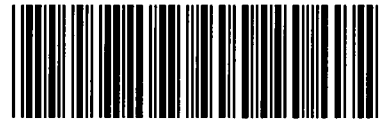


Company Registration No. 04682455 (England and Wales)

NHC HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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COMPANY INFORMATION

Directors	P J Ellin L Parry
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 2017

The directors submit their strategic report for the year ended 31 December 2017.

Review of the Business

The overall trading environment during 2017 remained challenging, despite that group sales grew by just over 5% compared to 2016, a positive trend to be progressed into 2018.

Future Developments

The group continues to grow the sales direct from the factory in North Wales and continues with an emphasis on expanding its range and the further development of new routes to market to expand its customer base in the UK and overseas.

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 high level of customer service as well as ensuring that its marketing expenditure is effectively converted into sales.

Risk and uncertainties remain as the company responds to a changing regulatory environment on how customers can be contacted and how potential consumer data is handled.

The group is successfully on a path to reduce and minimise its pension liabilities, which is forecast to be completed in 2018.

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. The group continues to work on an active strategy to improve its margins while increasing sales revenues, at the same time as investing in effective sales marketing.

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 and to develop new markets. This has resulted in a number of new patent applications and granted intellectual property to protect groups innovation and new products.

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**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 1,871,319 options had been granted under these schemes at 31 December 2017 and were outstanding at that date.

Directors share options

	At 31.12.16	Expired in year	Issued in year	Exercised in year	At 31.12.17	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

25TH SEPTEMBER. 2018

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors submit their report and group financial statements for the year ended 31 December 2017.

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 consolidated income statement is set out on page 9. Sales rose by 5% in a difficult market to £14,479,369 whilst the group made a profit after tax in the year of £233,633.

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 £233,633 is transferred to reserves.

Directors

The directors who served during the year were:

P J Ellin

L Parry

I J Milsom – deceased January 2018

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 (as defined by Section 418 of the Companies Act 2016) 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 a Director's Meeting.

On behalf of the Board



P J Ellin

Managing Director

25TH SEPTEMBER. 2018

**STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2017**

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.

Reports of the Auditors to the members of NHC Holdings Limited Group

Opinion

We have audited the financial statements of NHC Holdings Limited Group (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISA's (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date of the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Report of the Auditors to the members of NHC Holdings Limited Group

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Group Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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 a Report of the Auditors 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.

Johnston Wood Roach

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

Date...26 September 2018.....

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

		2017	2016
	Notes	Total £	Total £
Turnover	2	14,479,369	13,725,661
Net trading costs	3	(14,059,264)	(13,361,530)
Operating profit		<u>420,105</u>	<u>364,131</u>
Interest receivable	4	25	752
Interest payable and similar charges	5	<u>(7,555)</u>	<u>(4,663)</u>
Profit on ordinary activities before taxation	6	412,575	360,220
Taxation	9	(178,942)	(50,727)
Profit for the financial year	24	<u><u>233,633</u></u>	<u><u>309,493</u></u>

The operating profit for the year arises from continuing operations.

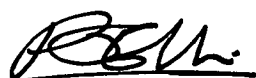
**CONSOLIDATED OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017	2016
	£	£
Profit for the financial year	233,633	309,493
Other Comprehensive Income		
Revaluation of freehold property	-	59,515
Actuarial gain/(loss) on defined benefit pension scheme	-	(10,000)
Gains and losses on settlements and curtailments	-	-
Income tax relating to other comprehensive income	-	2,000
Other Comprehensive Income for the year, Net of Income Tax	-	51,515
Total Comprehensive Income for the year	<u>233,633</u>	<u>361,008</u>

