Company Registration No. 04746712 (England and Wales)

ABBEY TOTAL CARE GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 APRIL 2016

ABBEY TOTAL CARE GROUP LIMITED

COMPANY INFORMATION

Directors	Mr J M Patel Mrs D J Patel
Secretary	Mrs D J Patel
Company number	04746712
Registered office	9 Spareleaze Hill Loughton Essex IG10 1BS
Registered auditors	Alwyns LLP Crown House 151 High Road Loughton Essex IG10 4LG

ABBEY TOTAL CARE GROUP LIMITED

CONTENTS

ABBEY TOTAL CARE GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2016

The directors present the Annual Report for the year ended 30 April 2016.

Fair review of the business
The principal activities of the group continue to be that of ownership and the operation of nursing homes.

The group has increased its turnover by over 5% as compared to the previous year. Despite the temporary closure of one of the group's smaller homes at the end of the previous year, the group has successfully managed to maintain its efficiency drive initiated two years ago. The year's increased turnover and strict control over support costs are a testament to the group's ability to excel in an otherwise challenging market. Increased staff retention and reduced use of agency workers have played a significant role in delivering the year's effective results. All this will in time lead to the group being in a sector-leading position on engagement, career development and training. As in previous years, careful management of the finances has also enabled the group to reinvest substantially in the business.

As always, the group's aims and principles remain very clear. To ensure best service for residents, be the best place in which to work, and be a very efficiently run company. The overriding motto remains "our care, your happiness". The group is focused on ensuring it becomes recognised by customers as the best provider of quality care services by using its strong financial position and experience of sustainable growth across a range of services.

The group's overarching strategy is to build value for the group. Value reflects the quality of earnings, and that in turn reflects the quality of the buildings from which the product is delivered and the personalised care provided. The central belief is that by constant reinvestment the capital value is improved and in turn the security of income is achieved.

The group has the added advantage of specialists within the management team. These range from in-house trainers, experts in Care Quality Commission (CQC) matters, Local Authority Contracts experts, and Environmental Health experts. Various medical Consultants/GPs are also used regularly to provide more specialist resident care and to liaise with the Clinical Commissioning Groups (CCGs) and local hospitals.

We continue to work very closely with forward-thinking local authorities and CCGs in our commitment to driving down costs and achieving better outcomes for older people through these partnerships. The group continues to evolve to meet the changing needs of older people and an ever-changing economic environment in which we work, all with the sole aim to enhancing the lives of older people.

Abbey Total Care Group's homes are regulated by the CQC. The CQC is responsible for making sure care homes and care services in England provide people with safe, effective, compassionate and high-quality care. The group is fully compliant with all required health and safety regulations, labour, and employment laws.

The group considers its Key Performance Indicators to be number of beds available, occupancy rate and average fee per bed which are continually being reviewed.

Principal risks
Commercial and regulatory factors continue to challenge the group's operations, but we are confident of responding to all such challenges. Local authorities and the NHS continue to restrict annual fee increments and have lengthened payment periods, but the group has made adequate provisions in its cash-flow to deal with this. We are confident of maintaining the momentum in growth well into the foreseeable future.

On behalf of the board

Mr J M Patel
Director
28 October 2016

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

Mr J M Patel
Mrs D J Patel

Results and dividends
The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £65,664. The directors do not recommend payment of a further dividend.

Financial instruments

Treasury operations and financial instruments
The group's principal financial instruments are credit facilities and loans, the main purpose of which is to finance the group's operations. In addition, the group has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from operations.

In April 2016, the group successfully renewed its term and revolving development banking facility for another five years. The development facility will aid greatly in developing agreed projects, including the opportunistic acquisition of any peripheral properties that fit into the group's expansion plans.

Liquidity risk
The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk
The group is exposed to fair value interest rate risk on its borrowings and cashflow interest rate risk on bank overdrafts and loans. The group has an interest rate cap on part of its borrowing to mitigate its exposure to excessive interest rate increases.

