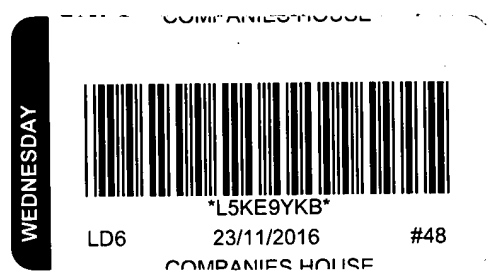


Hamsard 3232 Limited

Annual Report and Financial Statements

for the year ended 30 April 2016



Hamsard 3232 Limited

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Hamsard 3232 Limited

Company Information

Directors	S Kidd J Proudlock
Company secretary	J Proudlock MH Secretaries Limited
Registered number	07472997
Registered office	2 Christchurch Road Abington Northampton Northamptonshire United Kingdom NN1 5LL
Bankers	Co-operative Bank plc PO Box 101 1 Balloon St Manchester M60 4EP
Solicitors	Marriott Harrison LLP 11 Staple Inn London WC1V 7QH
Independent auditor	Deloitte LLP Chartered Accountants and Statutory Auditor Cambridge United Kingdom

Hamsard 3232 Limited

Strategic Report for the year ended 30 April 2016

Introduction

The principal activity of the Company is the provision of specialist neurological rehabilitation services. The Company operates from Woodlands Neurological Rehabilitation Centre, York. The Centre is rated "Good" with CQC and continues to provide positive and real outcomes for our service users.

Operating Review

The wider economic climate continues to present challenges for the NHS, the Company's principal customer. Consequently, there is continual focus on demonstrating the value of the Company's services and the delivery of positive outcomes for service users. The Company ceased providing MS Respite in December 2014 and the current year reflects the full year operating as a dedicated Neurological Rehabilitation Centre.

Financial Performance

The performance of the Company is measured with reference to financial and non-financial Key Performance Indicators. The Company had turnover for the year of £3,629,670 (2015: £3,697,588) and profit after taxation of £347,842 (2015: £104,220). Higher average fee rates and improved operational efficiency has resulted in an improved financial performance for the current year. The Directors expect the overall level of performance to continue for the 2016/17 year. Non-financial Key Performance Indicators relate to occupancy and clinical and operational efficiency. While occupancy has fallen short of expectations in the later part of the year, improvements undertaken to assessment and admission processes as well as improved recruitment has ensured we are well placed for 2016/17. Clinical standards were fully met for the financial year.

Company net assets as at 30 April 2016 were £618,092 (2015: £35,018).

Principal Risks and Uncertainties

The principal risks and uncertainties, arising from both internal and external factors that could impact the Company's performance and the related mitigating activities to manage those risks are considered below. The Company has risk management processes to identify, monitor, evaluate and escalate such issues as they emerge, enabling the Board of Directors to take appropriate action where possible.

The demand for the Company's services depends on the requirements of the NHS, the Company's principal customer and its willingness to place service users in the care of the Company as a continuation of their pathway of active rehabilitation. We believe the demand for neurological rehabilitation services and supported living will continue to grow. The lifetime savings for the NHS placing service users in Rehabilitation Services will continue to justify growth in this market despite the wider economic challenges facing the NHS. Any reduction in the placing of service users with the Company and/or pressure on pricing would directly affect our business including our revenue, profitability and cash flows. We continue to provide a quality service enabling over 85% of our service users within the larger Christchurch Group of companies and on an active rehabilitation programme to return home. We believe our quality differentiates us from our competitors but recognise that any new entrant or price competition from our existing competitors could impact the demand for our services which could impact revenue, profitability and cash flows. The Company relies on its employees to deliver its therapy programmes and care services. The Company believes its ongoing success depends in large part on our continued ability to hire, train, develop, motivate and retain employees. The Company constantly reviews the services it offers including prices and feedback from residents and employees to ensure it responds effectively to changing requirements.

