

**NG Healthcare Limited**

Directors' report and financial statements

for the year ended 31 March 2015

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COMPANIES HOUSE

**DAINS**  
ACCOUNTANTS

## **NG Healthcare Limited**

### **Company Information**

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**Directors**

Mr M V Thomas  
Mr S K Forrester

**Registered number**

07139177

**Registered office**

Guardian Care Centre  
Longton Road  
Trentham  
Stoke on Trent  
Staffordshire  
ST4 8FF

**Independent auditors**

Dains LLP  
Suite 2 Albion House  
2 Etruria Office Village  
Forge Lane  
Etruria  
Stoke on Trent  
ST1 5RQ

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## Business review

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and non complex nature of the business and is written in the context of the risks and uncertainties we face.

During the year the group continued to invest in the long term future of the business. The planned expansion of the centre has benefited from the construction of a state of the art unit linked to New House. This new unit when commissioned will offer 20 additional high value beds to build on the success of both Mayfield and New House in offering the most up to date facilities and services to meet the needs of complex care clients.

Demand remains strong for high value clients and as a company we see it as important that we offer referral bodies not only existing beds but the option of utilising the next generation of care facilities as we continue to strengthen our brand as one of the leading providers of specialised care in the country.

The trend is set for higher fee level clients to play a greater role in our turnover, which will ensure we continue to raise average incomes across the site as overall figures will be enhanced with the addition of increased numbers of continuing care residents.

In addition to the investment in new buildings the business has continued the programme of improvements to existing premises on the centre to ensure that they also demonstrate our commitment to maintaining high standards across all units and ensure that we continue to meet all the latest compliance and regulatory requirements. This extensive refurbishment programme has continued throughout the year and should be completed in line with the planned timetable for commissioning of the new beds at New Court.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the group as a whole; these being turnover and profit margins.

	2015 £'m	2014 £'m	2013 £'m
Turnover	8.0	7.8	8.0
Operating profit **	2.6	2.4	2.9
Profit before tax **	1.9	1.7	2.3

\*\* After adding back contributions to the employer financed retirement benefit scheme and directors salaries, adjusting for the impact of specialist consultancy fees, the settlement of the company's Employee Benefit Trust and eliminating some additional one off costs incurred as investment and the impact of refurbishment.

Turnover increased back towards previous levels despite the continuing impact of a one-off reduction in capacity at New House and Selwyn House during the period of building and refurbishment works being commissioned to improve the environment. Where possible we have been continuing with the policy of replacing local authority funded beds with continuing care beds and those funded directly by the PCT's which generate higher income per bed space.

Operating profit increased slightly during the year, but has not yet reached previous levels as a result of the ongoing investment in the business and the refurbishment programme. These initiatives whilst having increased repair costs during this period of environmental upgrade have also included significant investment in the nurse management structure, the internal management systems and a more enhanced staff training programme. These various measures have led to improved relationships with the Local Authority and the CCG.

The Directors are satisfied that the profitability will continue to support the group's activities. The Directors anticipate that turnover and underlying profitability will return to previous levels in the coming year and the opening of the new unit will further add to future profitability in the years to come.

**Business review (continued)**

The business is always keen to position itself to meet the challenges of the changing climate of the care industry. The business has continued to consult with healthcare management specialists to assist in this process as we look to enhance our ability to meet the ever changing regulatory and compliance legislation. Two new clinical leads and a care director have been appointed and independent risk assessments are undertaken regularly. Staffing levels have increased determined by clinical needs assessments and monthly internal audits benchmarking quality and compliance clearly demonstrate the quality of our services.

These investments in management auditing are essential in order to give local authorities and CQC inspectors the confidence that our service is not only compliant in today's regulatory framework, but is also on a continual improvement programme to ensure they are appropriate to meet the ever increasing demands going forward.

These are important commitments as we seek to maintain our status as one of the leading providers of care within the region and one which seeks to demonstrate we are continually looking to enhance and develop our services in order to receive the highest inspection ratings from the Care Quality Commission (CQC).