Credit risk
Investments of cash surpluses and borrowings are made through banks which must fulfil credit rating criteria approved by the Board. All service users enter into formal agreements with the group which stipulate payment terms. The directors regularly review trade debtors and pursue any outstanding debts on a timely basis. Where necessary, provisions are made for doubtful debts.

Disabled persons
Discrimination in the workplace in any form is unacceptable and in most cases unlawful. The group has therefore adopted an Equal Opportunities Policy to ensure that all job applicants and employees are treated fairly and without favour or prejudice. The group is committed to applying this policy throughout all areas of employment, recruitment and selection, training, development and promotion. In accordance with the Disability Discrimination Act, all applicants will be judged solely on merit or ability. Employees who become disabled are retained in their existing posts where possible or retained for suitable alternative posts.

To ensure that the group reaches the widest cross section of the community, all vacancies will be advertised through the appropriate agencies, or independent media, as well as being advertised internally. The group will ensure that no job applicant or employee receives less favourable treatment on the grounds of race, colour, nationality, ethnic or national origin, sex, marital status, sexual orientation, disability, political opinion/affiliation, age, religion or belief.

Employee involvement
All employees are trained as appropriate in aspects of their role to enable them to comply with the group's practices and to ensure that they can function safely and to achieve the required standards. Performance is monitored on an on-going basis by managers through work interaction. Staff meetings are held at regular intervals where employees are kept well informed about the progress and position of the group. All matters of concern by individuals are resolved as they arise by the manager. The group's policy is to maintain a positive approach to problem solving and improve efficiency.

Future developments
The group has achieved growth over the years from a mixture of progressive changes to existing buildings, conversions and new-builds. Focus has always been to buy units that are 'tired' but have plots that lend themselves to extending the property and allowing the group to gain optimum density over a period.

The group's growth strategy is unusual in this sector in having the underlying property development competency. The plan has always been to buy properties where there is a potential to extract value over a period. It prefers to create quality homes by upgrading small or underperforming units.

In the coming years, we will develop and roll out new operational models for delivery of services to improve customer satisfaction and value for money. There will be new ways of working to improve productivity and increase the breadth of our operations through development and acquisition. We aim to further instil dedication and pride into our workforce by training and development initiatives to drive a 'care first' approach. The group is on course to deliver its reablement and block bed services.

Projects currently under way include works at Abbey Care Complex that will result in independent living units, and Abbey Ravenscroft Park Nursing Home which will increase capacity of the care home from 67 to 77 beds. Works are also planned for the group's flagship home at Forest Place in Buckhurst Hill. Planning consent has recently been granted for significant redevelopment of this site to include a 120-bed high specification care home, 45 independent living units, an on-site Medical Centre with diagnostic facilities and other resident facilities.

Forward planning is also underway for new developments at the group's seven other homes, to be rolled out soon after execution of the above projects.

The group's midterm goal is to achieve 1,000 beds within the M25 ring with clusters that create a degree of weight in selected areas. The group remains intent on the build-out of the optimum capacity of all current homes. As the Group positions at this 'corporate' end of the market there will be consideration to trading out any homes that no longer fit with the current model, or to move the home towards Extra Care Units and enhance the return over time.

Auditor
The auditor, Alwyns LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of directors' responsibilities
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company and group is aware of that information.

On behalf of the board

Mr J M Patel
Director
28 October 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ABBEY TOTAL CARE GROUP LIMITED

We have audited the financial statements of Abbey Total Care Group Limited for the year ended 30 April 2016 set out on pages 7 to 31. 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 FRS 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 auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2016 and of its 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.

Opinion on other matter 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABBEY TOTAL CARE GROUP 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.

David Stanley (Senior Statutory Auditor)
for and on behalf of Alwyns LLP 28 October 2016

Chartered Accountants
Statutory Auditor

ABBEY TOTAL CARE GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2016

	Notes	2016 £	2015 £
Turnover	3	15,506,658	14,716,747
Cost of sales		(9,911,475)	(9,390,595)
Gross profit		5,595,183	5,326,152
Administrative expenses		(2,702,141)	(2,698,720)
Other operating income		428,035	104,395
Operating profit	4	3,321,077	2,731,827
Interest receivable and similar income	8	1,115	1,771
Interest payable and similar charges	9	(995,806)	(957,200)
Profit on ordinary activities before taxation		2,326,386	1,776,398
Taxation	10	(448,566)	(265,871)
Profit for the financial year		1,877,820	1,510,527
Profit for the financial year is attributable to:			
- Owners of the parent company		1,841,970	1,474,869
- Non-controlling interests		35,850	35,658
		1,877,820	1,510,527

The profit and loss account has been prepared on the basis that all operations are continuing operations.

