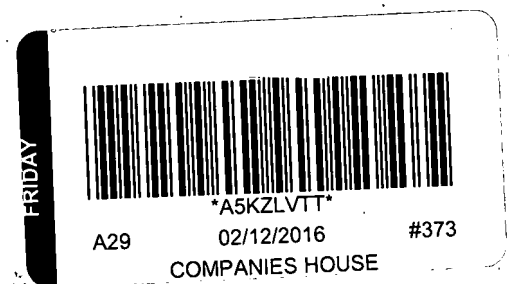


TRACSCARE GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016



TRACSCARE GROUP LIMITED

CONTENTS

	Page
Company Information	1
Strategic Report	2
Directors' Report	3 - 4
Independent Auditors' Report to the members of Tracscare Group Limited	5 - 6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10 - 23

TRACSCARE GROUP LIMITED

COMPANY INFORMATION

Directors

S G Hullin
C Conway
C Cameron (resigned 8 September 2016)
P Battle
A Smith
R Craner (appointed 20 July 2016)

COMPANY SECRETARY

MH Secretaries Limited

COMPANY NUMBER

05003339

REGISTERED OFFICE

Staple Court
11 Staple Inn Buildings
London
WC1V 7QH

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Swansea University
Institute of Life Science 1
Singleton Park Campus
Swansea
SA2 8PP

BANKERS

Barclays Bank plc
70, The Kingsway
Swansea
SA1 5JB

SOLICITORS

Goodwin Procter (UK) LLP
Tower 42
25 Old Broad Street
London
EC2N 1HQ

TRACSCARE GROUP LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present the Strategic Report of Tracscare Group Limited (the "Company") for the year ended 31 March 2016.

Business review

The directors manage the various businesses of Tracscare Holdco Limited Group on a group, rather than an individual company basis. As such, a separate business review for the Company has not been prepared, but a group review can be found in the Strategic Report contained in the Annual Report of Tracscare Holdco Limited. Neither the Strategic Report nor the Annual Report of Tracscare Holdco Limited forms part of this report.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of Tracscare Holdco Limited, which include those of the Company, are discussed in the Strategic Report contained in the Annual Report of Tracscare Holdco Limited. Neither the Strategic Report nor the Annual Report of Tracscare Holdco Limited forms part of this report.

Financial key performance indicators

The directors of Tracscare Holdco Limited manage the Group's operations on a group-wide basis.

For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Tracscare Group Limited.

The development, performance and position of Tracscare Holdco Limited, which includes the Company, are discussed in the Strategic Report contained in the Annual Report of Tracscare Holdco Limited. Neither the Strategic Report nor the Annual Report of Tracscare Holdco Limited forms part of this report.

This report was approved by the board on 30 November 2016 and signed on its behalf by:


R Craner
Director

TRACSCARE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their annual report and the audited financial statements of Tracscare Group Limited (the "Company") for the year ended 31 March 2016.

Principal activity

The principal activity of the Company is the ownership of property and investments in subsidiary companies, involved in the provision of residential care services.

Results and dividends

The profit for the financial year amounted to £118,421 (2015: loss of £5,215,338).

The directors do not recommend the payment of a dividend for the year (2015: £Nil).

Directors

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

S G Hullin
C Conway
C Cameron (resigned 8 September 2016)
P Battle
A Smith
R Craner (appointed 20 July 2016)

Going concern

As at 31 March 2016 the Company had net liabilities of £26,558,707 (2015: £26,677,128). This position arises from the existence of net intercompany liabilities and the Company has received assurances from its fellow group undertakings that payment of such balances will not be required until sufficient funds are available to settle the outstanding balances.

Future developments

Further details of future development are provided in the Strategic Report.

Qualifying third party indemnity provisions

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Financial risk management

The Company is not exposed to any significant risk arising from the use of financial instruments.

