

Registered number: 03192708

**EUROPEAN HEALTHCARE OPERATIONS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**



**BAGINSKY COHEN**  
**CHARTERED ACCOUNTANTS**

## **EUROPEAN HEALTHCARE OPERATIONS LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	B.C. FREEMAN A. CHIANG
<b>Company secretary</b>	A.J. BURGESS
<b>Registered number</b>	03192708
<b>Registered office</b>	930 HIGH ROAD NORTH FINCHLEY LONDON N12 9RT
<b>Independent auditors</b>	BAGINSKY COHEN CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS 930 HIGH ROAD LONDON N12 9RT
<b>Bankers</b>	NATIONAL WESTMINSTER BANK PLC 1ST FLOOR, RAPID HOUSE 40 OXFORD ROAD HIGH WYCOMBE BUCKINGHAMSHIRE HP11 2EE

# EUROPEAN HEALTHCARE OPERATIONS LIMITED

## CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditors' report	3 - 5
Statement of comprehensive income	6
Balance sheet	7
Statement of changes in equity	8 - 9
Notes to the financial statements	10 - 19

## EUROPEAN HEALTHCARE OPERATIONS LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The Company owns and operates facilities for the care of the elderly. Formed in 1996, there are currently three homes in the portfolio.

It is the unique character of each home, fashioned by the interaction of its residents, staff and ambience that will build long-term value and a sustainable business in a sector that continues to be under close scrutiny from regulators, the media and the general public.

The objectives of the Company are achieved by the balanced investment of resources into:

- improvements to care practises and quality assurance programmes;
- mandatory and specialised training, development and mentoring of staff
- regular capital expenditure, refurbishment and upgrade works at each site.

Executive management guidance through group care and human resources, training and health and safety support home management, set standards and provide continuity.

The key performance indicators relevant at this time are the Care Quality Commission's Ratings of each facility, the number of available beds per day, average occupancy of the beds expressed as a percentage and Group EBITDA and cash flow.

The well publicised difficulty in recruiting senior care staff across the healthcare sector (including qualified nurses), has resulted in the extensive use of agency staff and this has had a significant impact on the trading performance this year.

The number of daily available care beds in 2015 fell to 130 (2014: 145). Avondale Nursing Home was closed in May mainly because the configuration of the building was increasingly affecting the ability to provide nursing care.

Average occupancy for the year was lower than the previous year at 87.7% (2014 89.1%. EBITDA increased to £857,058 (2014: £826,202) on a turnover of £4,676,631 (2014: £5,186,403). There were a number of restructuring and closure costs incurred during the year.

The cost of maintaining care standards continues to rise with greater frequencies of inspection, demand for higher staffing levels and the increasing amounts of documentation required. The Company has monitored the trends and will take time to ensure that any efficiency gains should not be detrimental to the standards of care provided. There continues to be a need to be more selective and prioritise the programme of capital investment.

The key risks and uncertainties facing the business relate mainly to compliance with statutory and other regulations, failure of which could lead to the loss of the registration necessary to operate care facilities and damage the reputation of the Company. There is also financial risk due to the impact on cash flow of sustained periods of lower occupancy levels.

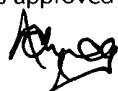
However, the Board believes that open communication with social workers, local authority and clinical commissioning group placement teams, quality assurance programmes for care, the continued capital investment and staff training, supervision and mentoring will help mitigate these risks.

The Board has and will continue to monitor, and change where necessary, the categories of care provided at each of the homes to ensure that high quality care is maintained.

Since the balance sheet date, the Company has reluctantly discontinued the provision of 'nursing care' at Bay Tree Court Care Centre. The Board also believes that the current difficult trading environment will continue for the foreseeable future and will need to consider further development programmes at each of its sites, where possible.

This report was approved by the board on 29 September 2016 and signed on its behalf.

A. CHIANG  
Director



## EUROPEAN HEALTHCARE OPERATIONS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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

#### Directors' responsibilities statement

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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.

#### Results and dividends

The profit for the year, after taxation, amounted to £344,106 (2014 - £180,348).