ABBEY TOTAL CARE GROUP LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 APRIL 2016

	2016	2015
	£	£
Profit for the year	1,877,820	1,510,527
Other comprehensive income net of taxation		
Revaluation of tangible fixed assets	4,015,998	4,764,370
Tax relating to other comprehensive income	(783,297)	(641,416)
Other comprehensive income for the year	3,232,701	4,122,954
Total comprehensive income for the year	5,110,521	5,633,481
Total comprehensive income for the year is attributable to:		
- Owners of the parent company	4,985,622	5,597,823
- Non-controlling interests	124,899	35,658
	5,110,521	5,633,481

ABBEY TOTAL CARE GROUP LIMITED

GROUP BALANCE SHEET

AS AT 30 APRIL 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Goodwill	12		(200,856)		(203,361)
Tangible assets	13		54,664,046		51,243,118
			54,463,190		51,039,757
Current assets					
Debtors	17	5,571,979		3,369,212	
Cash at bank and in hand		552,642		138,077	
		6,124,621		3,507,289	
Creditors: amounts falling due within one year	18	(3,559,052)		(3,678,954)	
Net current assets/(liabilities)			2,565,569		(171,665)
Total assets less current liabilities			57,028,759		50,868,092
Creditors: amounts falling due after more than one year	19		(23,624,705)		(23,292,192)
Provisions for liabilities	21		(3,587,245)		(2,803,948)
Net assets			29,816,809		24,771,952
Capital and reserves					
Called up share capital	23		321		321
Revaluation reserve			22,327,624		19,183,972
Other reserves			(357,491)		(357,491)
Profit and loss reserves			7,067,019		5,290,713
Equity attributable to owners of the parent company			29,037,473		24,117,515
Non-controlling interests			779,336		654,437
Total equity			29,816,809		24,771,952

The financial statements were approved by the board of directors and authorised for issue on 28 October 2016 and are signed on its behalf by:

Mr J M Patel
Director

ABBEY TOTAL CARE GROUP LIMITED

COMPANY BALANCE SHEET

AS AT 30 APRIL 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	**13**		15,045		18,091
Investments	**14**		1,060,952		1,059,952
			1,075,997		1,078,043
Current assets					
Debtors	**17**	31,721,206		26,547,335	
Cash at bank and in hand		60,929		4,320	
		31,782,135		26,551,655	
Creditors: amounts falling due within one year	**18**	(10,085,949)		(5,167,710)	
Net current assets			21,696,186		21,383,945
Total assets less current liabilities			22,772,183		22,461,988
Creditors: amounts falling due after more than one year	**19**		(22,771,812)		(22,439,299)
Net assets			371		22,689
Capital and reserves					
Called up share capital	**23**		321		321
Profit and loss reserves			50		22,368
Total equity			371		22,689

The financial statements were approved by the board of directors and authorised for issue on 28 October 2016 and are signed on its behalf by:

Mr J M Patel
Director

Company Registration No. 04746712

ABBEY TOTAL CARE GROUP LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2016