BALANCE SHEETS
AS AT 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Notes	£	£	£	£
Fixed assets					
Intangible assets	12	-	-	-	-
Tangible assets	13,14	1,816,899	1,875,916	86,006	134,762
Investment property	15	620,000	620,000	-	-
Investments	16	-	-	4,158,562	4,158,562
		<u>2,436,899</u>	<u>2,495,916</u>	<u>4,244,568</u>	<u>4,293,324</u>
Current assets					
Stocks	18	990,644	1,224,725	-	-
Debtors	19	525,249	549,732	987,577	511,907
Cash at bank and in hand		813,802	138,315	15,075	15,075
		<u>2,329,695</u>	<u>1,912,772</u>	<u>1,002,652</u>	<u>526,982</u>
Creditors: amounts falling due within one year	20	(1,597,864)	(1,605,069)	(185,407)	(138,897)
Net current assets/(liabilities)		<u>731,831</u>	<u>307,703</u>	<u>817,245</u>	<u>388,085</u>
Total assets less current liabilities		<u>3,168,730</u>	<u>2,803,619</u>	<u>5,061,813</u>	<u>4,681,409</u>
Creditors: amounts falling due after more than one year	21	(68,062)	(57,264)	-	(31,812)
Provision for liabilities and Charges	22	(187,938)	(57,258)	(7,185)	(7,185)
Net assets excluding pension liability		<u>2,912,730</u>	<u>2,689,097</u>	<u>5,054,628</u>	<u>4,642,412</u>
Pension liability		-	(10,000)	-	-
Net assets including pension liability		<u>2,912,730</u>	<u>2,679,097</u>	<u>5,054,628</u>	<u>4,642,412</u>
Capital and reserves					
Called up share capital	23	133,233	133,233	133,233	133,233
Share premium account	24	1,400,487	1,400,487	1,400,487	1,400,487
Revaluation reserve	24	328,444	332,784	-	-
Capital redemption reserve	24	41,832	41,832	41,832	41,832
Own share reserve	17, 24	(187,019)	(187,019)	(187,019)	(187,019)
Other reserves	24	108,575	108,575	108,575	108,575
Profit and loss account	24	1,087,178	849,205	3,557,520	3,145,304
Shareholders' funds		<u>2,912,730</u>	<u>2,679,097</u>	<u>5,054,628</u>	<u>4,642,412</u>

The financial statements on pages 9 to 28 were approved by the Board of Directors and authorised for issue on **25TH SEPTEMBER** 2018 and are signed on its behalf by:



P J Ellin
Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	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 2016	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					(397,445)
Balance at 31 December 2016	133,233	1,400,487	849,205	332,784	41,832	(187,019)	108,575	2,679,097
Changes in equity								
Dividends								-
Transfer from revaluation reserve			4,340	(4,340)				-
Employee share trust								-
Total Comprehensive income			233,633					233,633
Balance at 31 December 2017	133,233	1,400,487	1,087,178	328,444	41,832	(187,019)	108,575	2,912,730

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	773,965	218,370
Interest paid		(7,555)	(4,663)
Other recognised gains and losses relating to the year		-	(8,000)
Movement on pension reserve		(10,000)	8,000
Tax received/(paid)		<u>8,796</u>	<u>23,905</u>
Net Cash generated from operating activities		<u>765,206</u>	<u>237,612</u>
Cash flows from investing activities			
Purchases of tangible assets		(115,001)	(857,623)
Proceeds from sale of tangible assets		500	22,467
Interest received		<u>25</u>	<u>752</u>
Net cash from investing activities		<u>(114,476)</u>	<u>(834,404)</u>
Cash flows from financing activities			
Increase in borrowings		104,569	39,134
Repayment of finance lease obligations		(79,812)	(44,312)
Equity dividends paid		<u>-</u>	<u>-</u>
Net cash used in financing activities		<u>24,757</u>	<u>(5,178)</u>
Increase/(Decrease) in cash and cash equivalents		<u>675,487</u>	<u>(601,970)</u>
Cash and cash equivalents at the beginning of year	2	<u>138,315</u>	<u>740,285</u>
Cash and equivalents at the end of year	2	<u><u>813,802</u></u>	<u><u>138,315</u></u>

