Registered number: 06295365

These financial statements of Lifeways Finance Limited (06295365) are submitted for filing with the individual unaudited accounts of Autism Care UK (4) Limited (07884044) in accordance with the audit exemption requirements of Section 479A of the Companies Act 2006.

P43.

LIFEWAYS FINANCE LIMITED

AMENDED ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

LIFEWAYS FINANCE LIMITED

COMPANY INFORMATION

Directors	P Marriner G A Cross K N Franklin (Resigned 18 June 2017)
Company number	06295365
Registered office	56 Southwark Bridge Road London United Kingdom SE1 0AS
Auditors	Deloitte LLP 2 New Street Square London United Kingdom EC2A 3BZ
Bankers	HSBC Bank PLC 26 Broad Street Reading Berkshire RG1 2BU

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The only amendment present in these accounts is the dating of the balance sheet. No other changes have been made from previously submitted accounts

STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their strategic report for the year ended 31 August 2016 for the consolidated accounts of Lifeways Finance Limited.

Lifeways Finance Limited is a subsidiary of a holding company, Listrac Holdings Limited Group which also prepares consolidated financial statements.

Principal Activity

The principal activities of the group are the provision of care in the community for individuals with special care requirements and the provision of accommodation and care for adults with learning difficulties.

The principal activity of the company is that of a holding company.

Review of the business

The group's principal activity during the period continued to be the provision of services for people with diverse and often complex needs. We take pride in being one of the UK's most forward thinking and innovative providers of services supporting individuals nationally, with an outcome focused approach. Across the organisation, the person using the services is always central to our considerations. Whether it is supporting a person for just a few hours each week, to 24/7 care and support, we adapt to each person's needs and aspirations as they change, enabling every person we support to live their life to their full potential.

We are the only nationwide provider of supported living for a diversity of user groups, including learning disabilities, mental health disorders, autistic spectrum disorders, acquired brain injury, physical and sensory impairments.

We provide a range of person centred services, including supported living services, residential care, individual support services, respite and short break services and transitional support. Our services are generally paid for by Social Services departments of Local Authorities or by Clinical Commissioning Groups but we are committed to the principle that the people to whom we provide our services have choice and control over how those services are delivered.

Key performance indicators

The key financial and other performance indicators performance during the year were as follows:

	12 Months ended 31 August 2016	**12 Months ended 31 August 2015**
	£	**£**
Turnover	**230,126,898**	179,967,300
Gross profit	**78,504,876**	61,468,980
Gross profit percentage	**34.1%**	34.2%
EBITDA*	**33,204,172**	28,483,968
Average number of care stuff	**9,063**	7,794

* Earnings before interest, tax, depreciation and amortisation and before unusual and non-recurring items (see Note 10)

Going Concern

At the date of these accounts, the directors have carried out a detailed and comprehensive review of the business and its future prospects. In particular they have compared the forecast future performance of the group's anticipated cash flows in the light of current economic conditions, have considered the ability of the group to meet its obligations as they fall due. In the opinion of the directors, the group is expected to be able to continue trading within the current arrangements and consequently the financial statements are presented on a going concern basis. (see Note 1)

Performance in the year

The group's 12 month period of trading resulted in revenues of £230m (2015: £180m) and £33m (2015: £28m) of EBITDA before unusual or non-recurring items of £10.2m (2015: £6.8m). These results are up compared to prior year and take into account the full year impact of acquisitions made in the prior year. Acquisitions in the current year contributed £3.4m of turnover (2015: £41.4m) and £1.1m EBITDA (2015: £6.3m) in the period post acquisition.

With the backing of the shareholders we have chosen to invest in the business for the long term and have therefore undertaken a number of significant business transformation programmes. As a result, significant unusual or non-recurring costs were incurred during the year, further detail of which is outlined in note 10 to the Financial Statements. During the year, two acquisitions were undertaken, Brighton & Sussex Care Limited and Keys Hill Park Limited.

Service excellence

Our clients, plus the quality of care and support we provide, are and will remain the single most important parts of our business. The group is committed to providing excellent services at all times. Across the organisation the quality of our service delivery is measured in different ways. Our primary objective is to satisfy our entire customer requirements be they regulatory or contractual. Our mission is to:

"...deliver excellent, individualised and inclusive services to people with a range of disabilities and complex needs in their communities. The services we deliver will make a positive impact on the life of each person we support."