The directors do not recommend the payment of a dividend (2014: £NIL)

#### Directors

The directors who served during the year were:

B.C. FREEMAN  
A. CHIANG

#### Disclosure of information to auditors

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

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

#### Post balance sheet events

On 13 April 2016, Bay Tree Court Care Centre reluctantly announced the decision to discontinue the provision of "nursing care". Notice was given to terminate care contracts for nursing patients.

EUROPEAN HEALTHCARE OPERATIONS LIMITED

DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2015

Going concern

The directors consider that it is appropriate to prepare the financial statements on a going concern basis, having received confirmation of continued support from the parent company.

Auditors

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

This report was approved by the board on 29 September 2016 and signed on its behalf.



A. CHIANG  
Director

## EUROPEAN HEALTHCARE OPERATIONS LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EUROPEAN HEALTHCARE OPERATIONS LIMITED

We have audited the financial statements of European Healthcare Operations Limited for the year ended 31 December 2015, set out on pages 6 to 19. 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 on page 2, 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 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 Company's affairs as at 31 December 2015 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.

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

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

EUROPEAN HEALTHCARE OPERATIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF EUROPEAN HEALTHCARE OPERATIONS LIMITED (CONTINUED)

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.



Jerry Michael (Senior statutory auditor)

for and on behalf of

**BAGINSKY COHEN**

CHARTERED ACCOUNTANTS AND STATUTORY AUDITORS

930 HIGH ROAD

LONDON

N12 9RT

29 September 2016



EUROPEAN HEALTHCARE OPERATIONS LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £	2014 £
Turnover	3	4,676,631	5,186,403
Cost of sales		(2,915,213)	(3,131,616)
<b>Gross profit</b>		<u>1,761,418</u>	<u>2,054,787</u>
Administrative expenses		(1,169,926)	(1,544,044)
<b>Operating profit</b>	4	<u>591,492</u>	<u>510,743</u>
Interest payable and expenses	7	(152,981)	(148,823)
<b>Profit before tax</b>		<u>438,511</u>	<u>361,920</u>
Tax on profit	8	(94,405)	(181,572)
<b>Profit for the year</b>		<u><u>344,106</u></u>	<u><u>180,348</u></u>

There were no recognised gains and losses for 2015 or 2014 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2015 (2014:£NIL).

The notes on pages 10 to 19 form part of these financial statements.

EUROPEAN HEALTHCARE OPERATIONS LIMITED  
REGISTERED NUMBER: 03192708

BALANCE SHEET  
AS AT 31 DECEMBER 2015

	Note	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Intangible assets	9		-		33,333
Tangible assets	10		7,063,605		7,238,501
			<u>7,063,605</u>		<u>7,271,834</u>
<b>Current assets</b>					
Stocks	11	205,952		75,829	
Debtors: amounts falling due within one year	12	105,623		106,287	
Cash at bank and in hand	13	324,986		200,095	
			<u>636,561</u>	<u>382,211</u>	
Creditors: amounts falling due within one year	14	(873,734)		(906,667)	
<b>Net current liabilities</b>			<u>(237,173)</u>		<u>(524,456)</u>
<b>Total assets less current liabilities</b>			<u>6,826,432</u>		<u>6,747,378</u>
Creditors: amounts falling due after more than one year	15		(6,946,990)		(7,212,042)
<b>Net assets</b>			<u><u>(120,558)</u></u>		<u><u>(464,664)</u></u>
<b>Capital and reserves</b>					
Called up share capital	17		1		1
Profit and loss account	18		(120,559)		(464,665)
			<u><u>(120,558)</u></u>		<u><u>(464,664)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2016.



A. CHIANG  
Director

The notes on pages 10 to 19 form part of these financial statements.

EUROPEAN HEALTHCARE OPERATIONS LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2015	1	(464,665)	(464,664)
<b>Comprehensive income for the year</b>			
Profit for the year	-	344,106	344,106
<b>At 31 December 2015</b>	<u>1</u>	<u>(120,559)</u>	<u>(120,558)</u>

EUROPEAN HEALTHCARE OPERATIONS LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2014

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2014	1	(645,013)	(645,012)
<b>Comprehensive income for the year</b>			
Profit for the year	-	180,348	180,348
<b>At 31 December 2014</b>	<u>1</u>	<u>(464,665)</u>	<u>(464,664)</u>

The notes on pages 10 to 19 form part of these financial statements.