In line with many companies of our size, the business environment in which we operate continues to be challenging. In particular the growing responsibilities relating to compliance of regulations, both from local authorities and the HSE combined with ever more onerous employment laws means we have to continually upgrade our internal systems and policies to reflect the current demands being placed on us. With this ever changing environment we are mindful of the risks and uncertainties associated with our plans for future development of the business and that these may be subject to unforeseen future events outside our control. However, we will continue to show flexibility in our approach and respond to market conditions and opportunities as they arise.

**Principal risks and uncertainties**

The business' principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

*Bank balances*

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of money market facilities where funds are available. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

*Trade debtors*

Trade debtors are managed in respect of cash flow risk through regular monitoring of amounts outstanding. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

*Trade creditors*

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

*Uncertainties*

With the economy just starting to recover from a recessionary period, the group is aware that the prevailing government will be obliged to continue with an "austerity theme" and be forced to take some tough decisions on public sector spending in future years to continue to reign in the current annual deficit. We therefore will need to continue to ensure we are best prepared to meet these challenges, by maintaining our status as a preferred provider into the future. In particular should there be any further downturn in local authority or PCT budgets, which could restrict the level of individual fee rates for new resident placements it is essential that whatever placements are made, our units are considered in all referral options, as against others which may be forced off the preferred provider listings. We will therefore seek at every opportunity to engage the CQC to improve our quality and work with the local authorities and PCT's to ensure we are included on any tendering exercises and referral lists.

In contrast, we also believe that the continuing economic downturn provides opportunities as well as pain, in that the lower interest rates in the group will help maintain higher profits in the coming twelve months. In addition, companies like ours that have a strong track record can attract finance for expansion, whereas others find funding is limited, and therefore their options to compete and invest are curtailed.

This report was approved by the board and signed on its behalf.



**Mr M V Thomas**  
**Director**

Date:

16 Dec 2015

## **NG Healthcare Limited**

### **Directors' report for the year ended 31 March 2015**

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The directors present their report and the financial statements for the year ended 31 March 2015.

#### **Principal activities**

The principal activity of the group during the year is that of the development and operation of specialised care home premises. The principal activity of the company was that of a holding company.

#### **Directors**

The directors who served during the year were:

Mr M V Thomas  
Mr S K Forrester

#### **Results**

The profit for the year, after taxation, amounted to £601,673 (2014 - £680,499).

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Group 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 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 the group 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 judgments 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 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Land and buildings**

In the directors' opinion the fully operational and equipped value of the company's freehold properties, stated in the balance sheet at £27,573,077 (2014 - £25,683,561), is anticipated to be £35,000,000 to £40,000,000. If these properties were disposed of at a valuation of this order, a liability to corporation tax of circa £6,000,000 to £7,000,000 would arise.

**Employment policies**

Staff are all required to pass referencing before commencing employment and are all checked by CRB and POVA screening to ensure there are no previous incidents that could cause any concern in their suitability to work in a caring environment with vulnerable adults.

Regular meetings are held between senior management and unit managers to discuss matters of concern during operational meetings. Employees are kept well informed about the progress and position of the company by means of regular departmental meetings, newsletters and updates of the staff handbook. All staff are supported with a Human Resources Department, that is available to discuss any issues of staff welfare, sickness monitoring and discipline.

The group promotes a positive whistle blowing policy to encourage staff to bring forward any concerns that particularly effect the safeguarding of residents, patient care or that could be detrimental to the success or reputation of the company.

An employee stakeholder pension scheme is available to all new employees as required by the government and the new government auto enrol pension scheme has been introduced during 2014.

**Disabled employees**

The group is an equal opportunities employer. In addition the company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Wherever possible disabled employees receive appropriate training to promote their career development within the group. Any employees who become disabled are actively encouraged to remain within the organisation and where possible would be retrained for suitable alternative posts if they cannot continue to work within their existing roles.

**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 that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that 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 and the group's auditors are aware of that information.

This report was approved by the board and signed on its behalf.



