

GCP HEALTHCARE 1 LIMITED

AUDITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MARCH 2016**



Chartered Accountants and
Chartered Tax Advisers
Statutory Auditors

GCP HEALTHCARE 1 LIMITED

COMPANY INFORMATION

DIRECTORS

Mr S C J Ellis
Mr R Kierans
Mr R A J Wright

REGISTERED NUMBER

07577634

REGISTERED OFFICE

Munro House
Portsmouth Road
Cobham
Surrey
KT11 1PP

INDEPENDENT AUDITORS

Wellden Turnbull Ltd
Chartered Accountants & Statutory Auditors
Munro House
Portsmouth Road
Cobham
Surrey
KT11 1PP

GCP HEALTHCARE 1 LIMITED

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GCP HEALTHCARE 1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing 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 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 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 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.

PRINCIPAL ACTIVITY

The company's principal activity during the year continued to be that of providing finance.

DIRECTORS

The directors who served during the year were:

Mr S C J Ellis
Mr R Kierans
Mr R A J Wright

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'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's auditors are aware of that information.

GCP HEALTHCARE 1 LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 24 November 2016 and signed on its behalf.

Mr R Kierans
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GCP HEALTHCARE 1 LIMITED

We have audited the financial statements of GCP Healthcare 1 Limited for the year ended 31 March 2016, set out on pages 5 to 16. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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 Financial Reporting Council'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 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 Company's affairs as at 31 March 2016 and of its profit or 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.

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of

the disclosure made in note 2.2 of the financial statements concerning the company's ability to continue as a

going concern. The net liability position and uncertainty regarding cash flows from the principal debtor, explained in note 2.2 of the financial statements, indicates the existence of a material uncertainty which may cast doubt upon the ability of the company to continue as a going concern. In the directors' opinion the cash reserves and deferral agreement with the creditors will enable the company to meet its liabilities as they fall due so there is a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly the directors consider the going concern basis should be adopted in the preparation of the financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GCP HEALTHCARE 1 LIMITED (CONTINUED)

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with those accounts. In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors Report.

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

Robin John FCA CTA (Senior statutory auditor)

for and on behalf of
Wellden Turnbull Ltd

Chartered Accountants
Statutory Auditors

Munro House
Portsmouth Road
Cobham
Surrey
KT11 1PP

24 November 2016

GCP HEALTHCARE 1 LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	As restated 2015 £
Turnover	4	3,089,712	2,812,360
Cost of sales		(3,371,558)	(3,265,642)
GROSS LOSS		<u>(281,846)</u>	<u>(453,282)</u>
Administrative expenses		(28,680)	(17,874)
OPERATING LOSS	5	<u>(310,526)</u>	<u>(471,156)</u>
Income from shares in group undertakings		-	127,214
Income from participating interests		-	2,500
Amounts written off investments		-	(1,311,368)
LOSS BEFORE TAX		<u>(310,526)</u>	<u>(1,652,810)</u>
Tax on loss	8	-	-
LOSS AFTER TAX		<u><u>(310,526)</u></u>	<u><u>(1,652,810)</u></u>
Retained earnings at the beginning of the year		(3,130,767)	(1,477,957)
Loss for the year		<u>(310,526)</u>	<u>(1,652,810)</u>
RETAINED EARNINGS AT THE END OF THE YEAR		<u><u>(3,441,293)</u></u>	<u><u>(3,130,767)</u></u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of income and retained earnings.

The notes on pages 7 to 16 form part of these financial statements.