## EUROPEAN HEALTHCARE OPERATIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 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 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 22.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

##### 1.2 Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

##### 1.3 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:

Purchased goodwill	- 10% straight line
--------------------	---------------------

##### 1.4 Tangible fixed assets

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

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold buildings	- 2% straight line
Furniture, fittings and equipment	- 5-25% straight line

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

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

## EUROPEAN HEALTHCARE OPERATIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 1. Accounting policies (continued)

##### 1.5 Stocks and work in progress

Land and buildings held for development or resale are classified as stock and valued at the lower of cost and net realisable value. Cost comprises the purchase price together with any associated costs. Work in progress is valued at the lower of cost and net realisable value.

##### 1.6 Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

##### 1.7 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

##### 1.8 Financial instruments

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

##### 1.9 Finance costs

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

##### 1.10 Operating leases: the company as lessee

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

##### 1.11 Pension scheme

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.

The pension costs charged against the income statement represent the amount of contributions payable to the schemes in the accounting period.

##### 1.12 Taxation

Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

## EUROPEAN HEALTHCARE OPERATIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 1. Accounting policies (continued)

##### 1.13 Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

- where there are differences between amounts that can be deducted for tax for assets (other than goodwill) and liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination a deferred tax liability/(asset) shall be recognised. The amount attributed to goodwill is adjusted by the amount of the deferred tax recognised; and

- unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### 2. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, management is required to make judgments, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from 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 affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### 3. Turnover

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

	2015 £	2014 £
Sales	4,672,410	5,182,675
Fees receivable	4,222	3,728
	<u>4,676,632</u>	<u>5,186,403</u>

All turnover arose within the United Kingdom.

# EUROPEAN HEALTHCARE OPERATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 4. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	232,233	235,459
Amortisation of intangible assets, including goodwill	33,333	80,000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	9,000	9,000
Other operating lease rentals	1,780	1,633
Defined contribution pension cost	11,631	7,159
	<u>287,977</u>	<u>343,251</u>

During the year, no director received any emoluments (2014 - £NIL).

### 5. Auditors' remuneration

	2015 £	2014 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	9,000	9,000
	<u>9,000</u>	<u>9,000</u>

#### Fees payable to the Company's auditor and its associates in respect of:

Other services relating to taxation	800	800
All other services	373	353
	<u>1,173</u>	<u>1,153</u>

### 6. Employees

Staff costs were as follows:

	2015 £	2014 £
Wages and salaries	2,226,647	2,529,990
Social security costs	153,908	184,419
Cost of defined contribution scheme	11,631	7,159
	<u>2,392,186</u>	<u>2,721,568</u>

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

	2015 No.	2014 No.
Care and ancillary	140	160
Management and administrative	7	9
	<u>147</u>	<u>169</u>



EUROPEAN HEALTHCARE OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

7. Interest payable and similar charges

	2015 £	2014 £
Loans from group undertakings	152,981	146,468
Other interest payable	-	2,355
	<u>152,981</u>	<u>148,823</u>

8. Taxation

	2015 £	2014 £
<b>Corporation tax</b>		
Current tax on profits for the year	94,405	97,809
Adjustments in respect of previous periods	-	83,763
<b>Total current tax</b>	<u>94,405</u>	<u>181,572</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 20% (2014 - 21.50%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>438,511</u>	<u>361,920</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 21.50%)	87,702	77,813
<b>Effects of:</b>		
Non-tax deductible amortisation of goodwill and impairment	8,600	9,245
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	91	11,017
Capital allowances for year in excess of depreciation	16,122	(266)
Adjustments to tax charge in respect of prior periods	-	83,763
Group relief	(18,110)	-
<b>Total tax charge for the year</b>	<u>94,405</u>	<u>181,572</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

