installation of new scanners in Nottingham and Wansbeck Hospitals, new community clinics in Bristol and Exeter for Endoscopy and Breast Screening respectively and the continued expansion of the Diagnostic Centre network in Ipswich and North London.

InHealth's on-going investment in technology includes the rollout of a single platform to manage patient, customer and service data to increase efficiencies and service levels, whilst internal systems have been significantly upgraded. This pattern of investment and expansion will continue into the future.

The economic pressures 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 the NHS, 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;
- growth through the establishment and expansion of strong customer relationships;
- broadening the service across the pre-acute patient pathway; and
- operational and clinical excellence in the delivery of all services.

## **Strategic Report** *(continued)*

### **Progress through the year** *(continued)*

InHealth has an established reputation for high quality service and a track record in the mobilisation of new services.

The Group continues to explore wider opportunities for growth where challenges for healthcare meet with our skills and capabilities to offer clinical excellence, efficiency and productivity benefits to our patients and customers.

InHealth Group Limited does not pay dividends and instead chooses to reinvest all profit back in to the Group for future growth.

### **Growing capacity and maintaining equipment to high standards**

Throughout the year and since the year end we have continued to invest heavily in growing equipment capacity, often ahead of contracted demand. We also follow a rigorous policy of keeping all of our assets maintained to a high standard including regular upgrades to keep equipment current with technology developments. Movements in fixed assets during the year are set out in note 8 to the Financial Statements.

### **Principal risks and uncertainties**

#### **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. The risk is considered low due to the volume 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 debtors. 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.

#### **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 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.

## **Strategic Report** *(continued)*

### **Principal risks and uncertainties** *(continued)*

#### **Interest rate risk**

The interest rates on the Group's borrowings are at market rates. The Group's policy is to keep its borrowing 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 regularly reviewed for impairment and where there are indicators of impairment, assessment is made as to whether or not a loss is recognised.

#### **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.

The Group is committed to acting with integrity and transparency in all tax matters as part of its corporate responsibility.



**R J Bradford**  
Director

1 March 2017

## **Directors' Report**

The Directors present their report and audited Financial Statements of InHealth Group Limited for the year ended 30 September 2016.

### **Principal activity**

The principal activity of the Company is as a holding company for the InHealth Group. The principal activities of the InHealth Group are set out in the Strategic Report.

### **Proposed dividend**

The Directors do not recommend the payment of a dividend (2015: £nil).

### **Directors**

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

R J Bradford

Sir A D Chessells

A S L Cummings

### **Political donations**

The Group made no political donations (2015: £nil).

### **Employees**

Our people are central to our success in both delivering existing business and winning new contracts. Investment in our people and in building the right working environment will continue to be a priority. The Company holds gold level accreditation with Investors In People.

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 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.

### **Financial instruments**

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. The Group has a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of cash and controlling foreign currency transactions. The Group has implemented policies that require appropriate credit checks before a sale is made. The Group hedges its exposure to foreign currency fluctuations by using bank accounts denominated in foreign currencies and forward contracts.



## **Directors' Report** *(continued)*

### **Disclosure of information to auditor**

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

### **Other information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

### **Events after the Balance Sheet date**

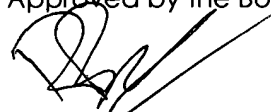
On 3 January 2017 InHealth Limited added to its service provision with the acquisition of community based care assessment, treatment and diagnostics services in the North West of England. The service is an important part of the regional health economy with services currently being delivered from ten community based locations across Greater Manchester. The tangible fixed assets supporting this service were purchased for consideration of up to £0.6 million.

On 2 December 2016 InHealth Ventures Limited purchased a minority shareholding in Luma Health Inc. a company registered within the United States for consideration of £0.2 million.

### **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.

Approved by the Board and signed on its behalf by:



**R J Bradford**  
Director

1 March 2017

## **Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements**

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company Financial Statements for each financial year. Under that law they have elected to prepare the Group Financial Statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law and have elected to prepare the parent Company Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 Group and parent Company and of their profit or loss for that year. In preparing the Group and parent Company Financial Statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group Financial Statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent Company Financial Statements, 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 Group and parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company 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 safeguard the assets of the Company 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 2016 set out on pages 11 to 61. The financial reporting framework that has been applied in the preparation of the Group Financial Statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent Company Financial Statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 8, 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 2016 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent Company Financial Statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

- adequate accounting records have not been kept 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: 2 March 2017

## Consolidated Statement of Profit and Loss and Comprehensive Income

For the year ended 30 September 2016

	Note	2016 £000	2015 £000
<b>Revenue</b>	3	<b>121,269</b>	128,332
Cost of sales		<b>(77,859)</b>	(76,508)
<b>Gross profit</b>		<b>43,410</b>	51,824
Administrative expenses		<b>(37,486)</b>	(42,878)
<b>Operating profit</b>		<b>5,924</b>	8,946
Financial income	6	<b>134</b>	85
Financial expenses	6	<b>(311)</b>	(387)
<b>Net financing expense</b>		<b>(177)</b>	(302)
Share of profit of equity-accounted investees, net of tax		-	57
<b>Profit before tax</b>		<b>5,747</b>	8,701
Taxation	7	<b>(1,403)</b>	(2,307)
<b>Profit for the year</b>		<b>4,344</b>	6,394
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit liability		<b>(887)</b>	161
Income tax on items that will not be reclassified to profit or loss		<b>179</b>	(33)
<b>Other comprehensive income for the year</b>		<b>(708)</b>	128
<b>Total comprehensive income for the year</b>		<b>3,636</b>	6,522
<b>Profit attributable to:</b>			
Equity holders of the parent		<b>3,635</b>	6,520
Non-controlling interest		<b>1</b>	2

All activities are classified as continuing.

## Consolidated Balance Sheet

At 30 September 2016

	Note	2016 £000	2015 £000
<b>Non-current assets</b>			
Property, plant and equipment	8	74,119	62,835
Intangible assets	9	24,378	12,232
Trade and other receivables	13	1,612	1,608
		<hr/>	<hr/>
		100,109	76,675
<b>Current assets</b>			
Inventories	12	876	671
Trade and other receivables	13	35,662	31,541
Cash and cash equivalents	14	14,450	17,481
		<hr/>	<hr/>
		50,988	49,693
		<hr/>	<hr/>
<b>Total assets</b>		151,097	126,368
		<hr/>	<hr/>
<b>Current liabilities</b>			
Trade and other payables	15	(39,331)	(38,205)
<b>Non-current liabilities</b>			
Employee benefits	18	(1,260)	(113)
Deferred tax liabilities	11	(1,995)	(975)
Other financial liabilities	16	(4,378)	(3,874)
		<hr/>	<hr/>
		(7,633)	(4,962)
		<hr/>	<hr/>
<b>Total liabilities</b>		(46,964)	(43,167)
		<hr/>	<hr/>
<b>Net assets</b>		104,133	83,201
		<hr/>	<hr/>
<b>Equity attributable to equity holders of the parent</b>			
Share capital	19	1,106	1,012
Share premium	19	70,303	53,101
Retained earnings		32,717	29,082
		<hr/>	<hr/>
		104,126	83,195
<b>Non-controlling interest</b>		7	6
		<hr/>	<hr/>
<b>Total equity</b>		104,133	83,201
		<hr/>	<hr/>

These Financial Statements were approved by the Board of Directors on 1 March 2017 and were signed on its behalf by:



**R J Bradford**

Director

Company registered number: 04620480

## Consolidated Statement of Changes in Equity

For the year ended 30 September 2016

	Share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000	Non- controlling interest £000	Total equity £000
<b>Balance at 1 October 2014</b>	<b>1,012</b>	<b>53,100</b>	<b>23,480</b>	<b>77,592</b>	<b>-</b>	<b>77,592</b>
Effect of change in accounting policy	-	-	(918)	(918)	-	(918)
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	6,392	6,392	2	6,394
Other comprehensive income	-	-	128	128	-	128
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>6,520</b>	<b>6,520</b>	<b>2</b>	<b>6,522</b>
<b>Transactions with owners, recorded in equity</b>						
Issue of shares	-	1	-	1	-	1
Acquisition of subsidiary with a non-controlling interest	-	-	-	-	4	4
<b>Total transactions with owners</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>4</b>	<b>5</b>
<b>Balance at 30 September 2015 and 1 October 2015</b>	<b>1,012</b>	<b>53,101</b>	<b>29,082</b>	<b>83,195</b>	<b>6</b>	<b>83,201</b>
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	4,343	4,343	1	4,344
Other comprehensive loss	-	-	(708)	(708)	-	(708)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3,635</b>	<b>3,635</b>	<b>1</b>	<b>3,636</b>
Issue of shares	94	17,202	-	17,296	-	17,296
<b>Balance at 30 September 2016</b>	<b>1,106</b>	<b>70,303</b>	<b>32,717</b>	<b>104,126</b>	<b>7</b>	<b>104,133</b>

## Consolidated Cash Flow Statement

For year ended 30 September 2016

	Note	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Profit for the year		4,344	6,394
Adjustments for:			
Depreciation, amortisation and impairment		12,893	12,807
Financial income		(134)	(85)
Financial expense		311	387
Gain on sale of property, plant and equipment		(1,214)	(499)
Operating profit in joint arrangements		-	(57)
Taxation		1,403	2,307
		<b>17,603</b>	<b>21,254</b>
(Increase)/decrease in trade and other receivables		(3,124)	801
(Increase)/decrease in inventories		(189)	327
(Decrease)/increase in trade and other payables		(1,383)	2,311
(Decrease) in provisions and employee benefits		(43)	(35)
Taxation paid		(1,669)	(1,688)
Interest paid		(67)	(2)
<b>Net cash from operating activities</b>		<b>11,128</b>	<b>22,968</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		1,561	3,115
Acquisition of property, plant and equipment		(21,164)	(16,808)
Acquisition of subsidiaries and businesses, net of cash acquired		(10,047)	(714)
Acquisition of other intangible assets		(16)	(34)
Interest received		72	29
<b>Net cash from investing activities</b>		<b>(29,594)</b>	<b>(14,412)</b>
<b>Cash flows from financing activities</b>			
Proceeds from the issue of share capital	19	17,296	1
Purchase of shares in subsidiary undertaking		-	(1,731)
Payment of hire purchase liabilities		(1,683)	(2,199)
Interest elements of hire purchase		(178)	(197)
<b>Net cash from financing activities</b>		<b>15,435</b>	<b>(4,126)</b>
Cash and cash equivalents at 1 October		17,481	13,051
Net (decrease)/increase in cash and cash equivalents		(3,031)	4,430
<b>Cash and cash equivalents at 30 September</b>	14	<b>14,450</b>	<b>17,481</b>



## Notes to the Financial Statements - Group

### 1 Accounting policies

InHealth Group Limited (the "Company") is a Company incorporated and domiciled in England and Wales.

The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in Joint Arrangements. The parent Company Financial Statements present information about the Company as a separate entity and not about its Group.

The Group Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). The Company has elected to prepare its parent Company Financial Statements in accordance with FRS 101 *Reduced Disclosure Framework*; these are presented on pages 53-61.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group Financial Statements and in preparing an opening IFRS balance sheet at 1 October 2014 for the purposes of the transition to Adopted IFRSs.

#### 1.1 Transition to Adopted IFRSs

The Group is preparing its Financial Statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1. An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Group is provided in note 25.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these Financial Statements:

- Business combinations – Business combinations that took place prior to 1 October 2014 have not been restated; and
- Employee benefits – All cumulative gains and losses on remeasurement of defined benefit plans have been recognised in equity at 1 October 2014.

#### 1.2 Measurement convention

The Financial Statements are prepared in accordance with applicable accounting standards and under the historical cost basis.

#### 1.3 Going concern

The Directors have considered the factors that impact the Group's future development, performance, cash flows and financial position along with the Group's current liquidity in forming their opinion on the going concern basis. The Directors have a reasonable expectation that the Group 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.

## Notes to the Financial Statements – Group *(continued)*

### 1 Accounting policies *(continued)*

#### 1.4 Basis of consolidation

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The Financial Statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### *Change in subsidiary ownership and loss of control*

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Where the Group loses control of a subsidiary, the assets and liabilities are derecognised along with any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

##### *Joint Arrangements*

A joint arrangement is an arrangement over which the Group and one or more third parties have joint control. These joint arrangements are in turn classified as:

- Joint ventures whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities; and
- Joint operations whereby the Group has rights to the assets and obligations for the liabilities relating to the arrangement.

Where a Group company is party to a joint operation, which is not an entity that company accounts directly for its share of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated Financial Statements on the same line-by-line basis.

##### *Application of the equity method to associates and joint ventures*

Joint arrangements are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated Financial Statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## Notes to the Financial Statements – Group (continued)

### 1 Accounting policies (continued)

#### 1.5 Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

#### 1.6 Classification of financial instruments issued by the Group

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these Financial Statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### 1.7 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

##### *Trade and other receivables*

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Trade and other payables*

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Investments*

Investments in subsidiaries, associates and joint ventures are stated at amortised cost less impairment.

## Notes to the Financial Statements – Group *(continued)*

### 1 Accounting policies *(continued)*

#### 1.7 Non-derivative financial instruments *(continued)*

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### 1.8 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance leases are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are 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    |

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Assets under the course of construction have no depreciation charged.

## Notes to the Financial Statements – Group *(continued)*

### 1 Accounting policies *(continued)*

#### 1.9 Business combinations

All business combinations are accounted for by applying the acquisition method. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

##### *Acquisitions on or after 1 October 2014*

For acquisitions on or after 1 October 2014, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

##### *Acquisitions prior to 1 October 2014*

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The Group and Company elected not to restate business combinations that took place prior to 1 October 2014. In respect of acquisitions prior to 1 October 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP, which was broadly comparable save that only separable intangibles were recognised and goodwill was amortised. On transition amortisation of goodwill ceased as required by IFRS 1.

## Notes to the Financial Statements – Group *(continued)*

### 1 Accounting policies *(continued)*

#### 1.10 Intangible assets and goodwill

##### *Goodwill*

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity accounted investees, the carrying amount of goodwill is included in the investment.

##### *Other intangible assets*

Other intangible assets acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

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.

Licences purchased by the Group are amortised to nil by equal instalments over their useful life.

Existing contracts and relationships are acquired through business combinations.

##### *Amortisation*

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Bid costs	the life of the contract
Licences	1-3 years
Existing customer contracts and relationships	5 years

#### 1.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs in bringing them to their existing location and condition.

## Notes to the Financial Statements – Group *(continued)*

### 1 Accounting policies *(continued)*

#### 1.12 Impairment excluding inventories and deferred tax assets

##### *Financial assets (including receivables)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Group's non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGUs"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes to the Financial Statements – Group (continued)

### 1 Accounting policies (continued)

#### 1.13 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

##### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Group determines the net interest on the net defined benefit liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability or asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating to the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets and the effect of the asset ceiling. The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on a settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

##### *Share-based payment transactions*

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



## Notes to the Financial Statements – Group *(continued)*

### 1 Accounting policies *(continued)*

#### 1.14 Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, which can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

#### 1.15 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.

#### 1.16 Expenses

##### *Operating lease payments*

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

##### *Finance lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

##### *Financing income and expenses*

Financing expenses comprise interest payable and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method, interest receivable on funds invested and foreign currency gains and losses are reported on a net basis.

## Notes to the Financial Statements – Group *(continued)*

### 1 Accounting policies *(continued)*

#### 1.17 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### 1.18 Significant accounting estimates and judgements

The preparation of the consolidated Financial Statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect reported amounts of assets, liabilities, revenues and expenses during the year.

Management periodically evaluates its estimates and judgements and bases them on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily available from other resources. Actual results may differ from these estimates.

The estimates and assumptions that have the most significant effect on the amount recognised in the Financial Statements are discussed below.

##### *Impairment of goodwill*

The Group annually tests whether goodwill has been impaired. The recoverable amount of the Groups of CGUs to which goodwill has been allocated is determined based on value-in-use calculations. These calculations require assumptions to be made regarding projected cash flows and the choice of appropriate discount rate in order to calculate the value-in-use of those cash flows. These are disclosed in note 9 and actual outcomes could vary from estimates.