	Notes	Share capital £	Revaluation reserve £	Other reserves £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 May 2014		321	15,061,018	(357,491)	3,885,540	18,589,388	618,779	19,208,167
Year ended 30 April 2015:								
Profit for the year		-	-	-	1,474,869	1,474,869	35,658	1,510,527
Other comprehensive income net of taxation:								-
Revaluation of tangible fixed assets		-	4,764,370	-	-	4,764,370	-	4,764,370
Tax relating to other comprehensive income		-	(641,416)	-	-	(641,416)	-	(641,416)
Total comprehensive income for the year		-	4,122,954	-	1,474,869	5,597,823	35,658	5,633,481
Dividends	11	-	-	-	(69,696)	(69,696)	-	(69,696)
Balance at 30 April 2015		321	19,183,972	(357,491)	5,290,713	24,117,515	654,437	24,771,952
Year ended 30 April 2016:								
Profit for the year		-	-	-	1,841,970	1,841,970	35,850	1,877,820
Other comprehensive income net of taxation:								
Revaluation of tangible fixed assets		-	4,015,998	-	-	4,015,998	-	4,015,998
Tax relating to other comprehensive income		-	(783,297)	-	-	(783,297)	-	(783,297)
Total comprehensive income for the year		-	3,232,701	-	1,841,970	5,074,671	35,850	5,110,521
Dividends	11	-	-	-	(65,664)	(65,664)	-	(65,664)
Other movements		-	(89,049)	-	-	(89,049)	89,049	-
Balance at 30 April 2016		321	22,327,624	(357,491)	7,067,019	29,037,473	779,336	29,816,809

ABBEY TOTAL CARE GROUP LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2016

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2014		321	126,794	127,115
Year ended 30 April 2015:				
Loss and total comprehensive income for the year		-	(34,730)	(34,730)
Dividends	11	-	(69,696)	(69,696)
Balance at 30 April 2015		321	22,368	22,689
Year ended 30 April 2016:				
Profit and total comprehensive income for the year		-	43,346	43,346
Dividends	11	-	(65,664)	(65,664)
Balance at 30 April 2016		321	50	371

ABBEY TOTAL CARE GROUP LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2016

		2016		2015	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	25		2,592,321		2,726,063
Interest paid			(775,948)		(676,536)
Income taxes paid			(291,390)		(357,394)
Net cash inflow from operating activities			1,524,983		1,692,133
Investing activities					
Purchase of tangible fixed assets		(471,836)		(693,971)	
Proceeds on disposal of tangible fixed assets		50,000		-	
Interest received		1,115		1,771	
Net cash used in investing activities			(420,721)		(692,200)
Financing activities					
Proceeds from borrowings		199,703		100,000	
Repayment of borrowings		(228,000)		(208,000)	
Proceeds of new bank loans		24,080,550		1,280,000	
Repayment of bank loans		(24,665,550)		(2,085,000)	
Dividends paid to equity shareholders		(65,664)		(69,696)	
Net cash used in financing activities			(678,961)		(982,696)
Net increase in cash and cash equivalents			425,301		17,237
Cash and cash equivalents at beginning of year			24,399		7,162
Cash and cash equivalents at end of year			449,700		24,399
Relating to:					
Cash at bank and in hand			552,642		138,077
Bank overdrafts included in creditors payable within one year			(102,942)		(113,678)

1 Accounting policies

Company information

Abbey Total Care Group Limited ("the company") is a private company limited by shares incorporated in England and Wales. The registered office is 9 Spareleaze Hill, Loughton, Essex, IG10 1BS.

The group consists of Abbey Total Care Group Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest whole pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 30 April 2016 are the first financial statements of Abbey Total Care Group Limited and the group prepared in accordance with FRS 102. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 May 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 26.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and 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 profit or loss and in other comprehensive income;
- Section 26 'Share-based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £43,346 (2015 - £34,730 loss).

1 Accounting policies **(Continued)**

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Abbey Total Care Group Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 30 April 2016. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and its subsidiary undertakings have adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents amounts receivable for services provided.

1.5 Intangible fixed assets - goodwill

Goodwill represents the difference between the fair value of the consideration paid on the acquisition of a business and the fair value of the separable net assets. Goodwill is capitalised and amortised in equal annual instalments over its estimated useful economic life. The balance sheet carrying value of goodwill is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recovered.

1.6 Tangible fixed assets

Tangible fixed assets other than freehold land and buildings are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Freehold land and buildings are stated at valuation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	25% reducing balance
Equipment (short life)	over a period of 3 years
Integral features	10% reducing balance

1 Accounting policies **(Continued)**

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately through the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately through the profit and loss account, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised through the profit and loss account, except that investments in equity instruments that are not publically traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised through the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised through the profit and loss account.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans and loans from fellow group companies that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised through the profit and loss account in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value though profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies **(Continued)**

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

The group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the period to which they relate.