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**
1. Reconciliation of Profit before Taxation to Cash generated from operations

	2017	2016
	£	£
Profit/(loss) before taxation	412,575	360,220
Depreciation charges	174,018	107,856
(Profit)/loss on disposal of fixed assets	(500)	(20,367)
Finance costs	7,555	4,663
Finance income	<u>(25)</u>	<u>(752)</u>
Decrease/(increase) in stocks	234,081	(350,646)
Decrease/(increase) in trade and other debtors	15,687	(1,634)
Increase/(decrease) in trade and other creditors	<u>(69,426)</u>	<u>119,030</u>
Cash generated from operations	<u><u>773,965</u></u>	<u><u>218,370</u></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 2017

	31.12.2017	01.01.2017
	£	£
Cash and cash equivalents	813,802	138,315
Bank overdrafts	<u>-</u>	<u>-</u>
	<u><u>813,802</u></u>	<u><u>138,315</u></u>

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><u>138,315</u></u>	<u><u>740,285</u></u>

Included within closing net funds above is £15,071 (2016: £15,071) held by the employee share trust.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 2017**

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 2017**

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 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.

1.13 Warranty provisions

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

1.14 Research and development

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

1.15 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.

1.16 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 2017

1 Accounting policies (continued)

1.17 Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest whole £1, except where otherwise indicated.

1.18 Pension costs and other post-retirement benefits

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

Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

2 Segmental analysis

	Turnover 2017 £	2016 £
Geographical areas:		
United Kingdom	14,214,571	13,490,264
Australia	17,758	10,593
Rest of Europe	196,623	196,482
USA	50,417	16,894
South America	-	-
Africa	-	11,428
India	-	-
Middle East	-	-
Total operations	<u>14,479,369</u>	<u>13,725,661</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

	2017 £	2016 £
Movement in stocks	234,081	(350,646)
Other operating income	(55,700)	(62,895)
Raw materials and consumables	2,504,251	2,957,381
Other external charges	5,896,436	5,434,719
Staff costs	4,092,793	3,962,245
Depreciation and amortisation	174,018	107,856
Other operating charges	<u>1,213,385</u>	<u>1,312,870</u>
	<u>14,059,264</u>	<u>13,361,530</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
4 Interest receivable

	2017 £	2016 £
Bank interest	<u>25</u>	<u>752</u>

5 Interest payable and similar charges

	2017 £	2016 £
Other interest	1,725	-
HP interest	5,830	4,663
Expected return on pension scheme assets	-	(3,000)
Interest on pension scheme liabilities	-	3,000
	<u>7,555</u>	<u>4,663</u>

6 Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):	2017 £	2016 £
Depreciation - owned assets	109,457	72,445
Depreciation – leased assets	64,561	35,411
Operating lease rentals - plant and machinery	58,933	71,016
Operating lease rentals – other	86,972	86,914
Audit services		
- Statutory audit of parent company	5,500	5,500
Other services		
- Statutory audit of subsidiaries where such services are provided by Johnston Wood Roach Ltd or its associates	22,500	21,500
Other services relating to taxation		
- Compliance services	3,000	3,000
- Advisory services	-	-
Foreign currency losses	12,009	70,256
Research and development expenditure	75,874	72,394
(Profit)/loss on disposal of fixed assets	<u>(500)</u>	<u>(20,367)</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
7 Employees - Group
Number of employees

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

	2017 Number	2016 Number
Management	8	7
Administration and production	76	79
Selling and distribution	68	73
	<u>152</u>	<u>159</u>

	2017 £	2016 £
Employment costs		
Wages and salaries	3,730,647	3,616,510
Social security costs	315,456	295,479
Other pension costs	46,690	50,256
	<u>4,092,793</u>	<u>3,962,245</u>

8 Directors' emoluments

	2017 £	2016 £
Emoluments	<u>343,682</u>	<u>383,117</u>

The total payments to the highest paid director were £129,397 (2016: £188,832) and money purchase pension contributions were £nil (2016 : £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 (2016 : nil).

