

Company Registration No. 07472997

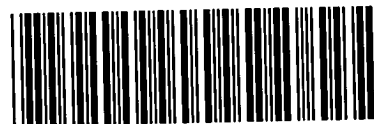
HAMSARD 3232 LIMITED

Report and Financial Statements

30 April 2017

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HAMSARD 3232 LIMITED

REPORT AND FINANCIAL STATEMENTS 2017

CONTENTS

Page

Officers and professional advisers

1

Strategic report

2

Directors' report

4

Directors' responsibilities statement

6

Independent auditor's report

7

Statement of comprehensive income

9

Balance sheet

10

Statement of changes in equity

11

Notes to the financial statements

12

HAMSARD 3232 LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P R Preston
R W J McKenzie
M P Barnes

COMPANY SECRETARY

MH Secretaries Limited

REGISTERED NUMBER

07472997

REGISTERED OFFICE

2 Christchurch Road
Abington
Northampton
Northamptonshire
United Kingdom
NN1 5LL

BANKERS

Allied Irish Bank (GB)
iBusiness Banking
4th Floor
1 Adelaide Road
Dublin 2

SOLICITORS

Marriott Harrison LLP
11 Staple Inn
London
United Kingdom
WC1V 7QH

INDEPENDENT AUDITOR

Deloitte LLP
Statutory Auditor
Cambridge
United Kingdom

HAMSARD 3232 LIMITED

STRATEGIC REPORT

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 Company ceased providing MS Respite in December 2015 and the current year results reflect the full year operating as a dedicated Neurological Rehabilitation Centre. The loss of Transitional Ventilated Unit (TVU) patients (at its lowest point went to two) and with this company being so specialist and high margin explains the reduction in financial performance, especially when also taking into account the impact of wages increases and service user/margin mix. The Directors expect the overall level of performance to improve for the 2017/18 year with occupancy levels improving and new services opening. 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.

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 £3,647,284 (2016: £3,629,670) and loss after taxation of £26,473 (2016: profit £189,371). An adjustment has been made to the previously reported prior year amounts to recognise the intercompany loan payable in line with FRS 102.11.13, which requires a debt instrument to be recognised at the present value of the future payments discounted at the market rate of interest. The company had accounted for the market rate of interest, but due to an error had not initially recognised the loan at the present value of the future payments (see note 3). Non-financial Key Performance Indicators relate to occupancy and clinical and operational efficiency. The financial performance has been impacted by occupancy falling short of expectations, wage increases to retain key staff and the decision to reduce agency staff costs, minimum wage legislation coming into effect and the loss of good margin service users due to natural causes. However, improvements undertaken to assessment and admission processes as well as improved recruitment has ensured we are well placed for 2017/18. Clinical standards were fully met for the financial year. Company net assets as at 30 April 2017 were £480,287 (2016: £506,761).

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 85% of our residents who have been through our intensive rehabilitation programmes 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 fixed rate. Limited cash flow risk from as the interest rate on the debt is at fixed rate. 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.

STRATEGIC REPORT

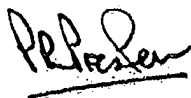
PRINCIPAL RISKS AND UNCERTAINTIES (continued)

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.

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 current overdraft facility expires on 31 January 2018.

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 strategic report was approved by the board on 3 November 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'P.P. [unclear]', with a horizontal line underneath.

Director

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

HAMSARD 3232 LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2017.

RESULTS

The loss for the year, after taxation, amounted to £26,473 (2016: profit £189,371).

DIVIDENDS

The directors do not recommend a dividend (2016: nil).

DIRECTORS

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

S Kidd	(resigned 1 June 2017)
J Proudlock	(resigned 18 July 2017)
P R Preston	(appointed 29 June 2017)
R W J McKenzie	(appointed 1 September 2017)
M P Barnes	(appointed 1 September 2017)

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 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. The directors are aware that the current overdraft and loan facility with the Allied Irish Bank expires on 31 January 2018. 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.