##### *Defined pension benefit schemes*

The present value of defined benefit pension scheme liabilities are determined on an actuarial basis and depend on a number of actuarial assumptions, which are disclosed in note 18. Any changes in the assumptions could impact the carrying amounts of retirement benefit assets and liabilities.

## **Notes to the Financial Statements – Group** *(continued)*

### **1 Accounting policies** *(continued)*

#### **1.18 Significant accounting estimates and judgements** *(continued)*

##### *Business combinations*

The Group identifies separate assets and liabilities upon acquisition and recognises those assets at their fair value. The assessment of fair value is undertaken with reference to the current market conditions. Note 2 describes the business combinations in the current and prior periods and provides details of the fair value adjustments made in arriving at the fair value of assets and liabilities acquired.

#### **1.19 Adopted IFRS not yet applied**

The following Adopted IFRSs have been issued but have not been applied by the Group in these Financial Statements:

- IFRS 15 Revenue from Contract with Customers (effective 1 January 2018);
- IFRS 9 Financial Instruments (effective 1 January 2018);
- IFRS 16 Leases (effective date to be confirmed); and
- Investment entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28 (effective date to be confirmed).

The Group is reviewing the impact that the adoption of the standards listed above will have on the Financial Statements of the Group in future periods.

#### **1.20 Audit exemption**

The Company's subsidiary listed below intends to claim an audit exemption under Section 479A of the Companies Act 2006 in respect of its own Financial Statements for its year ended 30 September 2016. As a condition of the audit exemption that it will claim, InHealth Group Limited intends to guarantee all outstanding liabilities of this company as at 30 September 2016.

#### **Company**

InHealth (London) Limited

#### **Company registration number**

05509197

## Notes to the Financial Statements – Group *(continued)*

### 2 Acquisitions of subsidiaries and businesses

#### Acquisitions in the current period

On 1 June 2016, the Group through InHealth Limited acquired 100% of the ordinary shares in The Logan Health Group Limited (renamed InHealth Community Solutions Limited) and its trading subsidiary Pain Management Solutions Limited (renamed InHealth Pain Management Solutions Limited).

The principal activity of this group is to develop and deliver innovative community based pain services for the benefit of NHS patients. In the 4 months to 30 September 2016 the subsidiary contributed net profit of £0.3 million to the consolidated net profit. If the acquisition had occurred on 1 October 2015, Group revenue would have been an estimated £124.5 million and profit before tax £6.3 million.

#### *Effect of acquisition*

The acquisition had the following effect on the Group's assets and liabilities.

	<b>Recognised values on acquisition £000</b>
<b>Acquiree's net assets at the acquisition date:</b>	
Intangible asset – existing contracts	1,775
Deferred tax liability on intangible asset	(320)
Property, plant and equipment	88
Inventories	16
Trade and other receivables	472
Cash and cash equivalents	45
Trade and other payables due within one year	(699)
Trade and other payables due after one year	(400)
	<hr/>
Net identifiable assets	977
	<hr/>
Total consideration and initial cash price paid	6,500
	<hr/>
Goodwill	5,523
	<hr/> <hr/>

Goodwill arising from the acquisition is attributable to the expected synergistic benefits and the anticipated growth of the market.

On acquisition an intangible asset of £1,775,000 has been recognised for customer contracts.

The Group incurred acquisition related costs of £325,000 related to professional services. The cost has been included in administrative expenses in the Group's consolidated statement of comprehensive income.

## Notes to the Financial Statements – Group (continued)

### 2 Acquisitions of subsidiaries and businesses (continued)

On 8 September 2016, the Group through InHealth Limited acquired 76% of ordinary shares in Health Intelligence Limited.

The principal activity of the Company is to provide information analytics services with a range of reporting solutions around discrete patient populations and the delivery of eye retinopathy screening programmes commissioned by the NHS. In the one month to 30 September 2016, the subsidiary contributed net profit of £0.3 million to the consolidated net profit for the year. If the acquisition had occurred on 1 October 2015, Group revenue would have been an estimated £127.6 million and profit before tax £6.0 million.

#### Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	<b>Recognised values on acquisition £000</b>
<b>Provisional acquiree's net assets at the acquisition date:</b>	
Intangible asset – existing contracts	1,780
Deferred tax liability on intangible asset	(320)
Property, plant and equipment	603
Trade and other receivables	529
Cash and cash equivalents	683
Trade and other payables due within one year	(1,369)
Trade and other payables due after one year	(134)
Defined benefit pension scheme	(300)
Deferred tax liability	(20)
	<hr/>
Net identifiable assets	1,452
	<hr/>
Initial cash price paid	2,875
Contingent consideration at fair value	430
	<hr/>
Total consideration	3,305
	<hr/>
Goodwill	1,853
	<hr/> <hr/>

Goodwill arising from the acquisition is attributable to the expected synergistic benefits and the anticipated growth of the market.

The fair values of the acquired identifiable assets have been determined on a provisional basis, pending receipt of the final valuations.

On acquisition an intangible asset of £1,780,000 has been recognised for customer contracts.

The Group incurred acquisition related costs of £110,000 related to professional services. The cost has been included in administrative expenses in the Group's consolidated statement of comprehensive income.

## Notes to the Financial Statements – Group (continued)

### 2 Acquisitions of subsidiaries and businesses (continued)

On 21 January 2016, the Group through InHealth Limited acquired the trade and assets of a Radiographer Reporting business.

The principal activity of the business is to assist the radiology departments in maximising reporting capabilities by using their on-site, Advanced Practitioner Radiographers to produce accurate, timely reports for optimal patient management and safety. In the 9 months to 30 September 2016 the business contributed net profit of £0.1 million to the consolidated net profit for the year. If the acquisition had occurred on 1 October 2015, Group revenue would have been an estimated £121.6 million and profit before tax £ 5.7 million.

#### Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Recognised values on acquisition £000
<b>Acquiree's net assets at the acquisition date:</b>	
Intangible asset – existing customer relationships	350
Deferred tax liability on intangible asset	(63)
	<hr/> 287
Total consideration and initial cash price paid	<hr/> 1,400
Goodwill	<hr/> 1,113 <hr/>

Goodwill arising from the acquisition is attributable to the expected synergistic benefits and the anticipated growth of the market.

On acquisition an intangible asset of £350,000 has been recognised for customer relationships.

The Group incurred acquisition related costs of £27,000 related to professional services. The cost has been included in administrative expenses in the Group's consolidated statement of comprehensive income.

### 3 Revenue

	2016 £000	2015 £000
Provision of services	<b>121,269</b>	128,332

The Group's revenue is substantially related to activities within the United Kingdom.

## Notes to the Financial Statements – Group *(continued)*

### 4 Expenses and auditor's remuneration

*Included in the profit and loss account are the following:*

	<b>2016</b>	2015
	<b>£000</b>	£000
Depreciation and other amounts written off tangible assets:		
Owned	<b>10,676</b>	11,292
Leased	<b>1,953</b>	1,385
Profit on disposal of property, plant and equipment	<b>(1,214)</b>	(499)
Amortisation of other intangibles	<b>264</b>	130
Hire of plant and machinery – operating leases	<b>457</b>	242
Hire of other assets – operating leases	<b>3,101</b>	3,962
	<hr/> <hr/>	<hr/> <hr/>

*Auditor's remuneration:*

	<b>2016</b>	2015
	<b>£000</b>	£000
Audit of these Financial Statements	<b>10</b>	10
Audit of the Financial Statements for all subsidiaries	<b>192</b>	117
Other services provided by the audit firm	<b>256</b>	266
	<hr/> <hr/>	<hr/> <hr/>

The audit firm also provided services relating to current year taxation of £0.1 million (2015: £0.1 million), and services relating to indirect taxes and consultancy services totalling £0.2 million (2015: £0.2 million).

Auditor's remuneration for their services to the Company was borne by a fellow group undertaking.