The Company's financial instruments comprise borrowings, cash and liquid resources and arrangements with trade receivables and payables which arise directly from operations. This exposes the Company to a number of financial risks including cash flow risk, credit risk and liquidity risk. Bank debt is held at floating rate. Limited cash flow risk from floating rate debt is forecast over the coming 12 months based on market expectations of LIBOR and the recent Bank of England base rate cut in August 2016. The Company's principal financial assets are bank balances and trade debtors. Interest bearing assets are held at fixed rate to ensure certainty of cash flows. The Company's credit risk is primarily attributable to its trade debtors. As most of the Company's customer base is represented by Clinical Commissioning Groups and Local Authorities, the overall credit risk is considered low. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Hamsard 3232 Limited

Strategic Report for the year ended 30 April 2016

Principal Risks and Uncertainties

In order to maintain liquidity to ensure that sufficient funds are available for future developments, the Company may receive long term intercompany funding from its immediate parent company, Hamsard 3267 Limited and that company's majority shareholder and controlling party, Sovereign Capital Partners Limited Partnership III. As a result of past trading, the Company operated within an overdraft position that was cleared during the financial year. The overdraft facility expires on 3rd January 2017.

The Company understands the significance of adhering to all legal and compliance legislation. The Company is not currently aware of any material failure to adhere to applicable health and safety and environmental laws, litigation or breach of competition laws, or failure to comply with corporate, employee or taxation laws. The Company takes its responsibilities in the field of health and safety, employment, environmental and other matters very seriously and fully recognises the potential human, reputational, and financial consequences of these risks. If the Company fails to comply with any such laws or regulations, it could be subject to sanctions. Future changes in such laws and regulations could also have an adverse effect on the business, financial condition or results of operations.

This report was approved by the board on 12th October 2016 and signed on its behalf.



J Proudlock

Director

2 Christchurch Road, Abington, Northampton, United Kingdom, NN1 5LL

Hamsard 3232 Limited

Directors' Report for the year ended 30 April 2016

The directors present their annual report and the audited financial statements for the year ended 30 April 2016.

Results

The profit for the year, after taxation, amounted to £347,842 (2015: £104,220).

Dividends

The directors do not recommend a dividend. (2015: nil)

Directors

The directors who served during the year, and to the date of this report, were as follows:

S Kidd

J Proudlock

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company newsletter.

Going concern

The Directors' have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

Financial instruments

The Company's financial instruments and financial risk management objectives and policies are disclosed in the strategic report.

Subsequent events

There are no subsequent events to report.

Hamsard 3232 Limited

Directors' Report for the year ended 30 April 2016

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditor 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 12th October 2016 and signed on its behalf.



J Proudlock

Director

2 Christchurch Road, Abington, Northampton, Northamptonshire, United Kingdom, NN1 5LL

**Directors' Responsibilities Statement
for the year ended 30 April 2016**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom 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 including FRS 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Member of Hamsard 3232 Limited (continued)

We have audited the financial statements of Hamsard 3232 Limited for the year ended 30 April 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 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 Company 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 30 April 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Hamsard 3232 Limited

Independent Auditor's Report to the Member of Hamsard 3232 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 by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Paul Schofield (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, UK

21 October 2016

Hamsard 3232 Limited

**Statement of Comprehensive Income
for the year ended 30 April 2016**

	Note	2016 £	2015 £ <i>As Restated (Note 20)</i>
Turnover	2	3,629,670	3,697,588
Cost of sales		<u>(2,400,364)</u>	<u>(2,795,008)</u>
Gross profit		1,229,306	902,580
Administrative expenses		(739,913)	(674,770)
Exceptional administrative expenses		-	(28,505)
Total administrative expenses		<u>(739,913)</u>	<u>(703,275)</u>
Operating profit		489,393	199,305
Finance charges (net)	4	<u>(50,002)</u>	<u>(58,230)</u>
Profit on ordinary activities before taxation	3	439,391	141,075
Tax on loss on ordinary activities	7	<u>(91,549)</u>	<u>(36,855)</u>
Profit for the financial year		<u><u>347,842</u></u>	<u><u>104,220</u></u>

There was no other comprehensive income during the year.

All profits for the year are attributable to equity shareholders.

All amounts relate to continuing operations.