HAMSARD 3232 LIMITED

DIRECTORS' REPORT

FINANCIAL INSTRUMENTS

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

FUTURE DEVELOPMENTS

The future developments of the company are described in the strategic review.

SUBSEQUENT EVENTS

There are no subsequent events to report.

DISCLOSURE OF INFORMATION TO AUDITOR

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

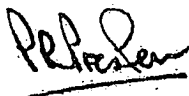
- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor 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 3 November 2017 and signed on its behalf



P Preston

Director

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

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 MEMBERS OF HAMSARD 3232 LIMITED

We have audited the financial statements of Hamsard 3232 Limited for the year ended 30 April 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21. 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 April 2017 and of its 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, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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, 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.

Paul Adkins

Paul Adkins (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom

3 November 2017

HAMSARD 3232 LIMITED

STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 April 2017

	Note	2017 £	Restated* 2016 £
TURNOVER	1,4	3,647,284	3,629,670
Cost of sales		(2,714,156)	(2,400,364)
GROSS PROFIT		933,128	1,229,306
Administrative expenses		(676,701)	(739,913)
OPERATING PROFIT		256,427	489,393
Finance charges	6	(232,354)	(208,473)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	24,073	280,920
Tax on profit on ordinary activities	9	(50,546)	(91,549)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR		<u>(26,473)</u>	<u>189,371</u>

There was no other comprehensive income during the year.

All (losses) profits for the year are attributable to equity shareholders.

All amounts relate to continuing operations.

The notes on pages 12 to 22 form part of these financial statements.

*Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments (see note 3).

HAMSARD 3232 LIMITED

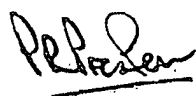
BALANCE SHEET 30 April 2017

	Note	£	2017 £	Restated* 2016 £
FIXED ASSETS				
Intangible assets	10		1,909	2,481
Tangible assets	11		1,983,813	2,050,987
			<u>1,985,722</u>	<u>2,053,468</u>
CURRENT ASSETS				
Debtors	12	2,156,593	1,340,265	
Cash at bank and in hand		114,857	56,262	
		<u>2,271,450</u>	<u>1,396,527</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(2,096,518)	(1,450,167)	
NET CURRENT ASSETS (LIABILITIES)			<u>174,932</u>	<u>(53,640)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,160,654	1,999,828
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(1,656,545)		(1,479,058)
PROVISION FOR LIABILITIES	16	(23,822)		(14,010)
NET ASSETS			<u>480,287</u>	<u>506,760</u>
CAPITAL AND RESERVES				
Called-up share capital	17		1	1
Capital contribution reserve	17		850,103	850,103
Profit and loss account	17		(369,817)	(343,344)
SHAREHOLDER'S FUNDS			<u>480,287</u>	<u>506,760</u>

*Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments (see note 3).

The financial statements of Hamsard 3232 Limited, registered number 07472997, were approved by the Board of Directors and authorised for issue on 3 November 2017.

Signed on behalf of the Board of Directors



P Preston

Director

HAMSARD 3232 LIMITED

STATEMENT OF CHANGES IN EQUITY **30 April 2017**

	Called up share capital £	Restated* Capital contribution reserve £	Restated* Profit and loss account £	Total £
At 1 May 2015	1	342,082	(307,065)	35,018
Prior year adjustment	-	508,021	(225,650)	282,371
At 1 May 2015 (as restated)	1	850,103	(532,715)	317,389
Total comprehensive income for the financial year (as restated)	-	-	189,371	189,371
At 30 April 2016	1	850,103	(343,344)	506,760
Total comprehensive income for the financial year	-	-	(26,473)	(26,473)
At 30 April 2017	1	850,103	(369,817)	480,287

*Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments (see note 3).

HAMSARD 3232 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2017

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and in the prior period.

General information and basis of accounting

Hamsard 3232 Limited is a company limited by shares incorporated and registered in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 and 3.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Hamsard 3232 Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Hamsard 3232 Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to presentation of a cash flow statement and intra-group transactions.