**Mr M V Thomas**  
Director

Date:

16 Dec 2015



We have audited the financial statements of NG Healthcare Limited for the year ended 31 March 2015, set out on pages 8 to 29. 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).

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' responsibilities statement, 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 Group strategic report and the Directors' 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 31 March 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

**NG Healthcare Limited**

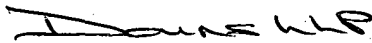
**Independent auditors' report to the shareholders of NG Healthcare Limited**

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**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.



Jonathan Dudley (Senior statutory auditor)

for and on behalf of

**Dains LLP**

Statutory Auditor

Chartered Accountants

Suite 2 Albion House

2 Etruria Office Village

Forge Lane

Etruria

Stoke on Trent

ST1 5RQ

Date: 16 December 2015

**NG Healthcare Limited**

**Consolidated profit and loss account  
for the year ended 31 March 2015**

	Note	2015 £	2014 £
<b>Turnover</b>	1,2	<b>7,956,259</b>	7,816,883
Administrative expenses		<b>(5,856,833)</b>	(6,648,219)
Exceptional administrative expenses	9	<b>(910,793)</b>	-
Total administrative expenses		<b>(6,767,626)</b>	(6,648,219)
Other operating income	3	<b>26,306</b>	20,000
<b>Operating profit</b>	4	<b>1,214,939</b>	1,188,664
Interest receivable and similar income		<b>4,397</b>	9,068
Interest payable and similar charges	8	<b>(737,199)</b>	(714,222)
<b>Profit on ordinary activities before taxation</b>		<b>482,137</b>	483,510
Tax on profit on ordinary activities	10	<b>119,536</b>	196,989
<b>Profit for the financial year</b>	20	<b>601,673</b>	680,499

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 14 to 29 form part of these financial statements.

Consolidated balance sheet  
as at 31 March 2015

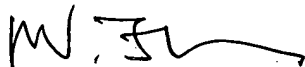
	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Intangible assets	11		(10,477,225)		(10,710,052)
Tangible assets	12		27,347,541		27,576,533
Investments	13		960,513		960,513
			<u>17,830,829</u>		<u>17,826,994</u>
<b>Current assets</b>					
Stocks	14	3,557		3,557	
Debtors	15	1,002,624		1,380,285	
Cash at bank and in hand		902,469		1,354,355	
		<u>1,908,650</u>		<u>2,738,197</u>	
<b>Creditors:</b> amounts falling due within one year	16	(6,268,493)		(7,035,274)	
<b>Net current liabilities</b>			<u>(4,359,843)</u>		<u>(4,297,077)</u>
<b>Total assets less current liabilities</b>			<u>13,470,986</u>		<u>13,529,917</u>
<b>Creditors:</b> amounts falling due after more than one year	17		(14,360,425)		(14,979,518)
<b>Provisions for liabilities</b>					
Deferred tax	18		-		(41,511)
<b>Net liabilities</b>			<u>(889,439)</u>		<u>(1,491,112)</u>
<b>Capital and reserves</b>					
Called up share capital	19		502		502
Profit and loss account	20		(889,942)		(1,491,615)
<b>Shareholders' deficit</b>	21		<u>(889,440)</u>		<u>(1,491,113)</u>
<b>Minority interests</b>	22		<u>1</u>		<u>1</u>
			<u>(889,439)</u>		<u>(1,491,112)</u>

**NG Healthcare Limited**

**Consolidated balance sheet (continued)  
as at 31 March 2015**

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



**Mr M V Thomas**  
Director

Date:

16 Dec 2015.

The notes on pages 14 to 29 form part of these financial statements.