1.14 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.15 Liquid resources

Liquid resources for the purpose of preparing the cashflow statement includes cash at bank and in hand.

2 Judgements and key sources of estimation uncertainty

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

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

3 Turnover and other revenue

The group's turnover is generated from its principal activity of the operation of care homes and is generated solely within the UK.

4 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	285,683	360,211
Profit on disposal of tangible fixed assets	(39,675)	-
Amortisation of intangible assets	(2,505)	93

5 Auditor's remuneration

	2016	2015
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the financial statements of the company	4,670	8,560
Audit of the financial statements of the company's subsidiaries	16,530	16,530
	21,200	25,090

6 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016	2015
	Number	Number
Resident welfare	491	493
Administration	42	39
	533	532

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	8,707,328	8,301,899
Social security costs	556,155	500,580
Pension costs	431,954	216,566
	9,695,437	9,019,045

7 Directors' remuneration

	2016	2015
	£	£
Remuneration for qualifying services	94,750	89,749
Company pension contributions to defined contribution schemes	160,000	80,000
	254,750	169,749

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	94,750	89,749
Company pension contributions to defined contribution schemes	80,000	40,000

Only the directors are considered to be the key management.

8 Interest receivable and similar income

	2016	2015
	£	£
Interest income		
Interest on bank deposits	1,115	1,771

Interest income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1,115	1,771

9 Interest payable and similar charges

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	624,802	625,876
Other interest on financial liabilities	50,606	50,660
	675,408	676,536
Other finance costs:		
Finance costs for financial instruments measured at fair value through profit or loss	21,023	127,665
Other interest	299,375	152,999
Total finance costs	995,806	957,200

10 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	448,580	265,871
Adjustments in respect of prior periods	(14)	-
Total current tax	448,566	265,871

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016	2015
	£	£
Profit before taxation	2,326,386	1,776,398
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.92%)	465,277	371,622
Tax effect of utilisation of tax losses not previously recognised	-	(4,288)
Adjustments in respect of prior years	(14)	-
Depreciation add back	57,137	75,348
Capital allowances	(64,088)	(156,044)
Other tax adjustment	(3,926)	185
Freehold property revaluation	(5,820)	(20,952)
Tax expense for the year	448,566	265,871

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2016	2015
	£	£
Deferred tax arising on:		
Revaluation of property	783,297	641,416

11 Dividends

	2016	2015
	£	£
Interim paid	65,664	69,696

12 Intangible fixed assets

Group	Goodwill
	£
Cost	
At 1 May 2015 and 30 April 2016	(277,584)
Amortisation and impairment	
At 1 May 2015	(74,223)
Amortisation charged for the year	(2,505)
At 30 April 2016	(76,728)
Carrying amount	
At 30 April 2016	(200,856)
At 30 April 2015	(203,361)

13 Tangible fixed assets

Group	Freehold land and buildings	Fixtures, fittings & equipment	Total
	£	£	£
Cost or valuation			
At 1 May 2015	49,861,714	5,269,316	55,131,030
Additions	347,419	124,417	471,836
Disposals/proceeds from insurance claim	(800,000)	(169,832)	(969,832)
Revaluation	4,045,100	-	4,045,100
At 30 April 2016	53,454,233	5,223,901	58,678,134
Depreciation and impairment			
At 1 May 2015	-	3,887,912	3,887,912
Depreciation charged in the year	-	285,683	285,683
Depreciation eliminated in respect of disposals	-	(159,507)	(159,507)
At 30 April 2016	-	4,014,088	4,014,088
Carrying amount			
At 30 April 2016	53,454,233	1,209,813	54,664,046
At 30 April 2015	49,861,714	1,381,404	51,243,118

13 Tangible fixed assets (Continued)

Company

	Fixtures, fittings & equipment
	£
Cost or valuation	
At 1 May 2015	37,797
Additions	1,969
At 30 April 2016	39,766
Depreciation and impairment	
At 1 May 2015	19,706
Depreciation charged in the year	5,015
At 30 April 2016	24,721
Carrying amount	
At 30 April 2016	15,045
At 30 April 2015	18,091

Land and buildings with a carrying amount of £52,704,233 were revalued during the year based on a valuation concluded in January 2016 by Christie Owen & Davies Limited, independent valuers not connected with the company, on the basis of market value as defined in the publication 'RICS Valuation - Professional Standards, Global and UK, January 2014' published by the Royal Institution of Chartered Surveyors.