The notes on pages 12 to 25 form part of these financial statements.

Hamsard 3232 Limited
Registered number: 07472997

Balance Sheet
as at 30 April 2016

	Note	2016 £	2016 £	2015 £ <i>As Restated (Note 20)</i>	2015 £ <i>As Restated (Note 20)</i>
Fixed assets					
Intangible assets	8		2,481		3,053
Tangible assets	9		2,050,987		2,080,303
Deferred tax asset			<u>-</u>		<u>36,519</u>
			2,053,468		2,119,875
Current assets					
Debtors: amounts falling due within one year	10	331,930		343,830	
Cash at bank		<u>56,262</u>		<u>165</u>	
		388,192		343,995	
Creditors: amounts falling due within one year	11	<u>(1,450,167)</u>		<u>(591,175)</u>	
Net current liabilities			<u>(1,061,975)</u>		<u>(247,180)</u>
Total assets less current liabilities			991,493		1,872,695
Creditors: amounts falling due after more than one year	13		(359,391)		(1,837,677)
Deferred taxation	14		<u>(14,010)</u>		<u>-</u>
Net assets			<u>618,092</u>		<u>35,018</u>
Capital and reserves					
Called up share capital	15		1		1
Capital contribution			577,314		342,082
Profit and loss account			<u>40,777</u>		<u>(307,065)</u>
Shareholder's funds			<u>618,092</u>		<u>35,018</u>

The financial statements of Hamsard 3232 Limited, (registered number 07472997), were approved by the board of directors and authorised for issue on 12th October 2016. They were signed on its behalf by:



J Proudlock
Director

The notes on pages 12 to 25 form part of these financial statements.

Hamsard 3232 Limited

**Statement of Changes in Equity
for the year ended 30 April 2016**

	Share capital	Capital contribution	Retained earnings	Equity attributable to shareholders of the Company	Total equity
	£	£	£	£	£
At 1 May 2014 (as previously stated)	1	-	(407,081)	(407,080)	(407,080)
Changes on transition to FRS 102 (see note 20)	-	130,175	(4,204)	125,971	125,971
At 1 May 2014 (as restated)	1	130,175	(411,285)	(281,109)	(281,109)
Comprehensive income for the year					
Profit for the year	-	-	104,220	104,220	104,220
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	104,220	104,220	104,220
Interest free loan from parent company	-	211,907	-	211,907	211,907
At 30 April 2015	<u>1</u>	<u>342,082</u>	<u>(307,065)</u>	<u>35,018</u>	<u>35,018</u>
Comprehensive income for the year					
Profit for the year	-	-	347,842	347,842	347,842
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	347,842	347,842	347,842
Interest free loan from parent company	-	235,232	-	235,232	235,232
At 30 April 2016	<u>1</u>	<u>577,314</u>	<u>40,777</u>	<u>618,092</u>	<u>618,092</u>

The notes on pages 12 to 25 form part of these financial statements.

**Notes to the Financial Statements
for the year ended 30 April 2016**

1. Accounting Policies

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 United Kingdom 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 20.

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.

Changes in presentation

There are no changes to the presentation of the income statement or the consolidated balance sheet in the current or prior period, except as noted below:

The first time adoption of FRS 102 has resulted in a restatement of prior period balances. These adjustments primarily relate to the valuation of financial instruments held by the Company.

The Company has a bank loan which after initial recognition is valued at amortised cost under FRS 102. The impact on company retained reserves as at the transition date 1 May 2014 was a charge of £4,204 and a £1,262 credit in 2015 as a result of the FRS 102 transition (see note 20). In addition, the parent company of the Group, Hamsard 3267 Limited, provides an interest free loan to the Company which under FRS 102 is treated as a capital contribution. At the date of transition this resulted in a capital contribution of £130,175 which increased by a further £211,907 in 2015 to £342,082 (see note 20).

The following principal accounting policies have been applied -

1.1 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The Strategic report also describes the Company's exposure to risks and its policies for managing these.