9 Taxation
(a) Analysis of charge in the year

	2017 £	2016 £
UK Corporation tax on profits/(losses) of the year	48,262	(8,796)
Adjustments in respect of previous years	-	8
Total current tax	<u>48,262</u>	<u>(8,788)</u>
Deferred tax charge	130,680	59,515
Tax on profit on ordinary activities	<u>178,942</u>	<u>50,727</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
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 19.25% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before taxation	412,575	360,220
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK 19.25% (2016: 20%)	79,407	72,044
Effects of:		
Expenses not deductible for tax purposes	140	221
Fixed asset timing differences	5,022	(27,053)
Patent Box deduction	(896)	-
Profit on disposal of fixed assets	(96)	(4,073)
Losses surrendered for Research and development tax relief	-	12,133
Pension adjustments	-	-
Current year loss relief	(29,645)	(31,008)
Research & development uplift	(5,680)	(22,269)
Other	10	5
Adjustment to tax charge in respect of previous periods	-	(8)
Research and development tax credit	-	8,796
Current tax charge for the year (note 9(a))	48,262	8,788

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:

	2017 £	2016 £
Parent company's (loss)/profit for the financial year	112,216	(71,942)

11 Dividends

	2017 £	2016 £
Ordinary interim paid	-	-

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
12 Intangible Assets – Group

	Goodwill £	Patents £	Total £
Cost			
At 31 December 2016 and 2017	2,174,622	200,000	2,374,622
Amortisation			
At 31 December 2016	2,174,622	200,000	2,374,622
Charge for the year	-	-	-
At 31 December 2017	2,174,622	200,000	2,374,622
Net book value			
At 31 December 2017	-	-	-
At 31 December 2016	-	-	-

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 2016	1,475,000	66,126	399,336	954,626	473,911	3,368,999
Additions	-	-	3,155	3,711	108,135	115,001
Disposals	-	-	(2,309)	(84,753)	(20,500)	(107,562)
At 31 December 2017	1,475,000	66,126	400,182	873,584	561,546	3,376,438
Depreciation						
At 31 December 2016	-	30,560	305,700	739,163	417,660	1,493,083
Charge for the year	35,852	13,255	27,294	55,714	41,903	174,018
Disposals	-	-	(2,309)	(84,753)	(20,500)	(107,562)
At 31 December 2017	35,852	43,815	330,685	710,124	439,063	1,559,539
Net book value						
At 31 December 2017	1,439,148	22,311	69,497	163,460	122,483	1,816,899
At 31 December 2016	1,475,000	35,566	93,636	215,463	56,251	1,875,916

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 £139,872 (2016: 101,481). The depreciation charge for the year for fixed assets held on finance lease and hire purchase contracts is £64,561 (2016: £35,407).

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
13 Tangible fixed assets – Group (continued)

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

	£
Historical cost	
At 31 December 2016	1,149,191
Additions	-
At 31 December 2017	<u>1,149,191</u>
Depreciation based on cost	
At 31 December 2016	302,866
Charge for the year	27,707
At 31 December 2017	<u>330,573</u>
Net book value	
At 31 December 2017	<u>818,618</u>
At 31 December 2016	<u>846,325</u>

14 Tangible fixed assets - Company

	Fixtures and equipment £
Cost	
At 31 December 2016	520,885
Additions	7,085
Disposals	-
Inter-company transfer	-
At 31 December 2017	<u>527,970</u>
Depreciation	
At 31 December 2016	386,123
Charge for the year	55,841
Disposals	-
Inter-company transfer	-
At 31 December 2017	<u>441,964</u>
Net book value	
At 31 December 2017	<u>86,006</u>
At 31 December 2016	<u>134,762</u>

NOTES TO THE GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

15 Investment Property

	Total £
Net Book Value	
At 31 December 2016 and 31 December 2017	<u>620,000</u>
Cost or valuation at 31 December 2017 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 2017 £	Company 2017 £
Investments in subsidiary undertakings		
At 31 December 2016 and 31 December 2017	<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 2017, 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 2017**
17 Investment in own shares and own share reserve (continued)

At 31 December 2017 there were outstanding options relating to 1,871,319 shares.