EUROPEAN HEALTHCARE OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

9. Intangible assets

	Goodwill £
<b>Cost</b>	
At 1 January 2015	800,000
At 31 December 2015	<u>800,000</u>
<b>Amortisation</b>	
At 1 January 2015	766,667
Charge for the year	33,333
At 31 December 2015	<u>800,000</u>
<b>Net book value</b>	
At 31 December 2015	<u><u>0</u></u>
At 31 December 2014	<u><u>33,333</u></u>

EUROPEAN HEALTHCARE OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

10. Tangible fixed assets

	Land and buildings £	Land and buildings under redevelopmen t £	Furniture, fittings and equipment £	Total £
<b>Cost or valuation</b>				
At 1 January 2015	7,920,700	-	1,560,234	9,480,934
Additions	7,668	-	49,670	57,338
Transfers between classes	(830,314)	874,228	(43,914)	-
At 31 December 2015	<u>7,098,054</u>	<u>874,228</u>	<u>1,565,990</u>	<u>9,538,272</u>
<b>Depreciation</b>				
At 1 January 2015	1,367,113	-	875,319	2,242,432
Charge for period on owned assets	122,375	-	109,859	232,234
Transfers between classes	(148,759)	165,385	(16,626)	-
At 31 December 2015	<u>1,340,729</u>	<u>165,385</u>	<u>968,552</u>	<u>2,474,666</u>
<b>Net book value</b>				
At 31 December 2015	<u>5,757,325</u>	<u>708,843</u>	<u>597,438</u>	<u>7,063,606</u>
At 31 December 2014	<u>6,553,586</u>	<u>-</u>	<u>684,915</u>	<u>7,238,501</u>

Included in lands and buildings is land at cost of £1.8 million (2014 : £1.8 million) which is not subject to depreciation.

The assets of the company are charged to secure facilities provided by National Westminster Bank PLC to the parent undertaking.

11. Stocks and work in progress

	2015 £	2014 £
Work in progress	<u>205,952</u>	<u>75,829</u>

EUROPEAN HEALTHCARE OPERATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015

12. Debtors

	2015 £	2014 £
Trade debtors	63,825	71,445
Other debtors	14,073	10,146
Prepayments and accrued income	27,725	24,696
	<u>105,623</u>	<u>106,287</u>

13. Cash and cash equivalents

	2015 £	2014 £
Cash at bank and in hand	<u>324,986</u>	<u>200,095</u>

14. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	119,176	74,493
Corporation tax	94,405	59,321
Taxation and social security	31,595	51,854
Other creditors	377,228	392,305
Accruals and deferred income	251,330	328,694
	<u>873,734</u>	<u>906,667</u>

15. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Amounts owed to group undertakings	<u>6,946,990</u>	<u>7,212,042</u>

# EUROPEAN HEALTHCARE OPERATIONS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 16. Financial instruments

	2015 £	2014 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	324,986	200,095
Financial assets that are debt instruments measured at amortised cost	77,898	81,591
	<u>402,884</u>	<u>281,686</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	(7,678,478)	(7,957,731)
	<u>(7,678,478)</u>	<u>(7,957,731)</u>

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

Financial assets measured at amortised cost comprise trade debtors and other debtors.

Financial Liabilities measured at amortised cost comprise trade creditors, other creditors, amounts owed to group undertakings and accruals.

### 17. Share capital

	2015 £	2014 £
<b>Shares classified as equity</b>		
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

### 18. Reserves

#### **Profit & loss account**

This includes all current and prior period retained profit and losses.

### 19. Pension commitments

The company participates in a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £11,631 (2014: £7,159)

## EUROPEAN HEALTHCARE OPERATIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 20. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
Not later than 1 year	<u>1,310</u>	<u>1,304</u>

#### 21. Controlling party

The Company's immediate parent company is European Healthcare Group PLC, a company registered in England and Wales. The ultimate parent undertaking and controlling party is Givril Investment SA, a company incorporated in the Republic of Panama.

Copies of the immediate company's financial statements can be obtained from that company's registered office.

#### 22. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS102 and have not impacted on equity or profit or loss.