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. The directors are aware that the current overdraft and loan facility with the Allied Irish Bank expires on 31 January 2018. 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.

Intangible fixed assets and amortisation

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.

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
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 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.

HAMSARD 3232 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2017

1 ACCOUNTING POLICIES (continued)

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.

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.

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. From time to time, the Company may also enter into non basic financial instruments such as interest rate swaps.

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 statement of comprehensive income.

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 Company would receive for the asset if it were to be sold at the balance sheet date.

HAMSARD 3232 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2017

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

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.

Leases

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.

Finance costs

Finance costs of financial liabilities are recognised in the statement of comprehensive income on an accruals basis using the effective interest rate method.

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.

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.

Equity instruments

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires estimates and assumptions to be made by the Directors that affect the reported amount of income, expenses, assets and liabilities and the disclosure of contingent liabilities. The resulting accounting estimates, which are based on judgements finalized at the date of approval of the financial statements will, by definition, be based on all the relevant up to date information available but, nevertheless, actual results will typically differ from estimates. The estimates are underlying assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period and are discussed below.

The Group tests annually whether the intangible assets and property and equipment have suffered any impairment. 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.

HAMSARD 3232 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2017

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The cash flow projections were based on a 12 month forecast, 2018/19 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 (WACC) of 10%.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are considered below:

As part of the impairment review, the Directors determined gross margin and results based on past performance and their expectations of market development. This method of calculation is consistent with that adopted in the previous financial year. With regards to the assessment of value in use, the Directors believe that no reasonable change in any of the above key assumptions around growth rate factors or WACC would cause the carrying value of the income generating unit to be materially different from its recoverable amount.

3. RESTATEMENT OF PRIOR YEAR ACCOUNTS

An adjustment has been made to the previously reported prior year amounts to recognise the intercompany loan payable in line with FRS 102.11.13, which requires a debt instrument to be recognised at the present value of the future payments discounted at the market rate of interest. The company had accounted for the market rate of interest, but due to an error had not initially recognised the loan at the present value of the future payments. The impact on the prior year primary statements is shown below:

Impact on statement of comprehensive income: Finance charges increase from £50,002 by £158,471 to £208,473 as the discount in the loan payable unwinds. As a result profit for the financial year decreases from £347,842 to £189,371.

Impact on balance sheet: Net assets decrease from £618,092 by £111,332 to £506,760. Creditors, amounts falling due after more than one year increase from £359,391 by £1,119,667 to £1,479,058 which comprises the grossing up of the intercompany receivable of £1,008,335 and the prior period adjustment of £111,332. The Capital contribution reserve is increased from £577,314 by £272,789 to £850,103. The profit and loss account is decreased from £40,777 by £384,121 to £(343,344).

Impact on statement of changes in equity: Retained earnings at 1 May 2015 are reduced by £225,650 and total comprehensive income for the financial year ended 30 April 2016 is reduced by £158,471.

4. TURNOVER

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

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2017 £	2016 £
The profit on ordinary activities before taxation is stated after charging		
Amortisation - intangible fixed assets	572	572
Depreciation of tangible fixed assets:		
- owned by the company	115,314	107,567
Auditor's remuneration	6,318	21,705
Operating lease rentals:		
- motor vehicles	9,100	9,950
- other operating leases	-	198

HAMSARD 3232 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2017

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (continued)

The analysis of auditor's remuneration is as follows:

	2017 £	2016 £
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	3,960	17,505
Total audit fees	3,960	17,505
Tax services	2,358	4,200
Total non-audit fees	2,358	4,200
	6,318	21,705

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.

6. FINANCE CHARGES

	2017 £	Restated* 2016 £
Interest payable and similar charges:		
Bank interest and charges	58,609	50,002
Unwind of intercompany loan interest	177,487	158,471
	236,096	208,473
Finance charges (net)		
Interest payable and similar charges	236,096	208,473
Related party interest income	(3,742)	-
	232,354	208,473

*Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments (see note 3).