Company balance sheet  
as at 31 March 2015

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Tangible assets	12		8,548,527		1,857,813
Investments	13		14,398,508		14,398,508
			<u>22,947,035</u>		<u>16,256,321</u>
<b>Current assets</b>					
Debtors	15	130,281		1,850,206	
Cash at bank		16,208		16,252	
		<u>146,489</u>		<u>1,866,458</u>	
<b>Creditors: amounts falling due within one year</b>	16	(8,302,760)		(2,480,043)	
<b>Net current liabilities</b>			<u>(8,156,271)</u>		<u>(613,585)</u>
<b>Total assets less current liabilities</b>			<u>14,790,764</u>		<u>15,642,736</u>
<b>Creditors: amounts falling due after more than one year</b>	17		<u>(14,360,425)</u>		<u>(14,979,518)</u>
<b>Net assets</b>			<u><u>430,339</u></u>		<u><u>663,218</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		502		502
Profit and loss account	20		429,837		662,716
<b>Shareholders' funds</b>	21		<u><u>430,339</u></u>		<u><u>663,218</u></u>

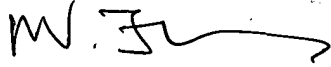
**NG Healthcare Limited**

**Company balance sheet (continued)  
as at 31 March 2015**

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

**Mr M V Thomas**  
Director



16 Dec 2015

Date:

The notes on pages 14 to 29 form part of these financial statements.

**NG Healthcare Limited**

**Consolidated cash flow statement  
for the year ended 31 March 2015**

	Note	2015 £	2014 £
Net cash flow from operating activities	23	1,015,800	2,907,546
Returns on investments and servicing of finance	24	(732,802)	(705,154)
Taxation		(111,500)	(71,250)
Capital expenditure and financial investment	24	(38,312)	(1,803,549)
<b>Cash inflow before financing</b>		<b>133,186</b>	<b>327,593</b>
Financing	24	(585,072)	(585,632)
<b>Decrease in cash in the year</b>		<b>(451,886)</b>	<b>(258,039)</b>

**Reconciliation of net cash flow to movement in net funds/debt  
for the year ended 31 March 2015**

	2015 £	2014 £
Decrease in cash in the year	(451,886)	(258,039)
Cash outflow from decrease in debt and lease financing	585,072	585,632
<b>Change in net debt resulting from cash flows</b>	<b>133,186</b>	<b>327,593</b>
Other non-cash changes	-	253,781
<b>Movement in net debt in the year</b>	<b>133,186</b>	<b>581,374</b>
Net debt at 1 April 2014	(14,210,235)	(14,791,609)
<b>Net debt at 31 March 2015</b>	<b>(14,077,049)</b>	<b>(14,210,235)</b>

The notes on pages 14 to 29 form part of these financial statements.



**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

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

**1.2 Going concern**

The balance sheet of the company shows net current liabilities of £8,156,271.

The balance sheet of the group shows net current liabilities of £4,359,843 and net liabilities of £889,439 at the balance sheet date.

Having reviewed the ongoing performance of the company and the group and also considered the ongoing relationship with the group's bankers and the fact that £4,448,043 of creditors due in less than one year are due to related parties, the directors consider it appropriate to prepare the financial statements of NG Healthcare Limited on a going concern basis.

**1.3 Basis of consolidation**

The financial statements consolidate the accounts of NG Healthcare Limited and all of its subsidiary undertakings ('subsidiaries').

**1.4 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year.

**1.5 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

- |                     |                                     |
|---------------------|-------------------------------------|
| - Negative goodwill | - Straight line basis over 50 years |
|---------------------|-------------------------------------|

**1. Accounting policies (continued)**

**1.6 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Straight line basis over 50 years
Motor vehicles	-	25% reducing balance
Fixtures & fittings	-	5 to 15 years straight line
Assets under construction	-	Nil

Land is not depreciated.

**1.7 Investments**

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**  
Investments held as fixed assets are shown at cost less provision for impairment.

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.9 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**1.10 Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

**1. Accounting policies (continued)**

**1.11 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**1.12 The Nightingale Employer Financed Retirement Benefit Scheme ("EFRBS")**

On 2 August 2013 the Company established an EFRBS for the benefit of its officers, employees and their wider families, The Nightingale Group Limited 2013 EFRBS ('the Scheme').

In accordance with UITF Abstract 32 'Employee Benefit Trusts and other intermediate payment arrangements', the Company does not include the assets and liabilities of the Scheme on its balance sheet to the extent that it considers that it will not retain any future economic benefit from the assets of the Scheme and will not have control of the rights or other access to those future economic benefits.