The Company meets its day to day working capital requirements through surplus operating cash flows and expects to be able to do this for the foreseeable future. Despite good financial performance for the year, the Company continues to utilise its overdraft facility as a result of a decision by its key funder to lengthen its payment terms. The directors are aware that the current overdraft facility with The Co-operative bank expires on 3rd January 2017. While it is expected that the Company will have traded its way out of the overdraft by this date, there can be no certainty around this. Options around refinancing the Company's debt are also currently being explored by the directors but this work has not been completed at the date of signing the financial statements. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to generate adequate cash flows to meet its operating requirements. The Company's ultimate controlling party, Sovereign Capital Partners Limited Partnership III has confirmed it will provide additional support should it be required.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Notes to the Financial Statements
for the year ended 30 April 2016**

1.2 Intangible fixed assets and amortisation

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years.

Separately acquired brands are shown at historical cost and are amortised over its useful economic life, which is 20 years.

Provision is made for any impairment of intangible assets.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line/reducing balance basis over its expected useful life, as follows:

Freehold property	-	2% or 15% Straight-Line per annum
Motor vehicles	-	25% Reducing Balance
Fixtures and fittings	-	15% Reducing Balance
Office equipment	-	33.33% Straight-Line per annum

Residual value is calculated on prices prevailing at the date of acquisition.

Depreciation commences when the asset to which it relates to is first brought into use in the production or supply of services or for administrative purposes on a continuing basis in the reporting entity's activities.

1.4 Investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment.

In the Company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

1.5 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, 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 is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

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

**Notes to the Financial Statements
for the year ended 30 April 2016**

1.6 Turnover

Turnover is stated net of VAT. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date, calculated with reference to service days completed as a proportion of the total contract. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

1.7 Financial instruments

The Company may enter into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

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

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

1.8 Pensions

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

**Notes to the Financial Statements
for the year ended 30 April 2016**

1.9 Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

1.10 Finance costs

Finance costs of financial liabilities are recognised in the statement of Comprehensive Income over the term of such instruments at a constant rate on the carrying amount.

1.11 Finance liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

1.12 Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

1.13 Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

1.14 Critical accounting estimates, assumptions and judgements

The Company tests annually whether there are any indications that intangible assets and property and equipment have suffered any impairment, in accordance with the accounting policy stated in note 1.2 and 1.3 above. The recoverable amounts have been determined based on value-in-use calculations. The calculation of value in use is based on a discounted cash flow, which requires a number of assumptions including future growth rates, estimated cash flows and discount rates. The cash flow projections were based on a 12 month budget, 5 year business plan and extrapolations using a terminal growth rate factor in line with long term market growth rates and discounted at a post-tax weighted average cost of capital.

2. Turnover

The total turnover of the Company for the year has been derived from its principal activity wholly undertaken in the UK.

**Notes to the Financial Statements
for the year ended 30 April 2016**

3. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging:

	2016 £	2015 £
Amortisation - intangible fixed assets	572	572
Depreciation of tangible fixed assets:		
- owned by the company	107,567	102,046
Loss on disposal of tangible fixed asset	-	1,863
Auditor's remuneration	21,705	16,764
Operating lease rentals:		
- motor vehicles	9,950	-
- other operating leases	<u>198</u>	<u>-</u>

The analysis of auditor's remuneration is as follows:

	2016 £	2015 £
Fees payable to the Company's auditors for the audit of - the Company's annual financial statements	17,505	12,541
Total audit fees	<u>17,505</u>	<u>12,541</u>
Tax services	4,200	4,223
Total non-audit fees	<u>4,200</u>	<u>4,223</u>
Total	<u><u>21,705</u></u>	<u><u>16,764</u></u>

Fees payable to the Company's auditor for the audit of the Company's parent and consolidated annual financial statements are borne by the Company in 2016.

