

Company Registration No. 04682455 (England and Wales)

NHC HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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COMPANY INFORMATION

Directors

P J Ellin
L Parry
I J Milsom

Secretary

J Davies

Company number

04682455

Registered office

Unit 1 Colomendy Industrial Estate
Rhyl Road
Denbigh
Denbighshire
LL16 5TS

Auditor

Johnston Wood Roach Ltd
Statutory Auditor
24 Picton House
Hussar Court
Waterlooville
Hampshire
PO7 7SQ

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STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors submit their strategic report for the year ended 31 December 2016.

Review of the Business

The overall trading environment during 2016 remained difficult and the directors envisage that this situation will continue throughout 2017.

Future Developments

The group continues to grow the sales direct from the factory in North Wales and this will continue together with an emphasis on expanding new routes to market.

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the group both via retail stores and direct sales. The group manages this risk by providing unique products not available to its competitors and having short lead times for delivery and customer queries as well as ensuring that its marketing expenditure is effectively converted into sales.

The group had minimal third party debt at the end of the year. Its cash balances are invested principally in overnight sterling deposit accounts at floating interest rates.

The group has minimal foreign currency exposure.

Key Performance Indicators

The company and group use a number of key performance indicators which differ throughout each business. Common ones include sales, conversion of marketing costs to sales, the level of overheads and return on capital employed.

Research and development

The group continues its policy of investment in research and development of new products in order to maintain a competitive position in its existing markets.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Share option schemes

The group has established an EMI share option scheme for the benefit of the employees of the group. The exercise of options granted under the scheme may be satisfied by the transfer of shares held by The Niagara Holdings Limited Employee Share Trust.

A total of 2,426,062 options had been granted under these schemes at 31 December 2016 and were outstanding at that date.

Directors share options

	At 31.12.15	Expired in year	Issued in year	Exercised in year	At 31.12.16	Exercise price (p)	Date from which exercisable	Expiry date
I J Milsom EMI Scheme	540,176	-	-	-	540,176	15p	Aug 2014	Aug 2024
P J Ellin EMI Scheme	533,468	-	-	-	533,468	15p	Aug 2014	Aug 2024
L Parry EMI Scheme	489,743	-	-	-	489,743	15p	Aug 2014	Aug 2024

The cost of the options was £1 for each block of options granted under each scheme.

On behalf of the Board



P J Ellin
Managing Director

14TH SEPTEMBER 2017

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors submit their report and group financial statements for the year ended 31 December 2016.

Principal Activities

The principal activities of the company, is that of a holding company providing management services to its subsidiary companies.

The group's principal activities are manufacturing, distributing and retailing therapeutic massage appliances, rehabilitation equipment and adjustable beds.

Results and dividends

The group profit and loss account is set out on page 9. Sales rose by 5.13% in a difficult market to £13,725,661 whilst the group made a profit after tax in the year of £309,493.

The directors do not recommend the payment of a final dividend. It should be noted that the Niagara Holdings Limited Employee Share Trust has waived its rights to all dividends.

It is proposed that the profit after tax of £309,493 is transferred to reserves.

Directors

The directors who served during the year were:

P J Ellin

L Parry

I J Milsom

Statement as to disclosure of information to Auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. Each of the directors have confirmed that they have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to re-appoint Johnston Wood Roach Ltd, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



P J Ellin

Managing Director

14TH SEPTEMBER 2017

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2016**

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT
to the members of NHC Holdings Limited**

We have audited the group and parent company financial statements (the "financial statements") on pages 9 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditors

As more fully explained in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT
to the members of NHC Holdings Limited**

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.



K S Wood (Senior Statutory Auditor)
For and on behalf of Johnston Wood Roach Limited
Statutory Auditor
24 Picton House
Hussar Court
Waterlooville
Hampshire
PO7 7SQ

20 September

2017

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

		2016	2015
	Notes	Total £	Total £
Turnover	2	13,725,661	13,056,234
Net trading costs	3	(13,361,530)	(13,432,525)
Operating profit/(loss)		<u>364,131</u>	<u>(376,291)</u>
Interest receivable	4	752	2,254
Interest payable and similar charges	5	<u>(4,663)</u>	<u>(1,117)</u>
Profit/(loss) on ordinary activities before taxation	6	360,220	(375,154)
Taxation	9	(50,727)	28,741
Profit/(loss) for the financial year	25	<u>309,493</u>	<u>(346,413)</u>

The operating profit for the year arises from continuing operations.