GCP HEALTHCARE 1 LIMITED
REGISTERED NUMBER: 07577634

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Investments	9		50,000		1,510,460
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	10	32,300,484		32,403,546	
Debtors: amounts falling due within one year	10	1,134,820		278,948	
Cash at bank and in hand	11	816,814		1,880,483	
		<u>34,252,118</u>		<u>34,562,977</u>	
Creditors: amounts falling due within one year	12	(2,621,328)		(4,225,962)	
NET CURRENT ASSETS			<u>31,630,790</u>		<u>30,337,015</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>31,680,790</u>		<u>31,847,475</u>
Creditors: amounts falling due after more than one year	13		(35,121,083)		(34,977,242)
NET LIABILITIES			<u>(3,440,293)</u>		<u>(3,129,767)</u>
CAPITAL AND RESERVES					
Called up share capital	15		1,000		1,000
Profit and loss account	16		(3,441,293)		(3,130,767)
			<u>(3,440,293)</u>		<u>(3,129,767)</u>

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

Mr R Kierans
Director

Date: 24 November 2016

The notes on pages 7 to 16 form part of these financial statements.

GCP HEALTHCARE 1 LIMITED

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

1. GENERAL INFORMATION

GCP Healthcare 1 Limited is a private company, limited by shares, domiciled in England and Wales, registered number 07577634. The registered office is Munro House, Portsmouth Road, Cobham, Surrey KT11 1PP.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared 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 18.

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:

2.2 Going Concern

The company has made a loss and has net liabilities at the balance sheet date. The prior year loss includes one-off impairments to the investments in subsidiary and associated undertakings totalling £1,311,368.

The interest payable and receivable is based on the effective rate of interest over the loan term. In earlier years there was less interest receivable than payable. The directors have prepared a cash flow forecast for the next nine years, which takes a prudent assumption that no variable dividend income will be received. This confirms that the company would have sufficient cash to meet its liabilities as they fall due from interest receivable if all such interest payments are received. However, forecasts from the principal debtor indicate it may not be able to meet all interest payments as they fall due. Based on these forecasts it is anticipated that there may be some periods of deficit, but the company is working with the debtor to find a solution and has sufficient cash reserves available to cover the forecast deficit for the next nine years if required. The company has obtained a deferral agreement from its loan note creditors to enable the company to defer fixed interest payments for a period of up to 12 months from the due date and has agreed that it can roll up interest until the end of the loan term for the junior loan.

The directors have concluded that there is a material uncertainty about future cash flows that casts significant doubt upon the company's ability to continue as a going concern in the longer term. Nevertheless, after making enquiries and considering the uncertainty described above, the directors have a reasonable expectation that the company has adequate financial resources to continue in operational existence for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the financial statements.

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

2. ACCOUNTING POLICIES (continued)

2.3 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 33 Related Party Disclosures paragraph 33.7.
- the requirements of Section 11 Basic Financial Instruments paragraph 11.41(b), 11.41(e), 11.42, 11.47, 11.48(a)(iii), 11.48(a)(iv) and 11.48(b).

This information is included in the consolidated financial statements of GCP Intermediary Holdings Limited as at 31 March 2016 and these financial statements may be obtained from Companies House or from Munro House, Portsmouth Road, Cobham, KT11 1PP.

The company has also taken advantage of Section 33 paragraph 1A not to disclose transactions with wholly owned group members.

2.4 Turnover

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest receivable

Interest receivable is recognised using the effective interest method, which takes into account related fees and transaction costs.

2.5 Associates

Associates are held at cost less impairment.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

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

2.8 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.

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

2. ACCOUNTING POLICIES (continued)

2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities, which comprise trade and other accounts receivable and payable, loans receivable and payables and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at transaction price including transaction costs 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.

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 Profit and Loss Account.

2.10 Creditors

Short term creditors are measured at the transaction price. Loans payable to third parties are measured initially at the amount of cash received less transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Interest payable

Interest payable is recognised using the effective interest method, which takes into account related fees and transaction costs. Interest payable is included within cost of sales as it is directly attributable to the interest receivable included in revenue.

3.

JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date that has a risk of causing a material adjustment to the carrying amount of the loan debtor and loan creditor are future inflation rates.

The loan principals are subject to annual inflation indexation based on the Retail Price Index ("RPI") if inflation exceeds 2.5% in a given year equal to half the excess over 2.5%.