## Notes to the Financial Statements – Group *(continued)*

### 5 Staff numbers and costs

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

	2016	2015
Sales	14	13
Operations	1,082	902
Administrative	149	109
Directors	3	3
	<hr/>	<hr/>
	1,248	1,027
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	41,654	41,071
Social security costs	4,531	4,415
Contributions to defined contribution plans	1,327	1,158
Contributions to defined benefit plans	56	73
	<hr/>	<hr/>
	47,568	46,717
	<hr/>	<hr/>

Directors' remuneration is as follows:

	2016 £000	2015 £000
Directors' remuneration including social security costs	768	752
Company contributions to money purchase pension schemes	46	18
	<hr/>	<hr/>
	814	770
	<hr/>	<hr/>

The aggregate of emoluments of the highest paid Director was £493,000 (2015: £415,000), and Company pension contributions of £nil (2015: £nil) were made to a money purchase scheme on his behalf.



## Notes to the Financial Statements – Group *(continued)*

### 6 Finance income and expense

#### Recognised in profit or loss

	<b>2016</b> <b>£000</b>	2015 £000
Interest receivable and similar income		
Total interest receivable on financial assets	<b>72</b>	29
Net interest on net defined benefit pension plan assets	<b>62</b>	56
	<hr/>	<hr/>
Total interest receivable and similar income	<b>134</b>	85
	<hr/>	<hr/>
Interest payable and similar charges		
Total interest payable on financial liabilities	<b>245</b>	325
Net interest on net defined benefit pension plan obligation	<b>66</b>	62
	<hr/>	<hr/>
Total interest payable and similar charges	<b>311</b>	387
	<hr/>	<hr/>

## Notes to the Financial Statements – Group *(continued)*

### 7 Taxation

#### Recognised in the income statement

	2016 £000	2015 £000
Current tax expense		
Current year	1,179	1,928
Adjustments for prior years	(195)	68
	<hr/>	<hr/>
Current tax expense	984	1,996
Deferred tax expense		
Origination and reversal of timing differences	280	288
Adjustments in respect of prior years	298	20
Effect of tax rate change on opening balance	(159)	3
	<hr/>	<hr/>
Deferred tax expense	419	311
	<hr/>	<hr/>
Tax expense in income statement (including tax on equity accounted investees)	1,403	2,307
	<hr/> <hr/>	<hr/> <hr/>

#### Income tax recognised in other comprehensive income

Remeasurement of defined benefit liability/(asset)	179	(33)
	<hr/>	<hr/>

#### Reconciliation of tax expense

	2016 £000	2015 £000
Profit for the year excluding taxation	5,747	8,701
	<hr/>	<hr/>
Using UK Corporation tax rate of 20% (2015: 20.5%)	1,149	1,784
Capital allowances for year in excess of depreciation	16	-
Non-deductible expenses	38	27
Tax exempt revenues	-	(110)
Fixed assets ineligible for depreciation	243	501
Adjustments in respect of prior periods	103	88
Other short term timing differences	(81)	-
Reduction in tax rate on deferred tax balances	(123)	9
Current year losses for which no deferred tax asset was recognised	58	8
	<hr/>	<hr/>
Total tax expense (including tax on equity accounted investees)	1,403	2,307
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Financial Statements – Group (continued)

### 7 Taxation (continued)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax liability at the 30 September 2016 has been calculated based on these rates.

### 8 Property, plant and equipment

	Short term lease improvements £000	Freehold property £000	Plant and machinery £000	Fixtures and fittings £000	Under construction £000	Motor vehicles £000	Total £000
<b>Cost</b>							
At 1 October 2015	22,034	8,427	88,726	13,264	3,044	3,903	139,398
Additions	1,243	299	16,300	1,971	3,147	609	23,569
Additions through business combinations	309	-	340	1,060	-	-	1,709
Disposals	(188)	-	(4,714)	(14)	(132)	(672)	(5,720)
Reclassifications	6	-	341	2,565	(2,912)	-	-
At 30 September 2016	23,404	8,726	100,993	18,846	3,147	3,840	158,956
<b>Depreciation and impairment</b>							
At 1 October 2015	9,141	2,116	51,878	12,054	-	1,374	76,563
Depreciation for the year	1,933	245	8,121	1,504	-	826	12,629
Additions through business combinations	46	-	293	679	-	-	1,018
Disposals	(182)	-	(4,609)	(8)	-	(574)	(5,373)
At 30 September 2016	10,938	2,361	55,683	14,229	-	1,626	84,837
<b>Net book value</b>							
At 30 September 2015	12,893	6,311	36,848	1,210	3,044	2,529	62,835
<b>At 30 September 2016</b>	<b>12,466</b>	<b>6,365</b>	<b>45,310</b>	<b>4,617</b>	<b>3,147</b>	<b>2,214</b>	<b>74,119</b>

#### Leased plant and machinery

At 30 September 2016 the net carrying amount of leased plant and machinery was £8,458,000 (2015: £6,530,000).

## Notes to the Financial Statements – Group *(continued)*

### 9 Intangible assets

	Goodwill £000	Bid costs £000	Licences costs £000	Existing contracts £000	Total £000
<b>Cost</b>					
At 1 October 2015	24,294	1,156	542	-	25,992
Additions through business combinations	8,489	-	-	3,905	12,394
Additions	-	-	16	-	16
Disposals	-	(1,156)	-	-	(1,156)
	<u>32,783</u>	<u>-</u>	<u>558</u>	<u>3,905</u>	<u>37,246</u>
<b>Amortisation and impairment</b>					
At 1 October 2015	12,183	1,156	421	-	13,760
Amortisation for the year	-	-	94	170	264
Disposals	-	(1,156)	-	-	(1,156)
	<u>12,183</u>	<u>-</u>	<u>515</u>	<u>170</u>	<u>12,868</u>
<b>Net book value</b>					
At 30 September 2015	<u>12,111</u>	<u>-</u>	<u>121</u>	<u>-</u>	<u>12,232</u>
<b>At 30 September 2016</b>	<u><b>20,600</b></u>	<u><b>-</b></u>	<u><b>43</b></u>	<u><b>3,735</b></u>	<u><b>24,378</b></u>

#### *Amortisation and impairment charge*

The amortisation and impairment charge of £264,000 (2015: £130,000) is recognised in administrative expenses in the income statement.

Additional Goodwill through business combinations:

	Goodwill £000
Goodwill arising through acquisition of subsidiaries and businesses (see note 2)	<u>8,489</u>

## Notes to the Financial Statements – Group (continued)

### 9 Intangible assets (continued)

Goodwill arising on consolidation represents the excess of the cost of acquisitions over the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary or associated undertaking at the date of acquisition. Goodwill has been allocated to the following cash generating units (CGUs):

	2016 £000	2015 £000
<b>Goodwill</b>		
InHealth diagnostic and healthcare solutions	7,043	7,043
Pain Management	5,523	-
Health Intelligence	1,853	-
Echocardiography	2,349	2,349
Vista Diagnostics	1,085	1,085
Reporting business	1,113	-
Endoscopy business	1,634	1,634
	<b>20,600</b>	<b>12,111</b>

When indicators of impairment are identified the carrying value is compared to its recoverable amount, which is determined as being the higher of the net realisable value or value in use.

Where a reliable estimate of the net realisable value is available and is higher than the carrying amount of the asset, the asset is not impaired and then no value in use is calculated.

For the purposes of goodwill impairment testing each CGU has been reviewed separately. This represents the lowest level at which goodwill is monitored by the Group and reflects its business model.