4. Finance charges (net)

	2016 £	2015 £
Interest payable and similar charges		<i>As Restated (Note 20)</i>
Bank interest and charges	50,002	58,230
	<u><u>50,002</u></u>	<u><u>58,230</u></u>

**Notes to the Financial Statements
for the year ended 30 April 2016**

5. Staff costs

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

	2016	<i>2015</i>
	£	<i>£</i>
Wages and salaries	1,617,645	<i>1,526,563</i>
Social security costs	122,955	<i>114,289</i>
Other pension costs	25,080	<i>31,113</i>
	<hr/> 1,765,680 <hr/>	<hr/> <i>1,671,965</i> <hr/>

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

	2016	<i>2015</i>
	No.	<i>No.</i>
Care Staff	97	<i>97</i>
Central	6	<i>7</i>
	<hr/> 103 <hr/>	<hr/> <i>104</i> <hr/>

6 Key management compensation

Key management are considered to be the directors of the Company. The remuneration for J Proudlock and S Kidd is paid by a separate company, Christchurch Court Limited and are disclosed in the annual report of that company. A recharge is made to Hamsard 3232 Limited for their services to this company.

Directors' transactions

There were no transactions with directors during the year.

**Notes to the Financial Statements
for the year ended 30 April 2016**

7. Taxation

The tax charge comprises:

	2016 £	2015 £
Current tax		
UK corporation tax at 20.0% (20.9%)	41,019	-
Adjustment in respect of prior years	<u>-</u>	<u>-</u>
Total current tax	41,019	-
Deferred tax		
Origination and reversal of timing differences	49,551	39,118
Adjustment in respect of prior years	2,535	(2,263)
Effect of changes in tax rates on opening liability	<u>(1,556)</u>	<u>-</u>
Total Deferred tax	50,530	36,855
Total tax profit on ordinary activities	<u><u>91,549</u></u>	<u><u>36,855</u></u>

The differences between the total current tax shown above and the amount calculated by applying the blended standard rate of UK corporation tax to the profit before tax is as follows:

	2016 £	2015 £
		<i>As Restated (Note 20)</i>
Profit on ordinary activities before tax	<u><u>439,391</u></u>	<u><u>141,075</u></u>
Tax on profit on ordinary activities at the blended UK corporation tax rate of 20.0% (2015: 20.9%)	87,878	29,485
Effects of:		
Expenses not deductible for tax purposes	13,381	639
Capital allowances in excess of depreciation	-	(815)
Other short term timing differences	588	6,508
Effect of change in tax rates	(1,555)	-
Adjustment in respect of prior years	2,535	36,855
Effects of group relief	(11,278)	-
Utilisation of tax losses	-	(35,817)
Total tax charge for year	<u><u>91,549</u></u>	<u><u>36,855</u></u>

The standard rate of tax applied to reported profit on ordinary activities is 20.0% (2015: 20.9%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2013.

Hamsard 3232 Limited

Notes to the Financial Statements for the year ended 30 April 2016

8. Intangible fixed assets

Group	Branding £
Cost	
At 1 May 2015 and 30 April 2016	<u>4,397</u>
Amortisation	
At 1 May 2015	1,344
Charge for the year	572
At 30 April 2016	<u>1,916</u>
Net book value	
At 30 April 2016	<u>2,481</u>
At 30 April 2015	<u>3,053</u>

9. Tangible fixed assets

	Freehold property £	Fixtures and fittings £	Office and equipment £	Total £
Cost				
At 1 May 2015	2,086,868	237,044	15,478	2,339,390
Additions	<u>22,807</u>	<u>38,996</u>	<u>16,448</u>	<u>78,251</u>
At 30 April 2016	<u>2,109,675</u>	<u>276,040</u>	<u>31,926</u>	<u>2,417,641</u>
Depreciation				
At 1 May 2015	186,750	61,344	10,993	259,087
Charge for the year	<u>63,622</u>	<u>39,799</u>	<u>4,146</u>	<u>107,567</u>
At 30 April 2016	<u>250,372</u>	<u>101,143</u>	<u>15,139</u>	<u>366,654</u>
Net book value				
At 30 April 2016	<u>1,859,303</u>	<u>174,897</u>	<u>16,787</u>	<u>2,050,987</u>
At 30 April 2015	<u>1,900,118</u>	<u>175,700</u>	<u>4,485</u>	<u>2,080,303</u>