Loans are stated at amortised cost and the effective interest rate calculations are based on the directors' assumption that inflation will not exceed 2.5% per annum over the remaining loan term. If inflation was considerably in excess of 2.5% there could be a material impact on the carrying value of the loan

Estimates and judgements are continually evaluated and are based on historical experience, independent forecasts and other factors that are believed to be reasonable under the circumstances.

The loan interest receivable and payable calculations and the amortised cost balances for other loans receivable and payable assume that all future loan capital and interest receipts and payments will be in accordance with the current loan agreements for the remaining loan term.

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

4. TURNOVER

An analysis of turnover by class of business is as follows:

	2016 £	As restated 2015 £
Interest receivable	<u>3,089,712</u>	<u>2,812,360</u>

All turnover arose within the United Kingdom.

5. OPERATING LOSS

The operating loss is stated after charging:

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>8,500</u>	<u>7,750</u>

During the year, no director received any emoluments (2015 - £NIL).

6. AUDITORS' REMUNERATION

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	<u>8,500</u>	<u>7,750</u>
	<u>8,500</u>	<u>7,750</u>

**FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS ASSOCIATES IN RESPECT
OF:**

Other services relating to taxation	6,887	600
All other services	<u>6,020</u>	<u>1,700</u>
	<u>12,907</u>	<u>2,300</u>

7. EMPLOYEES

Staff costs were as follows:

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

	2016 No.	2015 No.
Directors	<u>3</u>	<u>3</u>

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

8. TAXATION**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

There is no corporation tax liability due to the loss in the current year.

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

9. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £	Investments in associates £	Total £
COST OR VALUATION			
At 1 April 2015	1,460,460	50,000	1,510,460
Disposals	(1,460,460)	-	(1,460,460)
At 31 March 2016	-	50,000	50,000
NET BOOK VALUE			
At 31 March 2016	-	50,000	50,000
At 31 March 2015	1,460,460	50,000	1,510,460

During the year the subsidiary undertaking transferred its assets to the company and was wound up

following a share capital reduction on 22 September 2015.

Investments in associated undertakings are stated at estimated net present value of dividend income based on latest available forecasts, following an impairment recognised in the prior year.

SUBSIDIARY UNDERTAKINGS

The following was a subsidiary undertaking of the Company, prior to disposal:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Infrastructure Intermediaries No. 1 Class D Limited	England & Wales	Ordinary	100 %	Providing finance

GCP HEALTHCARE 1 LIMITED

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

9. FIXED ASSET INVESTMENTS (CONTINUED)

PARTICIPATING INTERESTS

ASSOCIATES

Name	Country of incorporation	Class of shares	Holding	Principal activity
Caring 4 Croydon Holding Limited	England and Wales	Ordinary	25%	Holding Comapny
Young Herts Holdings Limited	England and Wales	Ordinary	25%	Holding Company

	2016 £	2015 £
Share of income	-	2,500
Share of net assets	<u>5,000</u>	<u>5,000</u>

10. DEBTORS

	2016 £	As restated 2015 £
DUE AFTER MORE THAN ONE YEAR		
Other debtors	<u>32,300,484</u>	<u>32,403,546</u>
	2016 £	As restated 2015 £
DUE WITHIN ONE YEAR		
Other debtors	<u>1,134,820</u>	<u>278,948</u>

Other debtors comprise loans receivable stated at amortised cost.

11. CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	<u>816,813</u>	<u>1,880,483</u>

GCP HEALTHCARE 1 LIMITED

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

12. CREDITORS: Amounts falling due within one year

	2016 £	As restated 2015 £
Other loans	2,606,087	2,175,708
Amounts owed to group undertakings	-	1,601,857
Other creditors	-	429,436
Accruals and deferred income	15,241	18,961
	<u>2,621,328</u>	<u>4,225,962</u>

13. CREDITORS: Amounts falling due after more than one year

	2016 £	As restated 2015 £
Other loans	<u>35,121,083</u>	<u>34,977,242</u>

Other loans comprise loan notes stated at amortised cost, which are repayable in instalments.