Where necessary all of the CGUs have been calculated with reference to their value in use. To determine the present value of the expected cash flows attributable to that CGU, the plan earnings before interest and taxation have been used along with the key assumptions of this calculation as shown below:

<b>InHealth diagnostic and healthcare solutions</b>	<b>2016</b>	<b>2015</b>
Period on which management approved plan is based	<b>4 Years</b>	4 Years
Average growth rate applied over the plan period	<b>7%</b>	7%
Discount rate	<b>7%</b>	7%
<b>Pain Management</b>	<b>2016</b>	<b>2015</b>
Period on which management approved plan is based	<b>4 Years</b>	-
Average growth rate applied over the plan period	<b>15%</b>	-
Discount rate	<b>7%</b>	-
<b>Health Intelligence</b>	<b>2016</b>	<b>2015</b>
Period on which management approved plan is based	<b>4 Years</b>	-
Average growth rate applied over the plan period	<b>12%</b>	-
Discount rate	<b>7%</b>	-

## Notes to the Financial Statements – Group (continued)

### 9 Intangible assets (continued)

<b>Echocardiography</b>	<b>2016</b>	<b>2015</b>
Period on which management approved plan is based	<b>4 Years</b>	4 Years
Average growth rate applied over the plan period	<b>9%</b>	9%
Discount rate	<b>7%</b>	7%

<b>Vista Diagnostics</b>	<b>2016</b>	<b>2015</b>
Period on which management approved plan is based	<b>4 Years</b>	4 Years
Average growth rate applied over the plan period	<b>7%</b>	7%
Discount rate	<b>7%</b>	7%

<b>Reporting business</b>	<b>2016</b>	<b>2015</b>
Period on which management approved plan is based	<b>4 Years</b>	-
Average growth rate applied over the plan period	<b>20%</b>	-
Discount rate	<b>10%</b>	-

<b>Endoscopy business</b>	<b>2016</b>	<b>2015</b>
Period on which management approved plan is based	<b>4 Years</b>	4 Years
Average growth rate applied over the plan period	<b>9%</b>	9%
Discount rate	<b>7%</b>	7%

No indicators of impairments were identified for the year ended 30 September 2016 (2015: none).

Management have estimated the discount rate by reference to a weighted average cost of capital as adjusted for appropriate risk factors reflecting current economic conditions and the risk profile of the CGUs.

The Group's estimate of impairments is most sensitive to changes in the discount rate and plan cashflows. Sensitivity analysis has been carried out by reference to both of these assumptions. This demonstrated that neither a 5% reduction in the growth rate, nor a 1.5% increase in the discount rate would lead to an impairment of goodwill.

Based on the above the Group considers that its goodwill impairment calculations are not sensitive to any reasonable change in the key assumptions.

### 10 Investments in joint operations

The Group has the following investments in joint operations:

<b>Name of joint operations</b>	<b>Nature of business</b>	<b>2016</b> <b>Proportion of</b> <b>joint operations</b>	<b>2015</b> <b>Proportion of</b> <b>joint operations</b>
London Independent MRI Unit	Provision of MRI services	<b>50%</b>	50%
Lincoln MRI Unit	Provision of MRI services	<b>60%</b>	60%

Joint operations are recognised within these Financial Statements using the equity accounting method.

## Notes to the Financial Statements – Group *(continued)*

### 11 Deferred tax assets and liabilities

#### *Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	<b>Assets</b>		<b>Liabilities</b>		<b>Net</b>	
	<b>2016</b>	2015	<b>2016</b>	2015	<b>2016</b>	2015
	<b>£000</b>	£000	<b>£000</b>	£000	<b>£000</b>	£000
Non-current assets including: Property, plant and equipment and intangible assets timing differences	<b>38</b>	20	<b>(2,312)</b>	(1,140)	<b>(2,274)</b>	(1,120)
Tax losses carried forward	<b>22</b>	-	-	-	<b>22</b>	-
Other assets	<b>164</b>	23	-	-	<b>164</b>	23
Provisions	<b>93</b>	122	-	-	<b>93</b>	122
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Deferred tax assets/(liabilities)	<b>317</b>	165	<b>(2,312)</b>	(1,140)	<b>(1,995)</b>	(975)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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.

### 12 Inventories

	<b>2016</b>	2015
	<b>£000</b>	£000
Consumables	<b>876</b>	671
	<hr/>	<hr/>

The Group recognised £6,227,000 (2015: £9,150,000) of consumables as cost of sales in the year.

## Notes to the Financial Statements – Group *(continued)*

### 13 Trade and other receivables

	2016 £000	2015 £000
Trade receivables	19,873	16,772
Amounts owing to group undertakings	7,744	7,291
Other receivables	1,322	1,223
Prepayments	6,723	6,255
	<hr/>	<hr/>
All amounts due within one year	35,662	31,541
	<hr/>	<hr/>
Non-current assets due after more than one year		
Amounts owing to group undertakings	1,612	1,608
	<hr/>	<hr/>

### 14 Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank	14,450	17,481
	<hr/>	<hr/>

### 15 Trade and other payables

	2016 £000	2015 £000
<b>Current</b>		
Hire purchase contracts (note 17)	1,961	1,611
Trade payables	10,459	9,427
Tax payable	2,534	2,912
Contingent consideration due to business combinations	430	-
Non-trade payables and accrued expenses	23,947	24,255
	<hr/>	<hr/>
	39,331	38,205
	<hr/>	<hr/>

### 16 Other financial liabilities

	2016 £000	2015 £000
<b>Non-current</b>		
Hire purchase contracts (note 17)	4,244	3,872
Other creditors	134	2
	<hr/>	<hr/>
	4,378	3,874
	<hr/>	<hr/>



## Notes to the Financial Statements – Group (continued)

### 17 Hire purchase contracts

This note provides information about the contractual terms of the Group's hire purchase contracts, which are measured at amortised cost. For more information about the Group's exposure to interest rate and foreign currency risk, see note 20.

#### Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	2016 £000	2015 £000
<b>Non-current liabilities</b>		
Hire purchase liabilities	<b>4,244</b>	3,872
	<hr/>	<hr/>
<b>Current liabilities</b>		
Hire purchase liabilities	<b>1,961</b>	1,611
	<hr/>	<hr/>

	Minimum lease payments 2016 £000	Interest 2016 £000	Principal 2016 £000	Minimum lease payments 2015 £000	Interest 2015 £000	Principal 2015 £000
Less than one year	1,961	173	1,788	1,611	156	1,455
Between one and five years	4,244	135	4,109	3,872	92	3,780
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<b>6,205</b>	<b>308</b>	<b>5,897</b>	<b>5,483</b>	<b>248</b>	<b>5,235</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Notes to the Financial Statements – Group *(continued)*

### 18 Employee benefits

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 £1,327,000 (2015: £1,158,000).

Contributions amounting to £364,000 (2015: £303,000) were payable to the defined contribution 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.

#### Defined benefit pension scheme

The Group operates two pension schemes providing benefits based on final pensionable pay. The latest actuarial valuations were carried out at 1 October 2013 and 5 April 2013 respectively, which have 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:

	<b>2016</b>	2015
	<b>£000</b>	£000
<b>Defined benefit pension scheme asset</b>		
Scheme 1 – InHealth Defined Benefit Pension Scheme	<b>1,658</b>	1,518
Scheme 2 – The Federated Pension Plan – Health Intelligence Limited	<b>824</b>	-
	<hr/>	<hr/>
Total defined benefit asset	<b>2,482</b>	1,518
<b>Defined benefit pension scheme liability</b>		
Scheme 1 – InHealth Defined Benefit Pension Scheme	<b>(2,618)</b>	(1,631)
Scheme 2 – The Federated Pension Plan – Health Intelligence Limited	<b>(1,124)</b>	-
	<hr/>	<hr/>
Total defined benefit liability	<b>(3,742)</b>	(1,631)
	<hr/>	<hr/>
Total defined benefit pension scheme net liability	<b>(1,260)</b>	(113)
	<hr/>	<hr/>

## Notes to the Financial Statements – Group *(continued)*

### 18 Employee benefits *(continued)*

#### Defined benefit pension scheme *(continued)*

##### *Movements in net defined benefit pension liability*

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
<b>Balance at 1 October</b>	<b>(1,631)</b>	<b>(1,525)</b>	<b>1,518</b>	1,216	<b>(113)</b>	(309)
<b>Included in profit or loss</b>						
Current service cost	(56)	(73)	-	-	(56)	(73)
Interest cost	(66)	(62)	62	56	(4)	(6)
	<b>(122)</b>	<b>(135)</b>	<b>62</b>	56	<b>(60)</b>	(79)
<b>Included in OCI</b>						
Actuarial loss (gain) arising from change in financial assumptions	(872)	17	(15)	144	(887)	161
	<b>(872)</b>	17	<b>(15)</b>	144	<b>(887)</b>	161
<b>Other</b>						
Contributions paid by the employer	(9)	(12)	109	126	100	114
Benefits paid	16	24	(16)	(24)	-	-
Pension scheme acquired on acquisition of subsidiary	(1,124)	-	824	-	(300)	-
<b>Balance at 30 September</b>	<b>(3,742)</b>	<b>(1,631)</b>	<b>2,482</b>	1,518	<b>(1,260)</b>	(113)