TRACSCARE GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2016

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 30/11/16 and signed on its behalf by:



R Craner
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRACSCARE GROUP LIMITED

Report on the financial statements

Our opinion

In our opinion Tracscare Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss 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.
-

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 March 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRACSCARE GROUP LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Swansea

Date: 30 November 2016

TRACSCARE GROUP LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Turnover	4	-	152,401
Gross profit		-	152,401
Administrative expenses		(28,064)	(755,295)
Exceptional administrative expenses		(21,223)	(4,276,065)
Fair value movements		-	235,747
Operating loss	6	(49,287)	(4,643,212)
Interest receivable and similar income	10	22	3,707
Interest payable and similar charges	11	-	(408,147)
Loss before tax on ordinary activities		(49,265)	(5,047,652)
Tax on loss on ordinary activities	12	167,686	(167,686)
Profit/(loss) for the financial year		<u>118,421</u>	<u>(5,215,338)</u>
Total comprehensive income/(expense) for the year		<u>118,421</u>	<u>(5,215,338)</u>

TRACSCARE GROUP LIMITED
REGISTERED NUMBER: 05003339

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	13		137,896		96,830
Investments	14		21,375,362		21,375,362
Investment property	15		29,863,812		24,911,904
			<u>51,377,070</u>		<u>46,384,096</u>
Current assets					
Debtors	16	25,661		44,351	
Cash at bank and in hand	17	1		20,594	
		<u>25,662</u>		<u>64,945</u>	
Creditors: amounts falling due within one year	18	(77,961,439)		(72,958,483)	
Net current liabilities			<u>(77,935,777)</u>		<u>(72,893,538)</u>
Total assets less current liabilities			<u>(26,558,707)</u>		<u>(26,509,442)</u>
Provisions for liabilities					
Deferred tax	19	-		(167,686)	
			<u>-</u>	<u>(167,686)</u>	
Net liabilities			<u><u>(26,558,707)</u></u>		<u><u>(26,677,128)</u></u>
Capital and reserves					
Called up share capital	20		1,199		1,199
Share premium account	21		315,103		315,103
Profit and loss account	21		(26,875,009)		(26,993,430)
Total shareholders' deficit			<u><u>(26,558,707)</u></u>		<u><u>(26,677,128)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

30 November 2016 by:



R Craner
Director

The notes on pages 10 to 23 form part of these financial statements.

TRACSCARE GROUP LIMITED

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

	Called up share capital	Share premium account	Profit, and loss account	Total shareholders' deficit
	£	£	£	£
At 1 April 2015	1,199	315,103	(26,993,430)	(26,677,128)
Comprehensive expense for the year				
Profit for the financial year	-	-	118,421	118,421
Total comprehensive income for the year	-	-	118,421	118,421
At 31 March 2016	1,199	315,103	(26,875,009)	(26,558,707)

FOR THE YEAR ENDED 31 MARCH 2015

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' deficit
	£	£	£	£
At 1 April 2014	1,199	315,103	(21,778,092)	(21,461,790)
Comprehensive expense for the year				
Loss for the financial year	-	-	(5,215,338)	(5,215,338)
Total comprehensive expense for the year	-	-	(5,215,338)	(5,215,338)
At 31 March 2015	1,199	315,103	(26,993,430)	(26,677,128)

The notes on pages 10 to 23 form part of these financial statements.

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

1. General information

Tracscare Group Limited (the "Company") own property and investments in subsidiary companies, involved in the provision of residential care services.

The Company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is: Staple Court, 11 Staple Inn Buildings, London, WC1V 7QH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 26.

The functional currency of the Company is GBP.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year, are set out below:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned (FRS 102 para 33.1A).

This information is included in the consolidated financial statements of Tracscare Holdco Limited as at 31 March 2016 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

2.3 Going concern

As at 31 March 2016 the Company had net liabilities of £26,558,707 (2015: £26,677,128). This position arises from the existence of net intercompany liabilities and the Company has received assurances from its fellow group undertakings that payment of such balances will not be required until sufficient funds are available to settle the outstanding balances.

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

2. Accounting policies (continued)

2.4 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Leasehold property and improvements	- over the term of the lease
Fixtures & fittings	- 20% reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.6 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. External valuations are obtained on at least a triennial basis. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

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

2. Accounting policies (continued)

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

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

2. Accounting policies (continued)

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

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

2. Accounting policies (continued)

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.18 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities, which are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis with revisions to accounting estimates being recognised in the period in which the estimate is revised, where that revision affects only the current or future accounting periods.