7. STAFF COSTS

	2017 £	2016 £
Staff costs, including directors' remuneration, were as follows:		
Wages and salaries	1,862,226	1,617,645
Social security costs	143,690	122,955
Other pension costs	20,285	25,080
	2,026,201	1,765,680
	No	No
The average monthly number of employees, including the directors, during the year was as follows:		
Care staff	108	97
Central	18	6
	126	103

HAMSARD 3232 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2017

8. 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. No recharge is made to Hamsard 3232 Limited for their services to this company.

The aggregate remuneration of the directors was £254,803 (2016: £261,292) and is paid and incurred by Christchurch Court Limited.

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge comprises:

	2017 £	2016 £
Current taxation		
UK corporation tax at 19.92% (2016: 20.0%)	38,189	41,019
Adjustment in respect of prior years	2,545	-
	<u>40,734</u>	<u>41,019</u>
Deferred taxation		
Origination and reversal of timing differences	11,550	49,551
Adjustment in respect of prior years	775	2,535
Effect of changes in tax rates	(2,513)	(1,556)
	<u>9,812</u>	<u>50,530</u>
Total tax charge on profit on ordinary activities	<u>50,546</u>	<u>91,549</u>

The differences between the total 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:

	2017 £	Restated* 2016 £
Profit on ordinary activities before tax	<u>24,073</u>	<u>280,920</u>
Tax on profit on ordinary activities at the blended UK corporation tax rate of 19.92% (2016: 20.0%)	4,795	56,184
Effect of:		
Expenses not deductible for tax purposes	49,425	45,075
Other short term timing differences	-	588
Effect of change in tax rates	(2,513)	(1,555)
Adjustment in respect of prior years	3,320	2,535
Effects of group relief	(4,481)	(11,278)
Tax charge for the year	<u>50,546</u>	<u>91,549</u>

*Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments (see note 3).

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

HAMSARD 3232 LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 April 2017

10. INTANGIBLE FIXED ASSETS

	Branding £
Cost	
At 1 May 2016 and 30 April 2017	4,397
Amortisation	
At 1 May 2016	1,916
Charge for year	572
At 30 April 2017	2,488
Net book value	
At 30 April 2017	1,909
At 30 April 2016	2,481

Separately acquired brands are shown at cost less accumulated amortisation and has a remaining amortisation period of 3 years.

11. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Office and equipment £	Total £
Cost				
At 1 May 2016	2,109,675	276,040	31,926	2,417,641
Additions	2,238	40,174	5,728	48,140
At 30 April 2017	2,111,913	316,214	37,654	2,465,781
Accumulated depreciation				
At 1 May 2016	250,372	101,143	15,139	366,654
Charge for the year	63,742	43,607	7,965	115,314
At 30 April 2017	314,114	144,750	23,104	481,968
Net book value				
At 30 April 2017	1,797,799	171,464	14,550	1,983,813
At 30 April 2016	1,859,303	174,897	16,787	2,050,987

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	Restated* 2016 £
Trade debtors	219,543	235,852
Amounts owed by parent undertaking	1,283,790	1,008,335
Amount owed from related party	603,742	-
Other debtors	-	110
Prepayments and accrued income	49,518	36,849
Corporation tax	-	59,119
	2,156,593	1,340,265

*Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments (see note 3). Amounts owed by parent undertaking are interest free and repayable on demand.

HAMSARD 3232 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2017

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Bank loan	1,553,757	980,648
Trade creditors	174,922	186,363
Corporation tax	40,808	-
Other taxation and social security	73,561	72,416
Defined contribution pension scheme accrual	3,813	7,489
Other creditors	8,425	116,189
Accruals and deferred income	241,232	87,062
	<u>2,096,518</u>	<u>1,450,167</u>

14. FINANCIAL INSTRUMENTS

	2017 £	Restated* 2016 £
Financial assets		
Measured at undiscounted amount receivable:		
Trade debtors	219,543	235,852
Cash	114,857	56,262
Amounts owed by parent undertaking	1,283,790	1,008,335
Measured at amortised cost:		
Amounts owed from related party	603,742	-
	<u>2,221,932</u>	<u>1,300,449</u>
Financial liabilities		
Measured at amortised cost		
Bank loan	1,553,757	980,648
Amounts owed to parent undertaking	1,656,545	1,479,058
Measured at undiscounted amount payable		
Trade creditors	174,922	186,363
	<u>3,385,224</u>	<u>2,646,069</u>

*Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments (see note 3).