## Notes to the Financial Statements – Group (continued)

### 18 Employee benefits (continued)

#### Defined benefit pension scheme (continued)

The major categories of scheme assets

	<b>Scheme</b>	<b>2016 £000</b>	<b>2015 £000</b>
<b>InHealth Defined Benefit Pension Scheme</b>			
Investment funds	1	1,554	1,406
Other (including cash and cash equivalents)	1	104	112
		<b>1,658</b>	<b>1,518</b>
<b>The Federated Pension Plan – Health Intelligence Limited</b>			
Equity instruments	2	544	-
Bonds	2	272	-
Other (including cash and cash equivalents)	2	8	-
		<b>824</b>	<b>-</b>
<b>Total</b>		<b>2,482</b>	<b>1,518</b>

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

	<b>2016</b>	<b>2015</b>
<b>InHealth Defined Benefit Pension Scheme</b>		
Discount rate at 30 September	2.4%	4.0%
Future salary increases	2.7%	2.4%
Inflation (CPI)	3.2%	3.3%
Future pension increases	3.2%	3.3%

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 65-year old to live for a number of years as follows:

	<b>As at 30 September 2016</b>
Retiring today	
Males	22.8 years
Females	25.1 years
Retiring in 20 years	
Males	24.4 years
Females	26.7 years

The Group expects to pay £86,000 in contributions to this defined benefit plan in 2017.

	<b>2016</b>	<b>2015</b>
<b>The Federated Pension Plan – Health Intelligence Limited</b>		
Discount rate at 30 September	2.9%	3.8%
Future salary increases	4.2%	4.0%
Inflation (RPI)	3.7%	3.5%
Future pension increases	2.7%	2.5%

## Notes to the Financial Statements – Group (continued)

### 18 Employee benefits (continued)

#### Defined benefit pension scheme (continued)

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 65-year old to live for a number of years as follows:

	As at 30 September 2016
Retiring today	
Males	22.6 years
Females	25.0 years
Retiring in 20 years	
Males	24.4 years
Females	26.9 years

The Group expects to pay £81,000 in contributions to this defined benefit plan in 2017.

#### Sensitivity analysis

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation is set out below:

InHealth Defined Benefit Pension Scheme	Change in assumptions	Change in liabilities
Discount rate	Decrease by 0.5%	Increase by 16%
Rate of inflation	Increase by 0.5%	Increase by 7%
Rate of salary growth	Increase by 0.5%	Increase by 2%
Life expectancy	Increase by 1 year	Increase by 3.5%

The Federated Pension Plan – Health Intelligence Limited	Change in assumptions	Change in liabilities
Discount rate	Decrease by 0.1%	Increase by 2%
Rate of inflation	Increase by 0.1%	Increase by 1%
Life expectancy	Increase by 1 year	Increase by 1%

The sensitivities shown above are approximate and each sensitivity considers one change in isolation. The sensitivity of the defined benefit pension obligation to significant actuarial assumptions has been estimated, based on the average age and the normal retirement age of members and the duration of the liabilities of the schemes which, as at 30 September 2016 is approximately 27 years.

Both plans typically expose the Group to actuarial risks such as investment risk, interest rate risk and mortality risk. The discount rate used to calculate the defined benefit pension obligation reflects the yield available on a high quality corporate bond of equivalent currency and term to the liabilities at the date of the valuation. A decrease in corporate bond yields, a rise in inflation or an increase in life expectancy would result in an increase to both schemes' liabilities which means movements in the Schemes' assets may well not correspond to changes in the value of the liabilities over time leading to volatility in the results from year to year.

If pensions are not bought out and members live longer than expected, the benefits will be payable for longer than allowed for in the calculation of the liabilities leading to an experience loss on the plan liabilities.

## Notes to the Financial Statements – Group *(continued)*

### 18 Employee benefits *(continued)*

#### Funding

The plans are fully funded by the Group's subsidiaries. The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plans are based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions above.

#### 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 2016 no shares (2015: 8,340) 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 (2015: £nil) as the consideration received for these shares was equal to their fair value.

### 19 Capital and reserves

	Share premium 2016 £000	Called up share capital 2016 £000
<b>Called up share capital</b>		
<b>Allotted, called up and fully paid</b>		
In issue at 1 October 2015 (1,002,003 Ordinary shares of £1 each and 102,920 "A" Ordinary Shares of £0.10 each)	53,101	1,012
93,678 Ordinary shares of £1 each issued for cash	17,202	94
	<hr/>	<hr/>
In issue at 30 September 2016 (1,095,681 Ordinary shares of £1 each and 102,920 "A" Ordinary Shares of £0.10 each)	<b>70,303</b>	<b>1,106</b>
	<hr/>	<hr/>

All shares are classified in shareholders' funds.

On 10 May 2016 the Company issued 93,678 Ordinary Shares of £1 each for £17,296,000.

### 20 Financial instruments

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management under policies approved by the Directors. The Directors provide principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, non-derivative financial instruments and investment of excess liquidity.

## Notes to the Financial Statements – Group (continued)

### 20 Financial instruments (continued)

#### Capital risk management

The Group's capital structure is comprised entirely of shareholders' equity.

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions.

Financing decisions are made by the Directors based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

#### Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises principally from the Group's cash balances and trade and other receivables. The concentration of the Group's credit risk is considered by counterparty, geography and currency.

The Group gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk. The carrying amount of financial assets recorded in the Financial Statements, net of any allowances for losses, represent the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. An allowance for impairment is made where there is an identified loss event.

Management considers the above measures to be sufficient to control the credit risk exposure. No collateral is held by the Group as security in relation to its financial assets.

The aging of trade receivables at the balance sheet date, net of the doubtful debt provision is as follows:

	2016 £000	2015 £000
Not past due	13,821	11,805
Past due 0-30 days	2,705	2,660
Past due 31-120 days	2,795	2,178
More than 120 days overdue	552	129
	<hr/>	<hr/>
Net trade receivables	19,873	16,772
	<hr/>	<hr/>

The doubtful debt provision included within the table above is £90,000 (2015: £93,000), which is attributable to the debt greater than 120 days.

#### Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Ultimate responsibility for liquidity risk management rests with the Directors who manage liquidity risk by regularly reviewing the Group's cash requirements by reference to short term cash flow forecasts and medium term working capital projections prepared by management.

At 30 September 2016 the Group had £14.5 million (2015: £17.5 million) of cash reserves.

For the contractual maturities of hire purchase liabilities, including estimated interest payments and excluding the effect of netting agreements see note 17. For trade and other payables, which are due within 1 year see note 15.

## Notes to the Financial Statements – Group *(continued)*

### 20 Financial instruments *(continued)*

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

#### Market risk - Foreign currency risk

The Group exposure is limited as all of its invoicing and the majority of its payments are in sterling and foreign currency fluctuations are mitigated by the Group having cash balances in those currencies. Management have not presented any sensitivity analysis in this area as any movement in foreign exchange rates is deemed unlikely to have a material impact on the profit of the Group.

#### Interest rate risk management

The Group has minimal exposure to interest rate risk. It is exposed to interest rate risk on some of its financial assets being its cash at bank balance, as well as on hire purchase financial liabilities. The interest rates on these balances were at a level that any risk of movements in interest rates would not materially affect the profit and loss of the Group. The Director currently believes that interest rate risk is at an acceptable level. Due to its minimum exposure to interest rate risk, the Group has not prepared any sensitivity analysis.

Management believe the fair values of all financial assets and financial liabilities are in line with their carrying amounts shown in the balance sheet. The following assumptions were used to estimate the fair values:

Trade and other receivables: these are carried at amortised cost using effective interest method and fair value is deemed to be the same.