The following are the critical judgements and key sources of estimation uncertainty that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the financial statements:

Investment properties

The company holds a number of properties which are used by subsidiary companies for trading purposes and are therefore treated as investment properties within the company. The properties are subject to changing valuation as the property market fluctuates. As such, the directors review annually the property valuations for potential impairment, looking at national statistics to identify the potential valuation, and on at least a three year basis engage with an external valuer to perform a full valuation of the properties held.

TRACSCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

4. Turnover

The whole of the turnover is attributable to the one principal activity of the Company.

All turnover arose within the United Kingdom.

5. Exceptional items

	2016 £	2015 £
Exceptional costs relate to professional charges in connection with the restructuring and refinancing of the Tracscare group of companies	<u>21,223</u>	<u>4,276,065</u>

6. Operating loss

The operating loss is stated after charging:

	2016 £	2015 £
Depreciation of tangible assets	24,890	76,749
Other operating lease rentals	-	30,214

7. Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<u>8,500</u>	<u>7,700</u>
Fees payable to the Company's auditors in respect of:		
Taxation compliance services	2,615	2,615
All other services	<u>2,500</u>	<u>1,500</u>

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

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	-	498,224
Social security costs	-	61,724
Other pension costs	-	48,557
	<u>-</u>	<u>608,505</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 Number	2015 Number
Administration and management	-	4

9. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	-	739,114
Company contributions to defined contribution pension schemes	-	178,987
	<u>-</u>	<u>918,101</u>

During the year retirement benefits were accruing to no directors (2015 - 8) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £Nil (2015 - £267,801).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2015 - £12,026).

In 2016 directors were remunerated by Tracs Ltd for their services to the group as a whole.

10. Interest receivable and similar income

	2016 £	2015 £
Other interest receivable	<u>22</u>	<u>3,707</u>

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

11. Interest payable and similar charges

	2016 £	2015 £
Interest on bank loans, overdraft and loan notes	-	121,876
Amortisation of deferred finance costs	-	286,271
	<u>-</u>	<u>408,147</u>

12. Tax on loss on ordinary activities

	2016 £	2015 £
Deferred tax		
Origination and reversal of timing differences	(193,150)	167,686
Prior period adjustments	25,464	-
Total deferred tax	<u>(167,686)</u>	<u>167,686</u>
Tax on loss on ordinary activities	<u>(167,686)</u>	<u>167,686</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	<u>(49,265)</u>	<u>(5,047,652)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	(9,853)	(1,060,007)
Effects of:		
Expenses not deductible for tax purposes	4,245	888,064
Income not taxable	-	(1,182,796)
Effects of group relief/other reliefs	828,016	1,377,482
Deferred tax not recognised	72,133	144,943
Transfer pricing adjustments	(1,087,691)	-
Adjustments for prior periods	25,464	-
Total tax charge for the year	<u>(167,686)</u>	<u>167,686</u>

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

12. Tax on loss on ordinary activities (continued)

Factors that may affect future tax charges

The July 2015 Budget Statement announced changes (which were subsequently enacted) to the UK Corporation Tax regime which will reduce the main rate of Corporation Tax to 19% from 1 April 2017 and 18% from 1 April 2020. A further change was announced in the March 2016 Budget to further reduce the Corporation Tax rate to 17% by 1 April 2020, which has yet to be substantively enacted.

Accordingly, deferred tax has been calculated using a tax rate of 18%.

13. Tangible assets

	Leasehold property and improvements £	Fixtures & fittings £	Total £
Cost			
At 1 April 2015	26,133	108,886	135,019
Additions	37,461	28,495	65,956
At 31 March 2016	63,594	137,381	200,975
Accumulated depreciation			
At 1 April 2015	10,785	27,404	38,189
Charge for the year	7,969	16,921	24,890
At 31 March 2016	18,754	44,325	63,079
Net book value			
At 31 March 2016	44,840	93,056	137,896
At 31 March 2015	15,348	81,482	96,830

TRACSCARE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

14. Investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2015	21,375,362
At 31 March 2016	<u>21,375,362</u>
Net book value	
At 31 March 2016	<u>21,375,362</u>
At 31 March 2015	<u>21,375,362</u>

The directors consider the carrying value of investments to be supported by the underlying net assets.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding
Tracs Limited	England and Wales	Ordinary	100 %
Tracscare 2005 Limited	England and Wales	Ordinary	100 %
CVS Homes Limited	England and Wales	Ordinary	100 %

TRACSCARE GROUP LIMITED

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

15. Investment property

	Freehold investment property £
Valuation	
At 1 April 2015	24,911,904
Additions at cost	4,951,908
At 31 March 2016	29,863,812

The properties brought forward as at 1 April were valued by Christies & Co on 6 June 2014 when the Tracscare group was acquired by Tracscare Holdco Ltd, an investment vehicle of Sundhet Holdings S.A.