**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	£	£
Profit/(loss) for the financial year	309,493	(346,413)
Other Comprehensive Income		
Revaluation of freehold property	59,515	-
Actuarial gain/(loss) on defined benefit pension scheme	(10,000)	5,000
Gains and losses on settlements and curtailments	-	(55,032)
Income tax relating to other comprehensive income	2,000	(1,000)
Other Comprehensive Income for the year, Net of Income Tax	<u>51,515</u>	<u>(51,032)</u>
Total Comprehensive Income for the year	<u>361,008</u>	<u>(397,445)</u>

**BALANCE SHEETS
AS AT 31 DECEMBER 2016**

		Group		Company	
		2016	2015	2016	2015
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12	-	-	-	-
Tangible assets	13,14	1,875,916	1,403,385	134,762	175,268
Investment property	15	600,000	-	-	-
Investments	16	-	-	4,158,562	4,158,562
		<u>2,495,916</u>	<u>1,403,385</u>	<u>4,293,324</u>	<u>4,333,830</u>
Current assets					
Stocks	18	1,224,725	874,079	-	-
Debtors	19	549,732	563,464	511,907	405,153
Cash at bank and in hand		138,315	740,285	15,075	18,663
		<u>1,912,772</u>	<u>2,177,828</u>	<u>526,982</u>	<u>423,816</u>
Creditors: amounts falling due within one year	21	<u>(1,605,069)</u>	<u>(1,461,631)</u>	<u>(132,016)</u>	<u>(149,265)</u>
Net current assets/(liabilities)		<u>307,703</u>	<u>716,197</u>	<u>198,554</u>	<u>274,551</u>
Total assets less current liabilities		<u>2,803,619</u>	<u>2,119,582</u>	<u>4,491,878</u>	<u>4,608,381</u>
Creditors: amounts falling due after more than one year	22	<u>(57,264)</u>	<u>(76,372)</u>	<u>(31,812)</u>	<u>(76,372)</u>
Provision for liabilities and Charges	23	<u>(57,258)</u>	<u>-</u>	<u>(7,185)</u>	<u>(7,185)</u>
Net assets excluding pension liability		<u>2,689,097</u>	<u>2,043,210</u>	<u>4,452,881</u>	<u>4,524,824</u>
Pension liability	28	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets including pension liability		<u>2,679,097</u>	<u>2,043,210</u>	<u>4,452,881</u>	<u>4,524,824</u>
Capital and reserves					
Called up share capital	24	133,233	133,233	133,233	133,233
Share premium account	25	1,400,487	1,400,487	1,400,487	1,400,487
Revaluation reserve	25	332,784	47,435	-	-
Capital redemption reserve	25	41,832	41,832	41,832	41,832
Own share reserve	17, 25	(187,019)	(187,019)	(187,019)	(187,019)
Other reserves	25	108,575	119,045	119,045	119,045
Profit and loss account	25	849,205	488,197	2,945,303	3,017,246
Shareholders' funds		<u>2,679,097</u>	<u>2,043,210</u>	<u>4,452,881</u>	<u>4,524,824</u>

The financial statements on pages 9 to 32 were approved by the Board of Directors and authorised for issue on 14TH SEPTEMBER, 2017 and are signed on its behalf by:



P J Ellin
Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Retained earnings	Revaluation reserve	Capital redemption reserve	Own share reserve	Other Reserve	Total Equity
Balance at 1 January 2015	133,233	1,400,487	885,642	47,435	41,832	(187,019)	132,799	2,454,409
Changes in Equity								
Dividends								-
Revaluation on Freehold property								-
Employee share trust							(13,754)	(13,754)
Total Comprehensive income			(397,445)					(397,445)
Balance at 31 December 2015	133,233	1,400,487	488,197	47,435	41,832	(187,019)	119,045	2,043,210
Changes in equity								
Dividends								
Revaluation on Freehold property				140,349				140,349
Revaluation on Investment property				145,000				145,000
Employee share trust							(10,470)	(10,470)
Total Comprehensive income			361,008					361,008
Balance at 31 December 2016	133,233	1,400,487	849,205	332,784	41,832	(187,019)	108,575	2,679,097