HAMSARD 3232 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2017

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	Restated* 2016
	£	£
Amounts owed to parent undertaking	<u>1,656,545</u>	<u>1,479,058</u>
Borrowings are repayable as follows:		
	2017	2016
	£	£
Bank loan		
On demand or within one year	<u>1,553,757</u>	<u>980,648</u>
Amounts owed to parent undertaking		
Between two and five years	<u>1,656,545</u>	<u>1,479,058</u>
Total borrowings		
Between two and five years	1,656,545	1,479,058
On demand or within one year	<u>1,553,757</u>	<u>980,648</u>
	<u>3,210,302</u>	<u>2,459,706</u>

*Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments (see note 3).

The bank loan is secured on freehold properties with a net book value of £1.8 million (2016: £1.9 million) and is repayable in quarterly instalments to maturity on 31 January 2018. The interest rate applicable to the bank loan was fixed at 3.75%.

16. PROVISION FOR LIABILITIES

	2017	2016
	£	£
Deferred tax liability		
Liability (asset) at beginning of year	14,010	(36,519)
Charge for the year (P&L)	9,037	47,995
Adjustments in respect of prior years	<u>775</u>	<u>2,534</u>
Liability at end of year	<u>23,822</u>	<u>14,010</u>

The provision is made up as follows:

	2017	2016
	£	£
Accelerated capital allowances	24,070	14,898
Other timing differences	<u>(248)</u>	<u>(888)</u>
	<u>23,822</u>	<u>14,010</u>

The deferred tax assets and liabilities are recoverable / payable after more than one year.

HAMSARD 3232 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2017

17. CALLED UP SHARE CAPITAL AND RESERVES

	2017	2016
	£	£
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1

The company's other reserves are as follows:

Capital contribution reserve

The capital contribution reserve represents the deemed contribution from the parent undertaking on interest free loans made to the company.

Profit and loss reserve

The profit and loss reserve represents cumulative profits or losses.

18. 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 £20,285 (2016: £25,080) represents contributions payable to this scheme at rates specified in the rules of the plans. As at 30 April 2017, contributions of £3,813 (2016: £7,489) due in respect of the current reporting period had not been paid over to the scheme.

19. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Expiring in one year	9,100	9,100
Expiring in two to five years	758	9,858
	<u>9,858</u>	<u>18,958</u>

20. 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.

During the year, the Company entered into a lending arrangement with a related party, Christchurch Court Holdings Limited. Both companies are under the common control of the majority shareholder and controlling party Sovereign Capital Partners Limited Partnership III. The loan to Christchurch Court Holdings Limited was for £600,000 and bears a market rate of interest. The balance due from the related party at 30 April 2017 was £603,742.

Directors' transactions

The only transactions with Directors in the year were their remuneration as disclosed in note 8.

HAMSARD 3232 LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2017

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate parent undertaking is Hamsard 3267 Limited whose registered office is 2 Christchurch Road, Abingdon, Northampton, NN1 5LL. The results of the Company are consolidated in the annual report and financial statements of Hamsard 3267 Limited whose financial statements are publicly available and at their registered office, being the smallest and largest group in which the results are consolidated. Copies of group financial statements of Hamsard 3267 Limited are available from companies House, Crown Way, Cardiff, CF14 3U2. The majority shareholder and controlling party of the ultimate parent undertaking is Sovereign Capital Partners Limited Partnership III. All control parties are incorporated in the United Kingdom.