Cash and cash equivalents: this will equal the carrying amounts shown in the balance sheet

The interest rate profile of the Group's interest-bearing financial instruments was as follows:

	2016 £000	2015 £000
<b>Fixed rate instruments</b>		
Current hire purchase liabilities	(1,961)	(1,611)
Non-current hire purchase liabilities	(4,244)	(3,872)
<b>Variable rate instruments</b>		
Cash and cash equivalents	14,505	17,481
	<b>8,300</b>	<b>11,998</b>



## Notes to the Financial Statements – Group *(continued)*

### 21 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2016 £000	2015 £000
Less than one year	1,188	1,406
Between one and five years	3,087	2,944
More than five years	3,755	3,763
	<hr/>	<hr/>
	8,030	8,113
	<hr/>	<hr/>

See note 4 for the charge included in the profit and loss account.

### 22 Commitments

#### *Capital commitments*

During the year ended 30 September 2016, the Group entered into contracts to purchase MRI equipment and mobile trailers for £2,539,000 (2015: £1,584,000).

### 23 Related parties

The Group charged a central services cost of £nil (2015: £16,000) to Prime Endoscopy (Bristol) Limited, a participating interest for part of the year ended 30 September 2015 that the Group holds 98% (2015: 98%) shareholding in. The amount due from Prime Endoscopy (Bristol) Limited at the year end was £60,000 (2015: £64,000).

### 24 Ultimate parent Company and parent Company of larger Group

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.

## **Notes to the Financial Statements – Group** *(continued)*

### **25 Explanation of transition**

As stated in note 1, these are the Group's first consolidated Financial Statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 1 have been applied in preparing the Financial Statements for the year ended 30 September 2016, the comparative information presented in these Financial Statements for the year ended 30 September 2015 and in the preparation of an opening IFRS balance sheet at 1 October 2014.

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in Financial Statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to Adopted IFRSs has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

## Notes to the Financial Statements – Group (continued)

### 25 Explanation of transition (continued)

#### Reconciliation of equity

Note	1 October 2014			30 September 2015		
	UK GAAP £000	Effect of transition £000	Adopted IFRSs £000	UK GAAP £000	Effect of transition £000	Adopted IFRSs £000
<b>Non-current assets</b>						
Property, plant and equipment	59,651	-	59,651	62,835	-	62,835
Intangible assets	12,026	-	12,026	11,062	1,170	12,232
Investments	89	-	89	-	-	-
Trade and other receivables	-	-	-	1,608	-	1,608
	71,766	-	71,766	75,505	1,170	76,675
<b>Current assets</b>						
Inventories	988	-	988	671	-	671
Trade and other receivables	31,916	-	31,916	31,541	-	31,541
Cash and cash equivalents	13,051	-	13,051	17,481	-	17,481
	45,955	-	45,955	49,693	-	49,693
<b>Total assets</b>	117,721	-	117,721	125,198	1,170	126,368
<b>Current liabilities</b>						
Trade and other payables	(35,554)	(549)	(36,103)	(37,591)	(614)	(38,205)
<b>Non-current liabilities</b>						
Employee benefits	(309)	-	(309)	(113)	-	(113)
Deferred Tax liability	(228)	(369)	(597)	(635)	(340)	(975)
Other financial liabilities	(4,038)	-	(4,038)	(3,874)	-	(3,874)
	(4,575)	(369)	(4,944)	(4,622)	(340)	(4,962)
<b>Total liabilities</b>	(40,129)	(918)	(41,047)	(42,213)	(954)	(43,167)
<b>Net assets</b>	77,592	(918)	76,674	82,985	216	83,201
<b>Equity attributable to equity holders of the parent</b>						
Share capital	1,012	-	1,012	1,012	-	1,012
Share premium	53,100	-	53,100	53,101	-	53,101
Retained earnings	23,480	(918)	22,562	28,866	216	29,082
	77,592	(918)	76,674	82,979	216	83,195
<b>Non-controlling interest</b>	-	-	-	6	-	6
<b>Total equity</b>	77,592	(918)	76,674	82,985	216	83,201

## Notes to the Financial Statements – Group *(continued)*

### 25 Explanation of transition *(continued)*

**(a) Intangible assets:** the value of goodwill has been adjusted to a fair value basis resulting in the reversal of amortised cost since the adoption date and restating the 1 October 2014 opening balance sheet.

**(b) Current financial liabilities:** an accrual has been calculated for all staff with remaining untaken holiday leave as at the 30 September balance sheet dates.

**(c) Deferred tax liability:** recognised liability under IFRS for rollover relief.

There are no material differences between the cashflow statement presentation under Adopted IFRS and the cashflow statement under UK GAAP.

## Notes to the Financial Statements – Group (continued)

### 25 Explanation of transition (continued)

#### Reconciliation of profit for 2015

Profit and Loss Account for the year ended 30 September 2015	Note	UK GAAP £000	2015 Effect of Adopted transition IFRSs £000	
			£000	£000
<b>Revenue</b>		128,332	-	128,332
Cost of sales	b	(76,359)	(149)	(76,508)
<b>Gross profit</b>		51,973	(149)	51,824
Administrative expenses	a, b	(44,132)	1,254	(42,878)
<b>Operating profit before net financing costs</b>		7,841	1,105	8,946
Financial income		85	-	85
Financial expenses		(387)	-	(387)
<b>Net financing expense</b>		(302)	-	(302)
Share of profit of equity accounted investees, net of tax		57	-	57
<b>Profit before tax</b>		7,596	1,105	8,701
Taxation	c	(2,336)	29	(2,307)
<b>Profit for the year</b>		5,260	1,134	6,394
<b>Other comprehensive income</b>				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit liability		161	-	161
Income tax on items that will not be reclassified to profit or loss		(33)	-	(33)
<b>Other comprehensive income for the year</b>		128	-	128
<b>Total comprehensive income for the year</b>		5,388	1,134	6,522
<b>Profit attributable to:</b>				
Equity holders of the parent		5,386	1,134	6,520
Non-controlling interest		2	-	2

## Notes to the Financial Statements – Group

### 25 Explanation of transition *(continued)*

**(a) Intangible assets:** the value of goodwill has been adjusted to a fair value basis resulting in the reversal of amortised cost since the adoption date and restating the 1 October 2014 opening balance sheet.

**(b) Current financial liabilities:** an accrual has been calculated for all staff with remaining untaken holiday leave as at the 30 September balance sheet dates.

**(c) Deferred tax liability:** recognised liability under IFRS for rollover relief.

## Company Balance Sheet

At 30 September 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
<b>Fixed assets</b>					
Intangible assets	2	735		735	
Tangible assets		-		-	
Investments	3	44,801		38,283	
			<b>45,536</b>		39,018
<b>Current assets</b>					
Debtors: amounts falling due within one year	4	22,587		10,647	
Debtors: amounts falling due after more than one year		34,092		23,323	
Cash at bank and in hand		142		652	
		<b>56,821</b>		<b>34,622</b>	
<b>Creditors:</b> amounts falling due within one year	5	<b>(20,050)</b>		<b>(8,107)</b>	
<b>Net current assets</b>			<b>36,771</b>		26,515
<b>Net assets</b>			<b>82,307</b>		<b>65,533</b>
<b>Capital and reserves</b>					
Called up share capital	6	1,106		1,012	
Share premium account	7	70,303		53,101	
Profit and loss account	7	10,898		11,420	
<b>Shareholders' funds</b>			<b>82,307</b>		<b>65,533</b>

These Financial Statements were approved by the Board of Directors on 1 March 2017 and were signed on its behalf by:



**R J Bradford**  
 Director

Company registration number: 04620480

## Notes to the Financial Statements - Company

### 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, except as noted below.

#### **Basis of preparation**

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 cycle) issued in July 2015 and effective immediately have been applied.

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 8.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these Financial Statements:

- Business combinations – Business combinations that took place prior to 1 October 2014 have not been restated.

In these Financial Statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets; and
- Disclosures in respect of transactions with wholly owned subsidiaries.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next Financial Statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Financial Statements.

Judgements made by the Directors, in the application of these accounting policies that have a significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.18 in the Group's notes.

#### **1.1 Measurement convention**

The Financial Statements are prepared on the historical cost basis.



## **Notes to the Financial Statements – Company (continued)**

### **1 Accounting policies (continued)**

#### **1.2 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.

#### **1.3 Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Investments*

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment.