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	218,370	(435,094)
Interest paid		(4,663)	(1,117)
Other recognised gains and losses relating to the year		(8,000)	(51,032)
Movement on pension reserve		8,000	(17,399)
Tax received/(paid)		<u>23,905</u>	<u>(29,209)</u>
Net Cash generated from operating activities		<u>237,612</u>	<u>(533,851)</u>
Cash flows from investing activities			
Purchases of tangible assets		(857,623)	(147,931)
Proceeds from sale of tangible assets		22,467	1,250
Interest received		<u>752</u>	<u>2,254</u>
Net cash from investing activities		<u>(834,404)</u>	<u>(144,427)</u>
Cash flows from financing activities			
Increase in borrowings		39,134	119,584
Repayment of finance lease obligations		(44,312)	(27,970)
Equity dividends paid		<u>-</u>	<u>-</u>
Net cash used in financing activities		<u>(5,178)</u>	<u>91,614</u>
Decrease in cash and cash equivalents		<u>(601,970)</u>	<u>(586,664)</u>
Cash and cash equivalents at the beginning of year	2	<u>740,285</u>	<u>1,326,949</u>
Cash and equivalents at the end of year	2	<u><u>138,315</u></u>	<u><u>740,285</u></u>

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**
1. Reconciliation of Profit before Taxation to Cash generated from operations

	2016	2015
	£	£
Profit/(loss) before taxation	360,220	(375,154)
Depreciation charges	107,856	98,065
(Profit)/loss on disposal of fixed assets	(20,367)	(1,250)
Finance costs	4,663	1,117
Finance income	<u>(752)</u>	<u>(2,254)</u>
Decrease/(increase) in stocks	(350,646)	(131,916)
Decrease/(increase) in trade and other debtors	(1,634)	(64,537)
Increase/(decrease) in trade and other creditors	<u>119,030</u>	<u>40,835</u>
Cash generated from operations	<u>218,370</u>	<u>(435,094)</u>

2. Cash and Cash Equivalents

The amounts disclosed on the Consolidated Cash Flow statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2016

	31.12.2016	01.01.2016
	£	£
Cash and cash equivalents	138,315	740,285
Bank overdrafts	<u>-</u>	<u>-</u>
	<u>138,315</u>	<u>740,285</u>

Year ended 31 December 2015

	31.12.2015	01.01.2015
	£	£
Cash and cash equivalents	740,285	1,326,949
Bank overdrafts	<u>-</u>	<u>-</u>
	<u>740,285</u>	<u>1,326,949</u>

Included within closing net funds above is £15,071 (2015: £18,659) held by the employee share trust.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 Accounting policies

1.1 Basis of accounting

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

1.2 Financial Reporting Standard 102 – Reduced Disclosures

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

- the requirements of Section 7 Statement of Cash Flows - Presentation of a Statement of Cash Flow and related notes and disclosures;

- the requirements of Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in the profit or loss and in other comprehensive income.

- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

1.3 Basis of consolidation

The consolidated financial statements incorporate those of the company and all of its subsidiary undertakings for the year. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separate net assets acquired is capitalised and written off on a straight line basis over its estimated economic life. Provision is made for impairment. All financial statements are made up to 31 December.

1.4 Going Concern

The group's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic report on page 3.

The group is expected to continue to generate positive cash flows on its own account for the foreseeable future. The group participates in the group's centralised treasury arrangements.

The directors have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the NHC Holdings Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the group's financial position the company directors have a reasonable expectation that the group will be able to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting in preparing the annual financial statements has been used.

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 Accounting policies (continued)**1.5 Turnover**

Turnover represents the value of goods sold and services provided to customers during the year net of discounts and value added tax.

1.6 Goodwill

Goodwill is amortised through the profit and loss account on a straight line basis over a period not exceeding 10 years. Any permanent impairment in carrying value is written off through the profit and loss account.

1.7 Patents and trademarks

Where appropriate expenditure on patents and trademarks is written off in the year in which it is incurred.

The cost of patents and trademarks are amortised over their expected useful economic lives on a straight line basis. Any permanent improvement in carrying value is written off through the profit and loss account.