Contributions to The Nightingale EFRBS are charged to the profit and loss account as paid.

**2. Turnover**

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

All turnover arose within the United Kingdom.

**3. Other operating income**

	2015 £	2014 £
Other operating income	6,306	-
Sundry income	20,000	20,000
	<u>26,306</u>	<u>20,000</u>

**4. Operating profit**

The operating profit is stated after charging:

	2015 £	2014 £
Amortisation	(232,827)	(232,827)
Depreciation of tangible fixed assets:		
- owned by the group	262,904	302,055
Staff pension costs	13,840	1,000,200
	<u>26,306</u>	<u>20,000</u>

**NG Healthcare Limited**

**Notes to the financial statements  
for the year ended 31 March 2015**

**5. Auditors' remuneration**

	2015 £	2014 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	2,000	2,000
Fees payable to the company's auditor and its associates in respect of:		
The auditing of accounts of subsidiaries of the company	19,000	19,000
Taxation compliance services	2,000	2,000
All other non-audit services not included above	8,800	8,800
	<u>29,000</u>	<u>29,000</u>

**6. Staff costs**

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

	2015 £	2014 £
Wages and salaries	3,554,928	3,753,153
Social security costs	199,721	264,622
Other pension costs	13,840	1,000,200
	<u>3,768,489</u>	<u>5,017,975</u>

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

	2015 No.	2014 No.
Number of administrative staff	10	11
Number of nursing staff	293	315
	<u>303</u>	<u>326</u>

The group also incurred agency staff costs of £792,599 (2014 - £306,716).

Other pension costs includes £nil (2014 - £1,000,200) contribution to The Nightingale Group Limited 2013 EFRBS for the general benefit of employees.

**NG Healthcare Limited****Notes to the financial statements  
for the year ended 31 March 2015****7. Directors' remuneration**

	2015 £	2014 £
Remuneration	<u>200,772</u>	<u>398,029</u>

The highest paid director received remuneration of £119,326 (2014 - £210,667).

On 2 August 2013 the Company, in order to motivate and incentivise its officers and employees, established an employer financed retirement benefit scheme for the benefit of the Company's officers, employees and their wider families, The Nightingale Group Limited 2013 EFRBS ('the Scheme').

Contributions were made to the Scheme during the prior accounting period and these created value in that Scheme. The amount of such value which is held on terms which are discretionary is £990,050. Because the value created in the Scheme is held on terms which are discretionary and no earmarking has yet taken place, it is not considered that these amounts can be regarded as directors' remuneration and, therefore, these amounts have been excluded from the overall figure above and the remuneration of the highest paid director.

**8. Interest payable**

	2015 £	2014 £
On bank loans and overdrafts	558,351	570,929
On other loans	178,758	143,293
Other interest payable	90	-
	<u>737,199</u>	<u>714,222</u>

**9. Exceptional administrative expenses**

	2015 £	2014 £
Employee Benefit Trust settlement	<u>910,793</u>	<u>-</u>

On the 20 November 2014, the group settled its Employee Benefit Trust. Following discussions with HM Revenue and Customs, this settlement resulted in a net cost to the group of £910,793.

10. Taxation

	2015 £	2014 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	48,300	-
Adjustments in respect of prior periods	17,277	-
<b>Total current tax</b>	<b>65,577</b>	-
<b>Deferred tax</b> (see note 18)		
Origination and reversal of timing differences	(185,113)	(196,989)
<b>Tax on profit on ordinary activities</b>	<b>(119,536)</b>	<b>(196,989)</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 21% (2014 - 23%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	482,137	483,510
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 23%)	101,249	111,207
<b>Effects of:</b>		
Non taxable consolidation adjustments	(11,313)	9,305
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	132,914	36,231
Capital allowances for year less than/ (in excess) of depreciation	14,198	(31,891)
Losses utilised	(30,407)	(341,675)
Adjustments to tax charge in respect of prior periods	17,277	-
Unrelieved tax losses carried forward	-	216,823
Other tax charge (relief) on exceptional items	(156,748)	-
Marginal relief	(1,593)	-
<b>Current tax charge for the year</b> (see note above)	<b>65,577</b>	-

**Factors that may affect future tax charges**

No provision has been made for deferred tax on gains recognised on acquisition of property at fair value.