Hamsard 3232 Limited

Notes to the Financial Statements for the year ended 30 April 2016

10. Debtors

	2016	2015
	£	£
Trade debtors	235,852	301,828
Other debtors	110	1,252
Prepayments and accrued income	36,849	40,750
Corporation tax	59,119	-
	<u>331,930</u>	<u>343,830</u>

11. Creditors: Amounts falling due within one year

	2016	2015
	£	£
		<i>As restated (Note 20)</i>
Bank loan and overdraft	980,648	101,529
Trade creditors	186,363	298,989
Other taxation and social security	72,416	30,057
Defined contribution pension scheme accrual	7,489	7,583
Other creditors	116,189	21,597
Accruals and deferred income	87,062	131,420
	<u>1,450,167</u>	<u>591,175</u>

	2016	2015
	£	£
Bank loan and overdraft comprise		
Bank loan	980,648	68,997
Overdraft	-	32,532
	<u>980,648</u>	<u>101,529</u>

12. Financial instruments:

	2016	2015
	£	£
Financial assets		
Measured at undiscounted amount receivable		
Trade debtors	235,852	301,828
Cash	56,262	165
	<u>292,114</u>	<u>301,993</u>
Financial liabilities		
Financial liabilities measured at amortised cost		
Bank loan and overdraft	980,648	1,082,177
Amounts owed to parent undertaking	359,391	857,029
Measured at undiscounted amount payable		
Trade creditors	186,363	298,989

Hamsard 3232 Limited

Notes to the Financial Statements for the year ended 30 April 2016

	<u>1,526,402</u>	<u>2,238,195</u>
13. Creditors - amounts falling due after more than one year		
	2016	2015
	£	£
		<i>As Restated (Note 20)</i>
Bank loans	-	980,648
Amounts owed to parent undertaking	<u>359,391</u>	<u>857,029</u>
Total	<u>359,391</u>	<u>1,837,677</u>

The bank loan is secured on freehold property with a net book value of £1.9 million and is repayable in monthly instalments to 3rd January 2027. The bank loan expiry date is 3rd January 2017. The interest rate applicable to the bank loan is 4.2%.

Borrowings are repayable as follows:

Bank Loan and overdraft

	2016	2015
	£	£
Between one and two years	-	980,648
Between two and five years	<u>-</u>	<u>-</u>
Total due after one year	-	980,648
On demand or within one year	<u>980,648</u>	<u>101,529</u>
Total	<u>980,648</u>	<u>1,082,177</u>

Amounts owed to parent undertaking

	2016	2015
	£	£
Between one and two years	-	-
Between two and five years	<u>359,391</u>	<u>857,029</u>
	359,391	857,029
On demand or within one year	<u>-</u>	<u>-</u>
Total	<u>359,391</u>	<u>857,029</u>

**Notes to the Financial Statements
for the year ended 30 April 2016**

13. Creditors - amounts falling due after more than one year (continued)

Total borrowings

	2016 £	2015 £
Between one and two years	-	980,648
Between two and five years	<u>359,391</u>	<u>857,029</u>
	359,391	1,837,677
On demand or within one year	<u>980,648</u>	<u>101,529</u>
Total	<u><u>1,340,039</u></u>	<u><u>1,939,206</u></u>

14. Deferred taxation

	2016 £	2015 £
Asset at beginning of year	(36,519)	(73,374)
Charge for the year (P&L)	47,995	36,855
Adjustment in respect of prior years	2,534	-
	<u><u>14,010</u></u>	<u><u>(36,519)</u></u>
Liability/(Asset) at end of year	<u><u>14,010</u></u>	<u><u>(36,519)</u></u>

The provision for is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	14,898	-
Other timing differences	<u>(888)</u>	<u>(36,519)</u>
Liability/(Asset) at end of year	<u><u>14,010</u></u>	<u><u>(36,519)</u></u>

15. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
1 Ordinary A share of £1	<u><u>1</u></u>	<u><u>1</u></u>

**Notes to the Financial Statements
for the year ended 30 April 2016**

16. Pension commitments

Defined contribution schemes

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The total cost charged to income statement of £25,080 (2015: £31,113) represents contributions payable to this scheme at rates specified in the rules of the plans. As at 30 April 2016, contributions of £7,489 (2015: £7,583) due in respect of the current reporting period had not been paid over to the scheme.