Land and buildings with a carrying amount of £750,000 were revalued during the year based on a valuation concluded in October 2016 by Williams Residential Surveys Limited, independent valuers not connected with the company in accordance with the Appraisal and Valuation Manual prepared by the Royal Institution of Chartered Surveyors.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Cost	26,610,044	27,062,625	-	-
Accumulated depreciation	-	-	-	-
Carrying value	26,610,044	27,062,625	-	-

14 Fixed asset investments

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Investments in subsidiaries	15	-	-	1,060,952	1,059,952

15 Subsidiaries

Details of the company's subsidiaries at 30 April 2016 are as follows:

Name of undertaking	Class of shareholding	% Held Direct	Indirect
Abbey Care Centre Limited	Ordinary	100.00	
Abbey Care Complex Limited	Ordinary	100.00	
Abbey Care Services Limited	Ordinary	100.00	
Abbey Cheam Centre Limited	Ordinary	100.00	
Abbey Ravenscroft Park Limited	Ordinary	100.00	
Martlane Limited	Ordinary	95.00	
Moreland House Care Home Limited	Ordinary	100.00	
Parkside Nursing Home Limited	Ordinary	100.00	
Planshore Limited	Ordinary	99.00	
Ryedowns Limited	Ordinary	99.90	
Woodlands Total Care Nursing Home Limited	Ordinary	100.00	

The principal activity of the above undertakings was the operation of care homes with the exception of Abbey Care Services Limited which had been dormant since its incorporation on 4 April 2016. All the above companies are registered in the United Kingdom.

16 Financial instruments

	Group 2016 £	2015 £	Company 2016 £	2015 £
Carrying amount of financial assets				
Debt instruments measured at amortised cost	5,295,067	3,162,928	31,701,560	26,526,312
Equity instruments measured at cost less impairment	-	-	1,060,952	1,059,952
Instruments measured at fair value through profit or loss	-	21,023	-	21,023
Carrying amount of financial liabilities				
Measured at amortised cost	26,569,605	26,523,661	32,846,016	27,594,503

17 Debtors

	Group 2016	2015	Company 2016	2015
Amounts falling due within one year:	**£**	**£**	**£**	**£**
Trade debtors	1,397,842	1,202,181	-	-
Amounts due from fellow group undertakings	-	-	28,859,663	24,632,855
Other debtors	3,898,954	1,960,747	2,843,626	1,893,457
Prepayments and accrued income	275,183	185,261	17,917	-
	5,571,979	3,348,189	31,721,206	26,526,312
Amounts falling due after one year:				
Derivative financial instruments	-	21,023	-	21,023
Total debtors	5,571,979	3,369,212	31,721,206	26,547,335

At 30 April 2016 the group and company had an interest rate cap in place on £14,000,000 until 31 October 2016 which capped the LIBOR rate at 1%. At 30 April 2016 the fair value of the instrument was £Nil (2015 - £21,023).

18 Creditors: amounts falling due within one year

	Notes	Group 2016 £	2015 £	Company 2016 £	2015 £
Bank loans and overdrafts	20	1,006,442	1,648,178	1,004,320	1,635,320
Other borrowings	20	129,940	228,000	129,940	228,000
Trade creditors		385,031	332,967	55,979	6,283
Amounts due to group undertakings		-	-	8,768,990	3,220,321
Corporation tax payable		452,785	295,609	-	4,205
Other taxation and social security		161,367	151,876	11,745	8,301
Other creditors		339,397	265,087	54,605	38,613
Accruals and deferred income		1,084,090	757,237	60,370	26,667
		3,559,052	3,678,954	10,085,949	5,167,710