**NG Healthcare Limited**

**Notes to the financial statements  
for the year ended 31 March 2015**

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**11. Intangible fixed assets**

<b>Group</b>	<b>Goodwill</b>
<b>Cost</b>	<b>£</b>
At 1 April 2014 and 31 March 2015	<u>(11,641,360)</u>
<b>Amortisation</b>	
At 1 April 2014	(931,308)
Charge for the year	<u>(232,827)</u>
At 31 March 2015	<u>(1,164,135)</u>
<b>Net book value</b>	
At 31 March 2015	<u>(10,477,225)</u>
At 31 March 2014	<u>(10,710,052)</u>

**NG Healthcare Limited**

**Notes to the financial statements  
for the year ended 31 March 2015**

**12. Tangible fixed assets**

<b>Group</b>	<b>Freehold property £</b>	<b>Assets under construction £</b>	<b>Motor vehicles £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 April 2014	26,701,829	1,857,813	37,850	1,008,998	29,606,490
Additions	-	31,703	-	2,209	33,912
At 31 March 2015	26,701,829	1,889,516	37,850	1,011,207	29,640,402
<b>Depreciation</b>					
At 1 April 2014	1,018,268	-	31,741	979,948	2,029,957
Charge for the year	245,191	-	1,527	16,186	262,904
At 31 March 2015	1,263,459	-	33,268	996,134	2,292,861
<b>Net book value</b>					
At 31 March 2015	25,438,370	1,889,516	4,582	15,073	27,347,541
At 31 March 2014	25,683,561	1,857,813	6,109	29,050	27,576,533

Included in freehold property is freehold land at valuation of £3,000,000 (2014 - £3,000,000) which is not depreciated.

<b>Company</b>	<b>Freehold property £</b>	<b>Assets under construction £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2014	-	1,857,813	1,857,813
Additions	6,725,242	31,703	6,756,945
At 31 March 2015	6,725,242	1,889,516	8,614,758
<b>Depreciation</b>			
At 1 April 2014	-	-	-
Charge for the year	66,231	-	66,231
At 31 March 2015	66,231	-	66,231
<b>Net book value</b>			
At 31 March 2015	6,659,011	1,889,516	8,548,527
At 31 March 2014	-	1,857,813	1,857,813

Included in freehold property is freehold land at valuation of £3,000,000 which is not depreciated.



13. Fixed asset investments

Group	Other fixed asset investments £
<b>Cost or valuation</b>	
At 1 April 2014 and 31 March 2015	960,513
<b>Net book value</b>	
At 31 March 2015	960,513
At 31 March 2014	960,513

The group has previously invested £350,000, £355,513 and £255,000 in Pangorda Productions LLP, Big Screen Productions 21 LLP and Integrated Planning Opportunities No. 17 LLP respectively. The company has neither dominance, influence or control, nor significant influence over each LLP.

Company	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 April 2014 and 31 March 2015	14,398,508
<b>Net book value</b>	
At 31 March 2015	14,398,508
At 31 March 2014	14,398,508

Details of the subsidiaries can be found under note number 30.

14. Stocks

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Stock	3,557	3,557	-	-

**NG Healthcare Limited**

**Notes to the financial statements  
for the year ended 31 March 2015**

**15. Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	143,677	209,713	-	-
Amounts owed by group undertakings	-	-	-	1,713,095
Directors current accounts	684,148	1,137,862	-	-
Other debtors	959	901	2	2
Prepayments and accrued income	30,238	31,809	-	-
Deferred tax asset (see note 18)	143,602	-	130,279	137,109
	<b>1,002,624</b>	<b>1,380,285</b>	<b>130,281</b>	<b>1,850,206</b>

**16. Creditors:  
Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	619,093	585,072	619,093	585,072
Trade creditors	663,681	764,147	-	-
Amounts owed to group undertakings	-	-	5,712,899	-
Corporation tax	48,300	94,223	-	-
Other taxation and social security	82,345	75,682	-	-
Directors' loan accounts	352,452	-	-	-
Other creditors	4,411,728	5,348,484	1,970,768	1,894,971
Accruals and deferred income	90,894	167,666	-	-
	<b>6,268,493</b>	<b>7,035,274</b>	<b>8,302,760</b>	<b>2,480,043</b>

The bank loan is secured by a fixed and floating charge over all assets of Nightingale Group Limited.