#### **1.4 Goodwill**

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The Directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the Financial Statements of this departure.

## Notes to the Financial Statements – Company (continued)

### 2 Intangible fixed assets

	<b>Goodwill £000</b>
<b>Cost</b>	
Balance at 1 October 2015 and 30 September 2016	1,610
	<hr/>
<b>Amortisation and impairment</b>	
Balance at 1 October 2015 and 30 September 2016	875
	<hr/>
<b>Net book value</b>	
At 30 September 2015	735
	<hr/>
<b>At 30 September 2016</b>	<b>735</b>
	<hr/>

Impairment testing is set out in note 9 in the Group accounts.

### 3 Fixed asset investments

	<b>Shares in group undertakings £000</b>
<b>Cost</b>	
At 1 October 2015	38,283
Share issue in subsidiary undertaking	6,518
	<hr/>
At 30 September 2016	44,801
	<hr/>
<b>Provisions</b>	
At 1 October 2015 and 30 September 2016	-
	<hr/>
<b>Net book value</b>	
At 30 September 2015	38,283
	<hr/>
<b>At 30 September 2016</b>	<b>44,801</b>
	<hr/>

On 10 May 2016 the Company purchased 36,212 Ordinary shares in its direct subsidiary undertaking InHealth Limited for £6,518,000.

## Notes to the Financial Statements – Company (continued)

### 3 Fixed asset investments (continued)

The Company has the following investments in subsidiaries:

	Class of shares held	Ownership	
		2016	2015
<b>Direct Subsidiaries</b>			
InHealth Limited	£1	100%	100%
InHealth Properties Limited	£1	100%	100%
InHealth Facilities Management Limited	£1	100%	100%
InHealth (London) Limited	£1	100%	100%
InHealth Ventures Limited	£1	100%	-
<b>Subsidiary undertakings of InHealth Limited</b>			
InHealth Molecular Imaging Limited	£1	100%	100%
Vista Diagnostics Limited	£1	100%	100%
Preventicum UK Limited	10p	100%	100%
InHealth Reporting Limited	£1	100%	100%
InHealth Endoscopy Limited	£1	100%	100%
InHealth Echotech Limited	£1	100%	100%
Lister InHealth Limited	£1	100%	100%
Cardinal InHealth Limited	1p	100%	100%
InHealth Diagnostics and Healthcare Solutions Limited	£1	100%	100%
InHealth Community Solutions Limited	£1	100%	-
InHealth Pathology Limited	£1	88%	-
Health Intelligence Limited	£1	76%	-
<b>Subsidiary undertaking of InHealth Community Solutions Limited</b>			
InHealth Pain Management Solutions Limited	£1	100%	-
<b>Subsidiary undertaking of Preventicum UK Limited</b>			
Euroclinics (UK) Limited	£1	100%	100%
<b>Subsidiary undertakings of InHealth Reporting Limited</b>			
e-locum Services Limited	£1	100%	100%
Medical Imaging Audit and Accreditation Limited	£1	100%	100%
<b>Subsidiary undertaking of InHealth Endoscopy Limited</b>			
Prime Endoscopy (Bristol) Limited	£1	98%	98%
<b>Subsidiary undertaking of InHealth Properties Limited</b>			
InHealth Diagnostic and Imaging Limited	£1	100%	100%

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

## Notes to the Financial Statements – Company *(continued)*

### 4 Debtors

	2016 £000	2015 £000
Trade debtors	2	2
Amounts owed by group undertakings	22,552	10,612
Other debtors	33	33
	<hr/>	<hr/>
All amounts due within one year	22,587	10,647
	<hr/>	<hr/>
Debtors falling due after more than one year		
Amounts owed by group undertakings	34,092	23,323
	<hr/>	<hr/>

This loan is held at fair value.

### 5 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	19,938	7,995
Accruals and deferred income	112	112
	<hr/>	<hr/>
	20,050	8,107
	<hr/>	<hr/>

### 6 Called up share capital

	Share premium 2016 £000	Called up share capital 2016 £000
<b>Allotted, called up and fully paid</b>		
In issue at 1 October 2015 (1,002,003 Ordinary shares of £1 each and 102,920 "A" Ordinary Shares of £0.10 each)	53,101	1,012
93,678 Ordinary shares of £1 each issued for cash	17,202	94
	<hr/>	<hr/>
In issue at 30 September 2016 (1,095,681 Ordinary shares of £1 each and 102,920 "A" Ordinary Shares of £0.10 each)	70,303	1,106
	<hr/>	<hr/>

All shares are classified in shareholders' funds.

On 10 May 2016 the Company issued 93,678 Ordinary Shares for £17,296,000.

## Notes to the Financial Statements – Company *(continued)*

### 7 Reserves

	Share capital £000	Share premium £000	Reserves £000	Total £000
At 1 October 2015	1,012	53,101	11,420	65,533
Shares issued	94	17,202	-	17,296
Loss for the year	-	-	(522)	(522)
At 30 September 2016	<b>1,106</b>	<b>70,303</b>	<b>10,898</b>	<b>82,307</b>

### 8 Explanation of transition to FRS 101 from old UK GAAP

As stated in note 1, these are the Company's first Financial Statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the Financial Statements for the year ended 30 September 2016, the comparative information presented in these Financial Statements for the year ended 30 September 2015 and in the preparation of an opening FRS 101 balance sheet at 1 October 2014.

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in Financial Statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position and cash flows is set out in the following tables and the notes that accompany the tables.

## Notes to the Financial Statements – Company (continued)

### 8 Explanation of transition to FRS 101 from old UK GAAP (continued)

#### Reconciliation of equity

	Note	1 October 2014			30 September 2015		
		UK GAAP	Effect of transition to FRS 101	FRS 101	UK GAAP	Effect of transition to FRS 101	FRS 101
		£000	£000	£000	£000	£000	£000
<b>Fixed assets</b>							
Intangible assets	a	735	-	735	646	89	735
Tangible assets		-	-	-	-	-	-
Investments		38,283	-	38,283	38,283	-	38,283
		<u>39,018</u>	<u>-</u>	<u>39,018</u>	<u>38,929</u>	<u>89</u>	<u>39,018</u>
<b>Current assets</b>							
Debtors: amounts falling due within one year		11,969	-	11,969	10,647	-	10,647
Debtors: amounts falling due after more than one year	b	23,437	(1,558)	21,879	24,558	(1,235)	23,323
Cash at bank and in hand		410	-	410	652	-	652
		<u>35,816</u>	<u>(1,558)</u>	<u>34,258</u>	<u>35,857</u>	<u>(1,235)</u>	<u>34,622</u>
<b>Creditors: amounts falling due within one year</b>		<u>(8,045)</u>	<u>-</u>	<u>(8,045)</u>	<u>(8,107)</u>	<u>-</u>	<u>(8,107)</u>
<b>Net current assets</b>		<u>27,771</u>	<u>(1,558)</u>	<u>26,213</u>	<u>27,750</u>	<u>(1,235)</u>	<u>26,515</u>
<b>Net assets</b>		<u>66,789</u>	<u>(1,558)</u>	<u>65,231</u>	<u>66,679</u>	<u>(1,146)</u>	<u>65,533</u>
<b>Capital and reserves</b>							
Called up share capital		1,012	-	1,012	1,012	-	1,012
Share premium account		53,100	-	53,100	53,101	-	53,101
Profit and loss account		12,677	(1,558)	11,119	12,566	(1,146)	11,420
<b>Shareholders' equity</b>		<u>66,789</u>	<u>(1,558)</u>	<u>65,231</u>	<u>66,679</u>	<u>(1,146)</u>	<u>65,533</u>

## Notes to the Financial Statements – Company *(continued)*

### 8 Explanation of transition to FRS 101 from old UK GAAP *(continued)*

**(a) Intangible assets:** the value of goodwill has been adjusted to a fair value basis resulting in the reversal of amortised cost since the adoption date and restating the 1 October 2014 opening balance sheet.

**(b) Current financial liabilities:** an accrual has been calculated for all staff with remaining untaken holiday leave as at the 30 September balance sheet dates.

There are no material differences between the cashflow statement presentation under Adopted IFRS and the cashflow statement under UK GAAP.