The directors consider there to be no material change in fair value of the properties in the financial year ended 31 March 2016.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2016 £	2015 £
Historic cost	29,958,544	25,017,418
Accumulated depreciation and impairments	(743,563)	(398,941)
	29,214,981	24,618,477

16. Debtors

	2016 £	2015 £
Amounts owed by group undertakings	25,559	25,559
Other debtors	102	102
Prepayments and accrued income	-	18,690
	25,661	44,351

Amounts owed by group undertakings are unsecured, interest free and carry no fixed terms of repayment other than being due in less than one year.

17. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	1	20,594

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

18. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	108,915	109,738
Amounts owed to group undertakings	77,824,773	72,804,696
Amounts owed to associates	-	1
Taxation and social security	-	24,990
Other creditors	-	2
Accruals and deferred income	27,751	19,056
	<u>77,961,439</u>	<u>72,958,483</u>

Amounts owed to group undertakings are unsecured, interest free and carry no fixed terms of repayment other than being due in less than one year.

19. Deferred taxation

	2016 £	2015 £
At beginning of year	167,686	-
Charged to the profit or loss	(167,686)	167,686
	<u></u>	<u></u>

The deferred taxation balance is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	233,173	223,995
Tax losses carried forward	(233,173)	(56,309)
	<u>-</u>	<u>167,686</u>

20. Called up share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
96,300 (2015: 96,300) A ordinary shares of £0.01 (2015: £0.01) each	963	963
18,300 (2015: 18,300) Ordinary shares of £0.01 (2015: £0.01) each	183	183
5,326 (2015: 5,300) B ordinary shares of £0.01 (2015: £0.01) each	53	53
	<u>1,199</u>	<u>1,199</u>

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

21. Reserves

Share premium account

The share premium account represents the amount subscribed for share capital in excess of the nominal value.

Profit & loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

22. Capital commitments

At 31 March the Company had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	-	1,205,000

23. Pension commitments

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Company to the scheme and amounted to £Nil (2015: £48,557).

24. Related party transactions

Tracscare Group Limited paid £Nil monitoring fees to Sovereign Capital Partners LLP, its former shareholders, in the financial year (2015: £12,432).

25. Parent company and ultimate controlling party

The immediate parent company at 31 March 2016 was Tracscare Bidco Limited.

The ultimate parent company at 31 March 2016 was Tracscare Holdco Limited.

The directors consider there to be no ultimate controlling party as at 31 March 2016.

Tracscare Holdco Limited is the parent of the smallest and largest group of which the Company is a member and for which group financial statements are drawn up. Copies of the financial statements of Tracscare Holdco Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

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

26. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2014. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 April 2014

	£
Equity at 1 April 2014 under previous UK GAAP	(21,461,790)
Equity shareholders funds at 1 April 2014 under FRS 102	(21,461,790)

Reconciliation of equity at 31 March 2015

	Note	£
Equity at 31 March 2015 under previous UK GAAP		(26,970,555)
Investment property adjustment		293,427
Equity shareholders funds at 31 March 2015 under FRS 102		(26,677,128)

Reconciliation of profit and loss account for the year ended 31 March 2015

	£
Loss for the year under UK GAAP	(5,508,765)
Investment property adjustment	293,427
Loss for the year ended 31 March 2015 under FRS 102	(5,215,338)

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 Under FRS 102, properties previously treated by the Company as tangible fixed assets under UK GAAP are required to be accounted for as investment properties. Adjusting for the fair value of 2015 additions and eliminating the depreciation charge in the year has increased profit for the year ended 31 March 2015 and net assets as at 31 March 2015 by £293,427.