1.8 Tangible fixed assets

Freehold properties are stated at market value.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on a straight line basis at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Freehold property	2.5%
Plant and machinery	10% - 20%
Fixtures and equipment	10% - 50%
Motor vehicles	25%

Leasehold property improvements are depreciated over the period of the lease.

1.9 Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value are shown in the revaluation reserve.

1.10 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. The cost of finished goods and goods for resale comprises materials, direct labour and attributable production overheads. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 Accounting policies (continued)**1.11 Leased assets and obligations**

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss on a straight line basis over the lease term.

1.12 Retirement benefits

The group operates a defined benefit pension scheme. For defined benefit pension schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Defined benefit schemes are funded, with the assets held separately from the group in separate trustee administered funds. A liability is recognised in the balance sheet in respect of the defined benefit plan, which represents the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets.

A full valuation of the liability is calculated by an independent actuary every three years and updated on an annual basis using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are recognised in reserves in the year in which they arise. Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

A pension scheme asset is recognised on the balance sheet only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the group has a legal or constructive obligation to settle the liability.

Further details of the scheme are set out in note 28 to the financial statements.

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1 Accounting policies (continued)**1.12 Retirement benefits (continued)**

The group also operates several defined contribution pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds.

Contributions to the schemes are charged to the profit and loss account as they become payable.

1.13 Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at the balance sheet date.

All exchange differences are dealt with in the profit and loss account.

1.14 Warranty provisions

- Provision is made for liabilities arising in respect of expected warranty claims.

1.15 Research and development

Research and development expenditure is written off in the year in which it is incurred.

1.16 Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.17 Employee Share Trust

The Company operates an employee share trust and has de facto control of the shares held by the trust and bears their benefits and risks. The company records certain assets and liabilities of the trust as its own. Finance costs and administrative expenses are charged as they accrue. The Company has also established an EMI share option scheme for the benefit of employees of the Group.

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
2 Segmental analysis

	Turnover 2016 £	2015 £
Geographical areas:		
United Kingdom	13,490,264	12,781,030
Australia	10,593	17,395
Rest of Europe	196,482	164,220
USA	16,894	80,626
South America	-	-
Africa	11,428	11,963
India	-	-
Middle East	-	1,000
Total operations	<u>13,725,661</u>	<u>13,056,234</u>

The geographic analysis above is by area of destination.

In the geographic analysis by origin, amounts shown above for Australia, the Rest of Europe, USA, Africa and Middle East would be included in the figures for the United Kingdom.

3 Net trading costs

	2016 £	2015 £
Movement in stocks	(350,646)	(131,916)
Other operating income	(62,895)	(58,121)
Raw materials and consumables	2,957,381	2,724,473
Other external charges	5,434,719	5,269,602
Staff costs	3,962,245	4,239,888
Depreciation and amortisation	107,856	98,065
Other operating charges	1,312,870	1,290,534
	<u>13,361,530</u>	<u>13,432,525</u>

4 Interest receivable

	2016 £	2015 £
Bank interest	<u>752</u>	<u>2,254</u>

5 Interest payable and similar charges

	2016 £	2015 £
Other interest	-	-
HP interest	4,663	1,117
Expected return on pension scheme assets	(3,000)	(11,000)
Interest on pension scheme liabilities	3,000	11,000
	<u>4,663</u>	<u>1,117</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
6 Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):	2016 £	2015 £
Depreciation - owned assets	72,445	77,318
Depreciation – leased assets	35,411	20,747
Operating lease rentals - plant and machinery	71,016	105,872
Operating lease rentals – other	86,914	86,732
Audit services		
- Statutory audit of parent company	5,500	4,246
Other services		
- Statutory audit of subsidiaries where such services are provided by Johnston Wood Roach Ltd or its associates	21,500	20,250
Other services relating to taxation		
- Compliance services	3,000	3,000
- Advisory services	-	-
Foreign currency losses/(gains)	70,256	(29,176)
Research and development expenditure	72,394	147,866
(Profit)/loss on disposal of fixed assets	<u>(20,367)</u>	<u>(1,250)</u>

7 Employees - Group
Number of employees

The average number of employees (including directors) during the year was:

	2016 Number	2015 Number
Management	7	6
Administration and production	79	84
Selling and distribution	73	66
	<u>159</u>	<u>158</u>

Employment costs	2016 £	2015 £
Wages and salaries	3,616,510	3,865,463
Social security costs	295,479	326,819
Other pension costs	50,256	47,606
	<u>3,962,245</u>	<u>4,239,888</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
8 Directors' emoluments

	2016 £	2015 £
Emoluments	<u>383,117</u>	<u>591,577</u>

The total payments to the highest paid director were £188,832 (2015: £209,357) and money purchase pension contributions were £nil (2015 : £nil).

