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Company Registration No. 05030210 (England and Wales)

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MEDIHEALTH (NORTHERN) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

MEDIHEALTH (NORTHERN) LIMITED

COMPANY INFORMATION

Directors	YI Patel AI Patel
Secretary	AI Patel
Company number	05030210
Registered office	Lynstock House Lynstock Way Lostock Bolton BL6 4SA
Auditor	Cowgill Holloway LLP Regency House 45-53 Chorley New Road Bolton Lancashire BL1 4QR

MEDIHEALTH (NORTHERN) LIMITED

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MEDIHEALTH (NORTHERN) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

The directors present the strategic report for the year ended 31 August 2016.

Review of the business

The company strategy is to provide an excellent service to the independent pharmacies by having good telesales support and providing them with products which are competitively priced.

Principal activities

The principal activity of the company during the year continued to be that of wholesaler of pharmaceutical goods.

Regulation

The company's activities are regulated by the MHRA.

Business review and future developments

We strive to develop and improve current internal processes together with continual staff development to drive efficiencies. We continually update the product portfolio to remain competitive and supply a good range of pharmaceutical products at competitive prices.

The key performance indicators (KPI's) that the group regards as important are:

a. gross profit margin;
b. the ratio of operating expenses to turnover;
c. the ratio of operating profit to turnover; and
d. earnings before interest, tax, depreciation, impairment charge and amortisation (EBITDA).

For the year under review, those Key Performance Indicators were:

	2016	2015
Gross margin	8.7%	9.7%
Operating expenses to turnover	4.0%	4.6%
Operating profit to turnover	4.73%	5.05%
Earnings before interest, tax, depreciation and amortisation	£758,625	£719,418

The gross profit margin is considered satisfactory, reflecting a stable core operation for the year. The directors will strive to improve turnover and profitability over the coming year through the continued expansion of the business by organic growth.

Business risk

The company operates in a highly regulated market, and significant changes to those regulations may have a significant impact on the business, adverse or otherwise. The company is subject to the rules and regulations of a number of authorities and regulatory bodies. The directors consider these uncertainties in the external environment when developing their strategy and reviewing performance. As part of our day-to-day operations we engage with relevant organisations to ensure that we continue to trade under the current guidelines and to ensure that the views of our customers and employees are represented and try to contribute to important changes in policy. The directors and the management of the company constantly review any potential changes to regulations that may have an adverse or otherwise impact on the business.

Financial risk

The directors have established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The company uses various financial instruments which include cash and trade creditors. The purpose of these financial instruments is to raise finance for the company's trading operation. The main risks arising from the company's financial instruments are set out below.

Liquidity risk

Due to the nature of financial instruments used by the company there is no general exposure to price risk. In respect of bank balances the liquidity is managed by maintaining adequate cash balance. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Credit risk

The company's principal financial assets are its trade debtors. The company monitors credit risk closely and considers that its current policies of credit checks meets its objective of managing exposure to credit risk. Credit risk involves setting limits for customers and this is based on their payment history together with third party references. There is continuous monitoring of amounts outstanding for both time and credit limits.

On behalf of the board

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Al Patel
Director
14 February 2017

The directors present their annual report and financial statements for the year ended 31 August 2016.

Principal activities
The principal activity of the company was the wholesale of pharmaceutical goods.

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

YI Patel	
AI Patel	
C B Fishwick	(Resigned 21 April 2016)

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

Ordinary dividends were paid amounting to £650,000. The directors do not recommend payment of a final dividend.

Auditor
The auditor, Cowgill Holloway 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 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

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 company's auditor 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 company's auditor is aware of that information.

On behalf of the board

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Al Patel
Director
14 FEBRUARY 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MEDIHEALTH (NORTHERN) LIMITED

We have audited the financial statements of Medihealth (Northern) Limited for the year ended 31 August 2016 set out on pages 7 to 19. 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 3, 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 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 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 company's affairs as at 31 August 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 matters prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF MEDIHEALTH (NORTHERN) 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, 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; 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.