19 Creditors: amounts falling due after more than one year

		Group		Company	
		2016	2015	2016	2015
	Notes	£	£	£	£
Bank loans and overdrafts	20	22,487,050	22,224,299	22,487,050	22,224,299
Other borrowings	20	1,137,655	1,067,893	284,762	215,000
		23,624,705	23,292,192	22,771,812	22,439,299

20 Loans and overdrafts

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans	23,390,550	23,758,799	23,390,550	23,758,799
Bank overdrafts	102,942	113,678	100,820	100,820
Other loans	1,267,595	1,295,893	414,702	443,000
	24,761,087	25,168,370	23,906,072	24,302,619
Payable within one year	1,136,382	1,876,178	1,134,260	1,863,320
Payable after one year	23,624,705	23,292,192	22,771,812	22,439,299

The bank debt is secured by a debenture and unlimited intercompany composite guarantee between the group and connected companies, supported by first legal charges over the assets of the group and connected companies.
The bank debt which was renewed in April 2016 comprises a five year term loan of £23,500,000, repayable in instalments with a bullet repayment at the end of the term, together with a five year revolving credit facility at 30 April 2016 of £6,500,000. Interest is charged on the term loan at between 2.25% and 2.65% above LIBOR and on the revolving credit facility at 3.35% above LIBOR.
Other loans include loans from the executive pension scheme totalling £414,703 which are secured over some of the group's properties, are repayable in instalments, have remaining terms of between one to five years and bear interest at 1% above bank base rate.
The balance of other loans are in respect of loans to associated undertakings, which are repayable at the group's discretion.

21 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2016	Liabilities 2015
Group	**£**	**£**
Revaluation of freehold properties	3,587,245	2,803,948

22 Retirement benefit schemes

	2016	2015
Defined contribution schemes	**£**	**£**
Charge to profit and loss account in respect of defined contribution schemes	431,954	216,566

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

	Group and company	
	2016	**2015**
Ordinary share capital	**£**	**£**
Issued and fully paid		
321 Ordinary shares of £1 each	321	321

24 Related party transactions

Group

The group has taken advantage of the exemption from the requirement to disclose transactions with group companies which have been eliminated on consolidation.

During the year dividends of £65,664 (2015 - £69,696) were paid to Mr J M Patel, a director of the company. At the year end the group owed the directors, Mr and Mrs J M Patel, £21,822 (2015 - £19,442).

Design & Construct (London) Ltd, a company controlled by Mr J M Patel, supplied services to the group in respect of development costs for the group's freehold properties totalling £347,418 (2015 - £166,385), repairs and maintenance charges totalling £455,915 (2015 - £739,357), fixtures and fittings totalling £73,531 (2015 - £465,114). At the year end Design & Construct (London) Ltd owed the group £147,072 (2015 - £148,249).

During the year the group paid interest of £39,838 (2015 - £39,838) to Patelcrest Ltd, a company in which Mr J M Patel is a director and has a participating interest. At the year end the group owed Patelcrest Ltd £775,226 (2015 - £775,226).

During the year the group paid interest of £4,000 (2015 - £4,000) to Gathercrest Ltd, a company controlled by family members of the director. At the year end the group owed Gathercrest Ltd £77,667 (2015 - £77,667).

During the year Onetree Estates Ltd, a company under the control of Mr J M Patel's brother, paid the group interest of £38,397 (2015 - £37,354). Onetree Estates Ltd charged the group £57,600 (2015 - £Nil) management charges. At the year end Onetree Estates Ltd owed the group £2,684,452 (2015 - £1,732,293).

At the year end the group was owed £32,881 (2015 - £32,881) by Newvalley Developments Ltd, a company in which Mr J M Patel is a director and has a participating interest.

At the year end the group owed family members of the directors £71,503 (2015 - £35,210).

Included in other loans is a loan from the group's pension scheme of £414,702 (2015 - £443,000).

Company

The company has taken advantage of the exemption from the requirement to disclose transactions with group companies.