The highest paid director did not exercise any share options in the year.

There are no directors for whom retirement benefits are accruing under money purchase or defined benefit schemes (2015 : nil).

9 Taxation
(a) Analysis of charge in the year

	2016 £	2015 £
UK Corporation tax on profits/(losses) of the year	(8,796)	(23,905)
Adjustments in respect of previous years	<u>8</u>	<u>-</u>
Total current tax	(8,788)	(23,905)
Deferred tax charge	<u>59,515</u>	<u>(4,836)</u>
Tax on profit on ordinary activities	<u>50,727</u>	<u>(28,741)</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
9 Taxation (continued)
(b) Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK 20% (2015: 20%). The differences are explained below:

	2016 £	2015 £
(Loss)/Profit on ordinary activities before taxation	<u>360,220</u>	<u>(375,154)</u>
(Loss)/Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 20% (2015: 20%)	72,044	(75,956)
Effects of:		
Expenses not deductible for tax purposes	221	1,874
Fixed asset timing differences	(27,053)	(16,428)
Goodwill amortisation	-	-
Profit on disposal of fixed assets	(4,073)	(253)
Losses surrendered for Research and development tax relief	12,133	33,378
Pension adjustments	-	-
Current year loss relief	(31,008)	97,987
Research & development uplift	(22,269)	(40,312)
Other	5	(290)
Adjustment to tax charge in respect of previous periods	(8)	-
Research and development tax credit	8,796	23,905
Current tax charge for the year (note 9(a))	<u>8,788</u>	<u>23,905</u>

10 Result for the financial year

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The result for the financial year was as follows:

	2016 £	2015 £
Parent company's (loss)/profit for the financial year	<u>(71,942)</u>	<u>(78,331)</u>

11 Dividends

	2016 £	2015 £
Ordinary interim paid	<u>-</u>	<u>-</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
12 Intangible Assets – Group

	Goodwill £	Patents £	Total £
Cost			
At 31 December 2015 and 2016	2,174,622	200,000	2,374,622
Amortisation			
At 31 December 2015	2,174,622	200,000	2,374,622
Charge for the year	-	-	-
At 31 December 2016	2,174,622	200,000	2,374,622
Net book value			
At 31 December 2016	-	-	-
At 31 December 2015	-	-	-

Goodwill relates to the acquisition of Niagara Healthcare Limited and subsidiaries on 23 January 2004 and Balance Master UK Limited on 1 July 2007.

Goodwill relating to the acquisition of Balance Master UK Limited was fully impaired in accounts of 2010.

13 Tangible fixed assets – Group

	Freehold property £	Short leasehold improvements £	Plant and machinery £	Fixtures and equipment £	Motor Vehicles £	Total £
Cost						
At 31 December 2015	1,100,000	66,126	370,224	832,746	457,981	2,827,077
Additions	650,136	-	29,112	121,880	56,495	857,623
Revaluations	199,864	-	-	-	-	199,864
Reclassification	(475,000)	-	-	-	-	(475,000)
Disposals	-	-	-	-	(40,565)	(40,565)
At 31 December 2016	1,475,000	66,126	399,336	954,626	473,911	3,368,999
Depreciation						
At 31 December 2015	-	17,305	280,595	684,447	441,345	1,423,692
Charge for the year	-	13,255	25,105	54,716	14,780	107,856
Disposals	-	-	-	-	(38,465)	(38,465)
At 31 December 2016	-	30,560	305,700	739,660	417,660	1,493,083
Net book value						
At 31 December 2016	1,475,000	35,566	93,636	215,463	56,251	1,875,916
At 31 December 2015	1,100,000	48,821	89,629	148,299	16,636	1,403,385

The freehold properties were re-valued as at February 2017, by Knight Frank LLP, a firm of independent chartered surveyors, at their open market value of £1,475,000. The net book value of fixed assets held on finance leases and hire purchase contracts is £101,481 (2015: 95,788). The depreciation charge for the year for fixed assets held on finance lease and hire purchase contracts is £35,407 (2015: £18,010).