The loan notes are secured by a debenture over all assets of the company, present and future.

14. LOANS

Analysis of the maturity of loans is given below:

	2016 £	As restated 2015 £
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Other loans	<u>2,606,087</u>	<u>2,175,708</u>
AMOUNTS FALLING DUE 1-2 YEARS		
Other loans	<u>68,646</u>	<u>75,565</u>
AMOUNTS FALLING DUE 2-5 YEARS		
Other loans	<u>227,290</u>	<u>211,194</u>
AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS		
Other loans	<u>34,825,147</u>	<u>34,690,483</u>

GCP HEALTHCARE 1 LIMITED

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

15. SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

16. RESERVES

Profit and loss account

The profit and loss account represents cumulative profits and losses net of all adjustments.

17. CONTROLLING PARTY

The company's immediate parent undertaking is GCP Intermediary Holdings Limited. The ultimate controlling party is Gravis Capital Partners LLP, which holds the shares in GCP Intermediary Holdings

Limited on trust for charities at its discretion.

GCP HEALTHCARE 1 LIMITED

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

18. FIRST TIME ADOPTION OF FRS 102

	Note	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Fixed assets		1,510,460	-	1,510,460
Current assets		34,000,761	562,216	34,562,977
Creditors: amounts falling due within one year		(4,374,128)	148,166	(4,225,962)
NET CURRENT ASSETS		<u>29,626,633</u>	<u>710,382</u>	<u>30,337,015</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,137,093</u>	<u>710,382</u>	<u>31,847,475</u>
Creditors: amounts falling due after more than one year		(34,537,701)	(439,541)	(34,977,242)
NET LIABILITIES		<u>(3,400,608)</u>	<u>270,841</u>	<u>(3,129,767)</u>
Capital and reserves		<u>(3,400,608)</u>	<u>270,841</u>	<u>(3,129,767)</u>

GCP HEALTHCARE 1 LIMITED

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

18. FIRST TIME ADOPTION OF FRS 102 (CONTINUED)

	Note	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Turnover		2,777,116	35,244	2,812,360
Cost of sales		(3,232,960)	(32,682)	(3,265,642)
		(455,844)	2,562	(453,282)
Administrative expenses		(17,874)	-	(17,874)
OPERATING PROFIT		(473,718)	2,562	(471,156)
Income from shares in group undertakings		129,714	-	129,714
Amounts written off investments		(1,311,368)	-	(1,311,368)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR		<u>(1,655,372)</u>	<u>2,562</u>	<u>(1,652,810)</u>

Explanation of changes to previously reported profit and equity:

1 Under FRS102 loan assets and loans creditors are stated at amortised cost using the effective interest rate method. The loans are initially measured at transaction price less loan arrangement fees. Under FRSSE the loans receivable and payable were stated at book cost less arrangement fees released over the loan term.

The difference between interest paid and due on an accruals basis was included as a separate accrual under FRSSE rather than an adjustment to the loan balance under FRS102.

The loans receivable and payable have been restated to be valued at amortised cost, which includes accrued interest under the effective interest rate method. The separate accruals for interest receivable and payable have been removed. The overall balance sheet impact is just a reclassification of some balances between greater and less than one year with the recalculation of the loan balances over the loan term on an amortised cost basis.

Turnover mainly comprises interest receivable, which had previously been recognised on an accruals basis based on the fixed interest rate in the loan agreement. Interest receivable is now calculated and recognised using the effective interest rate method.

Cost of sales mainly comprises interest payable, which had previously been recognised on an accruals basis based on the fixed interest rate in the loan agreement. Interest payable is now calculated and recognised using the effective interest rate method.

The changes to the prior year interest receivable and payable figures using the effective interest rate method are materially different from the approved financial statement. As such changes have been made to the prior year profit and loss account.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.