During the year dividends of £65,664 (2015 - £69,696) were paid to Mr J M Patel, a director of the company. At the year end the company owed the directors, Mr and Mrs J M Patel, £21,822 (2015 - £19,442).

At the year end the company owed family members of the directors £30,402 (2015 - £19,171).

At the year end the company was due £147,753 (2015 - £148,930) from Design & Construct (London) Ltd, a company controlled by Mr J M Patel.

During the year interest of £38,397 (2015 - £37,354) was received from Onetree Estates Ltd and Onetree Estates Ltd charged the company £57,600 (2015 - £Nil) management charges.

At the year end the company was due £2,677,144 (2015 - £1,727,527) from Onetree Estates Ltd.

Included in other loans is a loan from the company's pension scheme of £414,702 (2015 - £443,000).

25 Cash generated from group operations

	2016 £	2015 £
Profit for the year after tax	1,877,820	1,510,527
Adjustments for:		
Taxation charged	448,566	265,871
Finance costs	995,806	957,200
Investment income	(1,115)	(1,771)
Gain on disposal of tangible fixed assets	(39,675)	-
Amortisation and impairment of intangible assets	(2,505)	93
Depreciation and impairment of tangible fixed assets	285,683	360,211
Reversal of freehold property impairment	(29,102)	(100,151)
Movements in working capital:		
(Increase) in debtors	(1,405,873)	(113,320)
Increase/(decrease) in creditors	462,716	(152,597)
Cash generated from operations	2,592,321	2,726,063

26 Reconciliations on adoption of FRS 102

Reconciliation of equity - group

	Notes	1 May 2014 £	30 April 2015 £
Equity as reported under previous UK GAAP		21,251,749	27,559,082
Adjustments arising from transition to FRS 102:			
Deferred Tax on property revaluation	(2)	(2,162,532)	(2,803,948)
Valuation of interest rate hedging instrument	(1)	148,688	21,023
Taxation on valuation of interest rate hedging instrument		(29,738)	(4,205)
Equity reported under FRS 102		19,208,167	24,771,952

Reconciliation of profit - group

	Notes	2015 £
Profit as reported under previous UK GAAP		1,612,659
Adjustments arising from transition to FRS 102:		
Valuation of interest rate hedging instrument	(1)	(127,665)
Taxation on valuation of interest rate hedging instrument		25,533
Profit reported under FRS 102		1,510,527

26 Reconciliations on adoption of FRS 102 **(Continued)**

Notes to reconciliations on adoption of FRS 102 - group

(1) Financial instrument derivatives
FRS 102 requires derivative financial statements to be recognised at fair value. Previously under UK GAAP the group did not recognise these instruments in the financial statements. Accordingly at transition an asset of £148,688 with a related tax liability of £29,738 has been recognised.

(2) Deferred tax on property revaluations
Under previous UK GAAP the group was not required to provide for taxation on revaluations where the gain was not recognised through the profit and loss account. Under FRS 102 deferred taxation is provided on the temporary difference arising from the revaluation. At transition, a deferred tax liability of £2,162,531 was recognised.

Reconciliation of equity - company

	Notes	1 May 2014 £	30 April 2015 £
Equity as reported under previous UK GAAP		8,165	5,871
Adjustments arising from transition to FRS 102:			
Valuation of interest rate hedging instrument	(1)	148,688	21,023
Taxation on valuation of interest rate hedging instrument		(29,738)	(4,205)
Equity reported under FRS 102		127,115	22,689

Reconciliation of profit/(loss) - company

	Notes	2015 £
Profit as reported under previous UK GAAP		67,402
Adjustments arising from transition to FRS 102:		
Valuation of interest rate hedging instrument	(1)	(127,665)
Taxation on valuation of interest rate hedging instrument		25,533
Loss reported under FRS 102		(34,730)

Notes to reconciliations on adoption of FRS 102 - company

(1) Derivative financial instruments
FRS 102 requires derivative financial statements to be recognised at fair value. Previously under UK GAAP the company did not recognise these instruments in the financial statements. Accordingly at transition an asset of £148,688 with a related tax liability of £29,738 has been recognised.