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13 Tangible fixed assets – Group (continued)

Comparable historical cost for the land and buildings stated at valuation:

	£
Historical cost	
At 31 December 2015	499,055
Additions	650,136
At 31 December 2016	<u>1,149,191</u>
Depreciation based on cost	
At 31 December 2015	302,866
Charge for the year	-
At 31 December 2016	<u>302,866</u>
Net book value	
At 31 December 2016	<u>846,325</u>
At 31 December 2015	<u>196,189</u>

14 Tangible fixed assets - Company

	Fixtures and equipment £
Cost	
At 31 December 2015	503,839
Additions	17,046
Disposals	-
Inter-company transfer	-
At 31 December 2016	<u>520,885</u>
Depreciation	
At 31 December 2015	328,571
Charge for the year	57,552
Disposals	-
Inter-company transfer	-
At 31 December 2016	<u>386,123</u>
Net book value	
At 31 December 2016	<u>134,762</u>
At 31 December 2015	<u>175,268</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15 Investment Property

Fair Value	Total £
Revaluation	145,000
Reclassification/transfer	<u>475,000</u>
At 31 December 2016	<u>620,000</u>
Net Book Value	
At 31 December 2016	<u>620,000</u>
Cost or valuation at 31 December 2016 is represented by:	
	£
Valuation in 2015	195,000
Valuation in 2016	145,000
Cost	<u>280,000</u>
	<u>620,000</u>

The investment property was re-valued as at March 2017, by Knight Frank LLP, a firm of independent chartered surveyors, at their open market value of £620,000.

16 Investments - Company

	Group 2016 £	Company 2016 £
Investments in subsidiary undertakings		
At 31 December 2015 and 31 December 2016	<u>-</u>	<u>4,158,562</u>

The share capital of all the above companies is made up of ordinary £1 shares. Niagara Healthcare Limited is a 100% subsidiary of NHC Holdings Limited. All other shares are held by Niagara Healthcare Limited apart from those in Niagara Therapy (UK) Pension Trustees Limited which is held by subsidiary undertakings. All of the companies are incorporated in the United Kingdom.

17 Investment in own shares and own share reserve

The group has established the Niagara Holdings Limited Employee Share Trust, a discretionary trust whose trustees are Kleinwort Benson (Guernsey) Trustees Limited. The purpose of the Trust is to hold shares in the Company for the benefit of employees.

At 31 December 2016, the Trust held 2,427,062 2½p ordinary shares in the Company, the cost of which has been included within the own shares reserve.

The Company has an EMI share option scheme for the benefit of employees of the Group. The Trust has waived the right to all dividends. Costs of administration of the Trust are dealt with in the profit and loss account as incurred only after these costs have been defrayed by the Trust from its own income.

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
17 Investment in own shares and own share reserve (continued)

At 31 December 2015 there were outstanding options relating to 1,870,319 shares.

	Exercisable	Option price (p)	Number of Shares
Enterprise Management Incentive Scheme	Aug 2014 to Aug 2024	15.0	<u>1,870,319</u>

Share options granted to directors, which are included above, are disclosed in the directors' report.

18 Stocks

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Raw materials and consumables	945,982	611,222	-	-
Finished goods and goods for resale	278,743	262,857	-	-
	<u>1,224,725</u>	<u>874,079</u>	<u>-</u>	<u>-</u>

19 Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	133,527	111,494	-	-
Corporation tax recoverable	12,390	27,499	3,594	3,594
Amounts owed from group undertakings	-	-	280,140	230,323
Loan receivable	-	-	-	-
Other debtors	110,176	100,976	100,004	93,277
Directors loan	-	-	-	-
Prepayments and accrued income	293,639	323,238	128,169	77,959
Deferred tax	-	257	-	-
	<u>549,732</u>	<u>563,464</u>	<u>511,907</u>	<u>405,153</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
20 Deferred tax asset - Group