J Marshall

John Marshall (Senior Statutory Auditor)
for and on behalf of Cowgill Holloway LLP

14 February 2017

Chartered Accountants
Statutory Auditor

Regency House
45-53 Chorley New Road
Bolton
Lancashire
BL1 4QR

MEDIHEALTH (NORTHERN) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016 £	2015 £
Revenue	3	15,805,825	14,058,379
Cost of sales		(14,425,387)	(12,697,521)
Gross profit		1,380,438	1,360,858
Administrative expenses		(632,981)	(650,218)
Profit before taxation		747,457	710,640
Taxation	6	(150,000)	(146,906)
Profit for the financial year		597,457	563,734
Other comprehensive income		-	-
Total comprehensive income for the year		597,457	563,734

The income statement has been prepared on the basis that all operations are continuing operations.

MEDIHEALTH (NORTHERN) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 AUGUST 2016

		2016		2015	
	Notes	£	£	£	£
Fixed assets					
Property, plant and equipment	8		22,547		27,775
Current assets					
Trade and other receivables	10	2,942,757		2,796,133	
Cash at bank and in hand		189,772		528,815	
		3,132,529		3,324,948	
Current liabilities	11	(902,128)		(1,045,637)	
Net current assets			2,230,401		2,279,311
Total assets less current liabilities			2,252,948		2,307,086
Provisions for liabilities	13		-		(1,595)
Net assets			2,252,948		2,305,491
Equity					
Called up share capital	14		1		1
Retained earnings			2,252,947		2,305,490
Total equity			2,252,948		2,305,491

The financial statements were approved by the board of directors and authorised for issue on 14 FEBRUARY 2017 and are signed on its behalf by:

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Al Patel
Director

Company Registration No. 05030210

MEDIHEALTH (NORTHERN) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 September 2014		1	2,921,756	2,921,757
Year ended 31 August 2015:				
Profit and total comprehensive income for the year		-	563,734	563,734
Dividends	7	-	(1,180,000)	(1,180,000)
Balance at 31 August 2015		1	2,305,490	2,305,491
Year ended 31 August 2016:				
Profit and total comprehensive income for the year		-	597,457	597,457
Dividends	7	-	(650,000)	(650,000)
Balance at 31 August 2016		1	2,252,947	2,252,948

MEDIHEALTH (NORTHERN) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2016

	Notes	2016		2015	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	17		492,659		1,753,211
Income taxes paid			(173,366)		(136,973)
Net cash inflow from operating activities			319,293		1,616,238
Investing activities					
Purchase of property, plant and equipment		(9,087)		(21,692)	
Proceeds on disposal of property, plant and equipment		751		-	
Net cash used in investing activities			(8,336)		(21,692)
Financing activities					
Dividends paid		(650,000)		(1,180,000)	
Net cash used in financing activities			(650,000)		(1,180,000)
Net (decrease)/increase in cash and cash equivalents			(339,043)		414,546
Cash and cash equivalents at beginning of year			528,815		114,269
Cash and cash equivalents at end of year			189,772		528,815

1 Accounting policies

Company information
Medihealth (Northern) Limited is a company limited by shares incorporated in England and Wales. The registered office is Lynstock House, Lynstock Way, Lostock, Bolton, BL6 4SA.

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 £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 August 2016 are the first financial statements of Medihealth (Northern) Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 September 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern
At the time of approving the financial statements, the directors have a reasonable expectation that the company has 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.

1.3 Revenue
Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Property, plant and equipment
Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% Reducing balance/50% straight line
Motor vehicles	25% Reducing balance

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 credited or charged to profit or loss.

1 Accounting policies **(Continued)**

1.5 Impairment of non-current assets

At each reporting period end date, the company 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.

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 in profit or loss, 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 in profit or loss, 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.

1.6 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.

1.7 Financial instruments

The company 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 company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include trade and other receivables 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.

1 Accounting policies **(Continued)**

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 in profit or loss, 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 in profit or loss.

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 in profit or loss.

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 company 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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares 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 payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1 Accounting policies **(Continued)**

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 in profit or loss 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 company's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the company 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 company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. Timing differences are differences between taxable profits and the results as stated in the financial statements which arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

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.