The loan was taken out on the 31 March 2011 and is amortising to zero over 20 years including 12 month capital repayment holiday with a lending margin of 1.53% above 3 month LIBOR.

Bank loans are stated net of loan fees paid on issue.

**NG Healthcare Limited**

**Notes to the financial statements  
for the year ended 31 March 2015**

**17. Creditors:  
Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	<b>14,360,425</b>	14,979,518	<b>14,360,425</b>	14,979,518

Included within the above are amounts falling due as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Between one and two years</b>				
Bank loans	<b>659,703</b>	619,093	<b>659,703</b>	619,093
<b>Between two and five years</b>				
Bank loans	<b>13,700,722</b>	2,107,574	<b>13,700,722</b>	2,107,574
<b>Over five years</b>				
Bank loans	-	12,252,851	-	12,252,851

Creditors include amounts not wholly repayable within 5 years as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Repayable by instalments	-	12,252,851	-	12,252,851

The bank loan is secured by a fixed and floating charge over all assets of Nightingale Group Limited.

The loan was taken out on the 31 March 2011 and is amortising to zero over 20 years including 12 month capital repayment holiday with a lending margin of 1.53% above 3 month LIBOR.

Bank loans are stated net of loan fees paid on issue.

**18. Deferred taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning of year	<b>(41,511)</b>	(238,500)	<b>137,109</b>	-
Released during/(charge for) the year (P&L)	<b>185,113</b>	196,989	<b>(6,830)</b>	137,109
At end of year	<b>143,602</b>	(41,511)	<b>130,279</b>	137,109

**NG Healthcare Limited**

**Notes to the financial statements  
for the year ended 31 March 2015**

**18. Deferred taxation (continued)**

The deferred taxation balance is made up as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accelerated capital allowances	<b>14,671</b>	237,854	<b>27,490</b>	28,548
Tax losses	<b>(157,769)</b>	(196,064)	<b>(157,769)</b>	(165,657)
Short term timing differences	<b>(504)</b>	(279)	-	-
	<b>(143,602)</b>	41,511	<b>(130,279)</b>	(137,109)

**19. Share capital**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Allotted, called up and fully paid</b>		
502 Ordinary shares shares of £1 each	<b>502</b>	502

**20. Reserves**

<b>Group</b>	<b>Profit and loss account £</b>
At 1 April 2014	(1,491,615)
Profit for the financial year	601,673
At 31 March 2015	<b>(889,942)</b>
<b>Company</b>	<b>Profit and loss account £</b>
At 1 April 2014	662,716
Loss for the financial year	(232,879)
At 31 March 2015	<b>429,837</b>

**NG Healthcare Limited****Notes to the financial statements  
for the year ended 31 March 2015****21. Reconciliation of movement in shareholders' deficit**

	2015 £	2014 £
<b>Group</b>		
Opening shareholders' deficit	(1,491,113)	(2,171,612)
Profit for the financial year	601,673	680,499
Closing shareholders' deficit	<u>(889,440)</u>	<u>(1,491,113)</u>
	2015 £	2014 £
<b>Company</b>		
Opening shareholders' funds	663,218	274,144
(Loss)/profit for the financial year	(232,879)	389,074
Closing shareholders' funds	<u>430,339</u>	<u>663,218</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The loss for the year dealt with in the accounts of the company was £232,879 (2014 - profit of £389,074).

**22. Minority interests**

Minority interests relates to one B ordinary share held in trust with no voting rights, nor any capital rights other than its £1 nominal value.