	2016 £	2015 £
At 31 December 2015	257	(3,579)
Charge to the profit and loss account	(59,515)	4,836
Movement in deferred tax on Pension Liability	2,000	(1,000)
At 31 December 2016	<u>(57,258)</u>	<u>257</u>
The deferred tax asset consists of the tax effect of timing in respect of:		
Accelerated capital allowances	(52,184)	(107,185)
Deferred tax on Pension Liability	<u>109,442</u>	<u>107,442</u>

21 Creditors: amounts falling due within one year

	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	-	-	-	14
Obligations under finance leases and hire purchase contracts	49,493	35,563	40,936	35,563
Trade creditors	940,896	859,786	-	-
Amounts owed to group undertakings	-	-	-	-
Corporation tax	449	449	438	438
Deferred tax	-	-	-	-
Other taxes and social security costs	90,260	96,613	9,259	9,259
Other creditors	69,725	73,767	15,120	8,238
Amount owing to Employee Share Trust	-	-	-	-
Accruals and deferred income	454,246	395,453	73,144	95,753
	<u>1,605,069</u>	<u>1,461,631</u>	<u>138,897</u>	<u>149,265</u>

The bank borrowings are secured by fixed and floating charges over the Group's properties and assets. A provision has been recognised for expected claims against product guarantees. It is expected that this expenditure will be incurred over the period of the guarantees. The provision, the amount of which has not been disclosed as it is considered to be commercially sensitive, has not been discounted since the effect of discounting is not material.

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
22 Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Obligations under finance leases and hire purchase contracts	49,493	72,372	40,936	72,372

The obligations under finance leases and hire purchase contracts are as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amount falling due within:				
1 year	49,493	35,563	40,936	35,563
1-2 years	40,741	37,312	31,812	37,312
2-5 years	16,523	39,060	-	39,060
	<u>106,757</u>	<u>111,935</u>	<u>72,748</u>	<u>111,935</u>

23 Provision for liabilities

	Group Deferred tax £	Company Deferred tax £
At 31 December 2015	(257)	7,185
Charge to the profit and loss account	59,515	-
Movement in deferred tax on Pension Liability	(2,000)	-
At 31 December 2016	<u>57,258</u>	<u>7,185</u>
Provision for deferred tax consists of the tax effects of timing in respect of:		
Accelerated capital allowances	(52,184)	7,185
Deferred tax on Pension Liability	109,442	-
	<u>57,258</u>	<u>7,185</u>

24 Share capital
Group and Company

	2016 £	2015 £
Issued, allotted, called up and fully paid 5,329,320 Ordinary shares of 2½p each	<u>133,233</u>	<u>133,233</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
25 Reserves
Share Premium

This reserve records the amount above the nominal value of shares sold, less transaction costs.

Capital Redemption Reserve

This reserve records the nominal value of shares repurchased by the company

Revaluation Reserve

The revaluation reserve relates to a surplus on revaluation of freehold and investment properties.

Own Share Reserve

This reserve represents the nominal value of shares repurchased by the company from the Employee Share Trust.

Other Reserve

The other reserves relates to the net assets of the Employee Share Trust.

26 Commitments under operating leases

Annual commitments under non-cancellable operating leases at 31 December were as follows:

	Land and buildings £	Other £	2016 Total £	Land and buildings £	Other £	2015 Total £
Leases expiring:						
Within one year	-	20,155	20,155	-	6,294	6,294
Between one and two years	-	26,925	26,925	-	21,746	21,746
Between two and five years	-	11,586	11,586	-	37,158	37,158
More than five years	91,200	-	91,200	91,200	-	91,200
	<u>91,200</u>	<u>58,666</u>	<u>149,866</u>	<u>91,200</u>	<u>65,199</u>	<u>156,399</u>

27 Contingent liabilities

The company has given composite cross guarantees relating to the bank borrowing of the group. These borrowings amounted to £nil at the year end.

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
28 Retirement Benefits

The Scheme is a funded defined benefit arrangement.

All monetary figures are shown in £000s sterling.

Scheme assets are stated at their market values at the respective dates.

No assets included in the fair value of plan assets are the entity's own financial instruments or are properties occupied or used by the entity.

Under UK pensions legislation, the Company is responsible for funding the Scheme benefits and for paying contributions to make up any shortfall between the assets and the liabilities of the Scheme. The Scheme liabilities are assessed at least every three years by the Scheme's actuary.