	Exercisable	Option price (p)	Number of Shares
Enterprise Management Incentive Scheme	Aug 2014 to Aug 2024	15.0	<u>1,871,319</u>

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

18 Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Raw materials and consumables	714,411	945,982	-	-
Finished goods and goods for resale	276,233	278,743	-	-
	<u>990,644</u>	<u>1,224,725</u>	<u>-</u>	<u>-</u>

19 Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	158,395	133,527	-	-
Corporation tax recoverable	3,594	12,390	3,594	3,594
Amounts owed from group undertakings	-	-	818,093	280,140
Loan receivable	-	-	-	-
Other debtors	77,392	110,176	77,392	100,004
Prepayments and accrued income	285,868	293,639	88,498	128,169
Deferred tax	-	-	-	-
	<u>525,249</u>	<u>549,732</u>	<u>987,577</u>	<u>511,907</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
20 Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Bank loans and overdrafts	-	-	-	-
Obligations under finance leases and hire purchase contracts	63,452	49,493	31,812	40,936
Trade creditors	826,785	940,896	-	-
Amounts owed to group undertakings	-	-	-	-
Corporation tax	48,711	449	438	438
Deferred tax	-	-	-	-
Other taxes and social security costs	100,238	90,260	9,105	9,259
Other creditors	70,270	69,725	18,237	15,120
Amount owing to Employee Share Trust	-	-	-	-
Accruals and deferred income	488,408	454,246	125,815	73,144
	<u>1,597,864</u>	<u>1,605,069</u>	<u>185,407</u>	<u>138,897</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.

21 Creditors: amounts falling due after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Obligations under finance leases and hire purchase contracts	68,062	57,264	-	31,812
	<u>68,062</u>	<u>57,264</u>	<u>-</u>	<u>31,812</u>

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amount falling due within:				
1 year	63,452	49,493	31,812	40,936
1-2 years	32,693	40,741	-	31,812
2-5 years	35,369	16,523	-	-
	<u>131,514</u>	<u>106,757</u>	<u>31,812</u>	<u>72,748</u>

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
22 Provision for liabilities

	Group Deferred tax £	Company Deferred tax £
At 31 December 2016	57,258	7,185
Charge to the profit and loss account	21,238	-
Movement in deferred tax on Pension Liability	109,442	-
At 31 December 2017	<u>187,938</u>	<u>7,185</u>
Provision for deferred tax consists of the tax effects of timing in respect of:		
Accelerated capital allowances	9,252	7,185
Deferred tax on revaluations	<u>178,686</u>	<u>-</u>
	<u>187,938</u>	<u>7,185</u>

23 Share capital
Group and Company

	2017 £	2016 £
Issued, allotted, called up and fully paid 5,329,320 Ordinary shares of 2½p each	<u>133,233</u>	<u>133,233</u>

24 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.

**NOTES TO THE GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**
25 Commitments under operating leases

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

	Land and buildings £	Other £	2017 Total £	Land and buildings £	Other £	2016 Total £
Leases expiring:						
Within one year	-	16,698	16,698	-	20,155	20,155
Between one and two years	-	-	-	-	26,925	26,925
Between two and five years	29,000	34,433	63,433	-	11,586	11,586
More than five years	143,200	-	143,200	91,200	-	91,200
	<u>172,200</u>	<u>51,131</u>	<u>223,331</u>	<u>91,200</u>	<u>58,666</u>	<u>149,866</u>

26 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.

27 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 £16,927 (2016: £18,349)

Outstanding contributions at the yearend amounted to £1,816 (2016:£1,849).

28 Control

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