**23. Net cash flow from operating activities**

	2015 £	2014 £
Operating profit	1,214,939	1,188,664
Amortisation of intangible fixed assets	(232,827)	(232,827)
Depreciation of tangible fixed assets	262,904	302,055
Decrease/(increase) in debtors	521,263	(661,758)
(Decrease)/increase in creditors	(750,479)	2,311,412
Net cash inflow from operating activities	<u>1,015,800</u>	<u>2,907,546</u>

**24. Analysis of cash flows for headings netted in cash flow statement**

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest received	4,397	9,068
Interest paid	(737,199)	(714,222)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(732,802)</b>	<b>(705,154)</b>
	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(38,312)	(1,548,549)
Purchase of unlisted and other investments	-	(255,000)
<b>Net cash outflow from capital expenditure</b>	<b>(38,312)</b>	<b>(1,803,549)</b>
	2015 £	2014 £
<b>Financing</b>		
Repayment of loans	(585,072)	(585,632)

**25. Analysis of changes in net debt**

	1 April 2014 £	Cash flow £	Other non-cash changes £	31 March 2015 £
Cash at bank and in hand	1,354,355	(451,886)	-	902,469
<b>Debt:</b>				
Debts due within one year	(585,072)	585,072	(619,093)	(619,093)
Debts falling due after more than one year	(14,979,518)	-	619,093	(14,360,425)
<b>Net debt</b>	<b>(14,210,235)</b>	<b>133,186</b>	<b>-</b>	<b>(14,077,049)</b>

**26. Major non-cash transactions**

Other non-cash changes includes £42,296 of loan fees included within debts due within one year and after more than one year.

**27. Capital commitments**

At 31 March 2015 the group and company had capital commitments as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Contracted for but not provided in these financial statements	-	488,885	-	488,885

**28. Related party transactions**

Nightingale Capital Limited is a related party as the directors and shareholders of this group are the 100% shareholders of that company. During the year the group has received monies totalling £278,135 (2014 - £3,276,745) on behalf of Nightingale Capital Limited. The group made payments totalling £1,362,370 (2014 - £685,833) on behalf Nightingale Capital Limited. There was also a management charge made to Nightingale Capital Limited of £20,000 (2014 - £20,000) for services rendered during the period and interest of £178,758, charged by Nightingale Capital Limited on loan balances due. The group owed £4,095,591 (2014 - £5,021,068) to Nightingale Capital Limited at the balance sheet date.

**Directors' loan accounts**

Mr M V Thomas was owed by the group £352,452 (2014 - owed the group £57,967) at the balance sheet date. Total debits to the loan account during the year amounted to £414,691 (2014 - £728,839). Total credits to the loan account during the year amounted to £808,610 (2014 - £243,132). The maximum overdrawn balance during the year was £83,662. No interest was charged during the year.

Mr S K Forrester owed the group £684,148 (2014 - £1,079,895) at the balance sheet date. Total debits to the loan account during the year amounted to £387,656 (2014 - £966,623). Total credits to the loan account during the year amounted to £758,403 (2014 - £433,013). The maximum overdrawn balance during the year was £1,117,560. No interest was charged during the year.

**Transactions with directors**

During the year the group paid rent of £22,500 (2014 - £22,500) to Mr M V Thomas and rent of £22,500 (2014 - £22,500) to Mr S K Forrester in respect of property owned by the directors at full market value.

NG Healthcare Limited has taken advantage of the exemption provided in Financial Reporting Standard No. 8 "Related Party Transactions" not to disclose transactions with wholly owned group companies.

**29. Controlling party**

The directors do not consider there to be an ultimate controlling party.

**30. Subsidiaries**

**a. Principal subsidiary**

<b>Company name</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Description</b>
Nightingale Group Limited	UK	100 %	Develops and operates specialised care home premises.

**b. Indirectly held subsidiary**

<b>Company name</b>	<b>Country</b>	<b>Percentage Shareholding</b>	<b>Description</b>
Restfold Nursing Care Limited	UK	100 %	Dormant