It is the Company's funding policy to annually contribute an amount agreed between the Company and the Trustee of the Scheme in accordance with UK legislative requirements if a funding deficit exists. The amount of contributions required depends on the assumptions used by the actuary and can therefore be volatile between actuarial valuations. This volatility of contribution amounts can be to the detriment of the Company's cashflows and impacts on the P&L. The volatility of the Scheme's liabilities against the assets held impacts on the Company's balance sheet.

The major assumptions used by the actuary to update the results are shown below:

Principal Actuarial Assumptions

	31/12/2016	31/12/2015
Discount Rate	2.60%	3.80%
Price Inflation (RPI)	3.20%	2.80%
Male Mortality	S2PMA, CMI 2015 long term improvement 1.25% p.a	S1PMA, CMI 2013 long term improvement 1.25% p.a.
Female Mortality	S2PFA, CMI 2015 long term improvement 1.25% p.a	S1PFA, CMI 2013 long term improvement 1.25% p.a
Cash Commutation	No Allowance	No Allowance

Amounts Recognised in Statement of Financial Position

	2016 £000	2015 £000
Fair Value of Scheme Assets	78	97
Present Value of Benefit Obligation	(88)	(86)
Surplus/(deficit) in the Scheme	(10)	11
Not Recognised due to Surplus Limitation	-	(11)
Other Amounts Recognised	-	-
Surplus/(Deficit)	-	-
Related Deferred Tax (Liability)/Asset	-	-
Net Pension Asset/(Liability)	-	-

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**
28 Retirement Benefits (continued)
Amounts Recognised in Statement of Comprehensive Income

	2016 £'000s	2015 £'000s
Current Service Cost	-	-
Administration Costs	-	-
Net Interest on Net Defined Benefit Obligation	-	-
Gains and Losses on Settlements and Curtailments	-	55
Gains and Losses Due to Surplus Limitation	-	-
Total Pension Cost Recognised in Statement of Comprehensive Income	-	55

Changes in Defined Benefit Obligation

	2016 £'000s	2015 £'000s
Opening Defined Benefit Obligation	86	585
Current Service Cost	-	-
Interest cost	3	11
Employee Contributions	-	-
Actuarial (Gains)/Losses	29	(20)
Currency Exchange Differences	-	-
Benefits Paid	-	-
Charges Paid	-	-
Losses/(gains) on Curtailments/Settlements	-	55
Liabilities Extinguished on Settlements	(30)	(545)
Closing Defined Benefit Obligation	88	86

Change Fair Value of Scheme Assets

	2016 £'000s	2015 £'000s
Opening Fair value of scheme assets	97	562
Actual return on scheme assets less Interest Income	8	(4)
Interest Income	3	11
Currency Exchange Differences	-	-
Employer Contributions	-	73
Employee Contributions	-	-
Benefits Paid	-	-
Administration Costs	-	-
Settlements	(30)	(545)
Fair value of scheme assets at end of year	<u>78</u>	<u>97</u>

Other Comprehensive Income

	2016 £'000s	2015 £'000s
Actual return on plan assets less interest income on plan assets	8	(4)
Change in assets not recognised due to change in surplus limitation	11	(11)
Actuarial gains and (losses)	(29)	20
Re-measurement gains and (losses) recognised in other comprehensive income	<u>(10)</u>	<u>5</u>

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

28 Retirement Benefits (continued)

The major categories of Scheme assets as a percentage of total plan assets are as follows

	2016	2015
Equities	62.3%	57.6%
Bonds	328.0%	32.9%
Property	0.0%	0.0%
Cash/Other	9.7%	9.5%
Total assets	100.0%	100.0%

29 Defined Contribution Scheme

The group operates several defined contribution pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds.

The pension cost charge represents contributions payable by the company to the fund and amounted to £18,349 (2015: £20,083)

Outstanding contributions at the yearend amounted to £1,849 (2015:£1,849).

30 Director's advances, credits and guarantees

The following advances and credits to a director existed during the years ended 31 December 2016 and December 2015:

	2016 £	2015 £
M Sampson		
Balance outstanding at start of year	-	5,751
Amounts advanced	-	-
Amounts repaid	-	(5,751)
Balance outstanding at end of year	-	-

31 Control

In the opinion of the directors, the ultimate controlling party is the Board of Directors.