2 Judgements 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 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 *Revenue*

An analysis of the company's revenue is as follows:

	2016	2015
	£	£
Turnover		
	15,805,825	14,058,379

Revenue analysed by geographical market

	2016	2015
	£	£
United Kingdom	15,805,825	14,058,379

4 Operating profit

	2016	2015
Operating profit for the year is stated after charging/(crediting):	£	£
Fees payable to the company's auditor for the audit of the company's financial statements	4,011	4,200
Depreciation of owned property, plant and equipment	11,168	8,778
Loss on disposal of property, plant and equipment	2,396	-

5 Employees

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

	2016	2015
	Number	Number
Employees	19	18

5 Employees (Continued)

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	528,837	501,706

6 Taxation

	2016	2015
	£	£
Current tax		
UK corporation tax on profits for the current period	151,700	147,944
Adjustments in respect of prior periods	-	(27)
Total current tax	151,700	147,917
Deferred tax		
Origination and reversal of timing differences	(1,700)	(1,011)
Total tax charge	150,000	146,906

The charge for the year can be reconciled to the profit per the income statement as follows:

	2016	2015
	£	£
Profit before taxation	747,457	710,640
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.60%)	149,491	146,392
Tax effect of expenses that are not deductible in determining taxable profit	1,042	330
Permanent capital allowances in excess of depreciation	(1,700)	(1,011)
Depreciation on assets not qualifying for tax allowances	1,167	1,195
Tax expense for the year	150,000	146,906

7 Dividends

	2016	2015
	£	£
Interim paid	650,000	1,180,000

During the year a dividend of £650,000 per share (2015: £1,180,000 per share) was paid to the company's parent company, Makan Investments Limited.

8 Property, plant and equipment

	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 September 2015	10,778	47,942	58,720
Additions	-	9,087	9,087
Disposals	-	(11,365)	(11,365)
At 31 August 2016	10,778	45,664	56,442
Depreciation and impairment			
At 1 September 2015	5,167	25,778	30,945
Depreciation charged in the year	4,899	6,269	11,168
Eliminated in respect of disposals	-	(8,218)	(8,218)
At 31 August 2016	10,066	23,829	33,895
Carrying amount			
At 31 August 2016	712	21,835	22,547
At 31 August 2015	5,611	22,164	27,775

9 Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	2,942,485	2,795,957
Carrying amount of financial liabilities		
Measured at amortised cost	744,467	845,809

10 Trade and other receivables

	2016	2015
Amounts falling due within one year:	£	£
Trade receivables	2,942,485	2,795,957
Prepayments and accrued income	167	176
	2,942,652	2,796,133
Deferred tax asset (note 13)	105	-
	2,942,757	2,796,133

11 Current liabilities

	2016 £	2015 £
Trade payables	13,692	12,982
Amounts due to related undertakings	730,775	832,827
Corporation tax	52,856	74,522
Other taxation and social security	70,402	73,322
Accruals and deferred income	34,403	51,984
	902,128	1,045,637

12 Provisions for liabilities

		2016 £	2015 £
Deferred tax liabilities	13	-	1,595
		-	1,595

13 Deferred taxation

Deferred tax assets and liabilities are offset where the 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:

Balances:	Liabilities 2016 £	Liabilities 2015 £	Assets 2016 £	Assets 2015 £
Accelerated capital allowances	-	1,595	105	-

Movements in the year:	2016 £
Liability at 1 September 2015	1,595
Credit to profit and loss	(1,700)
Liability/(Asset) at 31 August 2016	(105)

14 Share capital

	2016 £	2015 £
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	1	1

15 Related party transactions

Included within creditors at the balance sheet date are amounts due to connected undertakings of £728,447 (2015: £827,071) due to Prinwest Limited, £2,328 (2015: £4,947) due to Gorgemead Limited and £Nil (2015: £809) due to Maxearn Limited.

The above named companies are under the common control of A I Patel and Y I Patel.

16 Controlling party

The company is a wholly owned subsidiary of Makan Investments Limited. Makan Investments Limited is a company incorporated in Jersey. This company is controlled by A I Patel and Y I Patel.

17 *Cash generated from operations*

	2016	2015
	£	£
Profit for the year after tax	597,457	563,734
Adjustments for:		
Taxation charged	150,000	146,906
Loss on disposal of property, plant and equipment	2,396	-
Depreciation and impairment of property, plant and equipment	11,168	8,778
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(146,519)	452,571
(Decrease)/increase in trade and other payables	(121,843)	581,222
Cash generated from operations	492,659	1,753,211

18 Reconciliations on adoption of FRS 102

Reconciliation of equity

	1 September 2014	31 August 2015
	£	£
Equity as reported under previous UK GAAP and under FRS 102	2,921,757	2,305,491

Reconciliation of profit or loss

	2015
	£
Profit or loss as reported under previous UK GAAP and under FRS 102	563,734

Notes to reconciliations on adoption of FRS 102

There have been no changes to equity on transition to FRS102.