17. Operating lease commitments

At 30 April 2016 the Company's present value of minimum lease commitments under non-cancellable operating leases were as follows:

	<u>Vehicle Lease</u>	
	2016	2015
	£	£
Company		
Expiry date:		
Within 1 year	9,100	-
Between 2 to 5 years	<u>9,858</u>	<u>-</u>
	<u>18,958</u>	<u>-</u>

18. Related party transactions

The Company has taken advantage of the exemption permitted by FRS 102 not to disclose transactions with other undertakings within its qualifying group.

Directors' transactions

The only transactions with Directors in the period were their remuneration as disclosed in note 6.

19. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is Hamsard 3267 Limited and the controlling party is Sovereign Capital Partners Limited Partnership III, both of which are incorporated in the United Kingdom. The results of the Company are consolidated in the annual report and financial statements of Hamsard 3267 Limited, being the smallest and largest group in which the results are consolidated.

Hamsard 3232 Limited

Notes to the Financial Statements for the year ended 30 April 2016

20. First time adoption of FRS 102

	<i>As previously stated 1 May 2014 £</i>	<i>Effect of transition 1 May 2014 £</i>	FRS 102 (as restated) 1 May 2014 £	<i>As previously stated 30 April 2015 £</i>	<i>Effect of transition 30 April 2015 £</i>	FRS 102 (as restated) 30 April 2015 £
Fixed assets	2,190,571	-	2,190,571	2,119,875	-	2,119,875
Current assets	153,152	-	153,152	343,995	-	343,995
Creditors: amounts falling due within one year	(305,176)	(1,486)	(306,662)	(589,692)	(1,483)	(591,175)
Net current assets	(152,024)	(1,486)	(153,510)	(245,697)	(1,483)	(247,180)
Total assets less current liabilities	2,038,547	(1,486)	2,037,061	1,874,178	(1,483)	1,872,695
Creditors: amounts falling due after more than one year	(2,445,627)	127,457	(2,318,170)	(2,178,300)	340,623	(1,837,677)
Provisions for liabilities	-	-	-	-	-	-
Net liabilities	(407,080)	125,971	(281,109)	(304,122)	339,140	35,018
Capital and reserves	(407,080)	125,971	(281,109)	(304,122)	339,140	35,018

The first time adoption of FRS 102 has resulted in a restatement of prior period balances. These adjustments primarily relate to the valuation of financial instruments held by the Company.

The Company has a bank loan which after initial recognition is valued at amortised cost under FRS 102. In addition, the parent company, Hamsard 3267 Limited, provides an interest free loan. The shortfall in recognition of interest under FRS 102 is treated as a capital contribution in the Company's books of account. The impact on capital and reserves of the Company was as follows:

	30 April 2015 £	1 May 2014 £
Capital and reserves as reported	(304,122)	(407,080)
Bank loan valuation to amortised cost	(2,942)	(4,204)
Capital contribution	342,082	130,175
Capital and reserves as restated	35,018	(281,109)

**Notes to the Financial Statements
for the year ended 30 April 2016**

20. First time adoption of FRS 102 (continued)

	<i>As previously stated 30 April 2015 £</i>	<i>Effect of transition 30 April 2015 £</i>	FRS 102 (as restated) 30 April 2015 £
Turnover	3,697,588	-	3,697,588
Cost of sales	(2,795,008)	-	(2,795,008)
Gross profit	902,580	-	902,580
Administrative expenses	(703,275)	-	(703,275)
Operating profit	199,305	-	199,305
Interest payable and similar charges	(59,492)	1,262	(58,230)
Taxation	(36,855)	-	(36,855)
Profit on ordinary activities after taxation and for the financial year	<u>102,958</u>	<u>1,262</u>	<u>104,220</u>

The effect of transition to FRS 102 on the profit and loss account is analysed as follows:

	2015
	£
Bank loan valuation to amortised cost	<u>1,262</u>