Our approaches are underpinned by a strong belief that:

• People with disabilities have the same rights as everyone else.
• People should have greater choice and control over the support they need to go about their daily lives with greater access to housing, education, employment, leisure and transport opportunities and to participation in family and community life.
• People are involved in and control decisions made about their lives, having information and support to understand different options and their implications and consequences, so they can make informed decisions about their own lives.
• People are able to participate in all the aspects of their community, whether this is to work, learn, get about and meet people, be part of social networks and access goods and services – and have the support to do so.

We hold, and are guided by, a range of nationally recognised quality assurance standards. We also have our own comprehensive quality framework that is grounded in excellent person centred approaches and underpinned by the principles of involvement and citizenship. Services delivered to each person need to reflect this sentiment and as a result quality of service delivery is measured against this.

During the year we have maintained ISO9001:2000, ISO14001 and OHSAS18001. The ISO is only awarded to those organisations that are able to show that they have quality assurance systems, policies and procedures in place to ensure high quality of service delivery. We are also accredited by Exor Management Services for having reached the required standards for a social care organisation and are a member of the British Quality Foundation.

Employees

I would like to acknowledge the hard work, commitment and dedication of all people within the group during this year of change which is evident through our financial and operational achievements in 2015/16. We continue to recognise that our success and reputation are based on the excellent work of our employees and the quality of services provided at every level in the organisation. We pay competitive rates and invest in the recruitment and retention of our dedicated and skilled workforce in a market which is recognised to suffer from staff shortages with high staff turnover rates.

Treasury management and financial instruments

The group manages cash risk by structuring loan repayments appropriately for the business in order to service its debt. The group's financial instruments include all assets and liabilities of a financial nature such as cash, overdrafts and long term liabilities and various items, such as trade debtors and trade creditors that arise directly from the company's operations. All such instruments play an important part in the operations of the company to enable it to operate smoothly and effectively and to pay its obligations as they fall due.

The group manages liquidity risk through the availability of committed credit facilities and compliance with related financial covenants and by maintaining sufficient cash to meet obligations as they fall due.

As the group operates solely in the UK, it has no exposure to foreign exchange risks.

The group's principal financial asset is its trade debtors. The credit risk associated with these is limited as a high proportion of customers are public sector bodies such as a Local Authorities and Clinical Commissioning Groups. In order to manage credit risk regular meetings take place between the directors and the credit control team and aged debtor listings are reviewed on a regular basis.

Principal Risks and Uncertainties

The following are the most significant risks faced by the business:

• Health and safety – the business currently employs 10,000 staff providing services to 5,000 people, predominantly in their own homes and often in challenging and complex situations which increase the risk of incidents and accidents. The board regards the health and safety of its customers and employees as the most important responsibility and has robust health and safety policies in place in order to minimise the risk of incidents and accidents. The company's health and safety manual, which details best practice procedures, is available to all staff and its contents are reinforced through training and development. A monthly health and safety report is submitted to the board and regular health and safety and staff training audits are conducted with the results reported to the board. Health and safety is regarded as the responsibility of every employee.

• Quality failure – The provision of a quality service to individuals and purchasers is key to the attraction and retention of customers. In order to promote quality, appropriate training and supervision is given to staff, reinforced by procedures manuals and internal quality audits. A report on quality assurance is submitted to the board every month.

• Failure to comply with regulation – A regular dialogue takes place with the company's regulatory body, the Care Quality Commission (CQC), Care Commission – Scotland and Commission for Social Services Inspectorate Wales (CSSIW) to ensure our procedures comply with regulations and are up to date. If there are any adverse findings from regular regulatory inspections these are followed up promptly and improvements made where necessary.

• Staff recruitment and retention – High quality skilled staff are required to service the existing client base and to grow the company's business. Any difficulties in recruiting or retaining staff may impact on the quality of service and/or gross margins. The company's recruitment, training and development policies are designed to maximise the attractiveness of the company to existing and potential employees and the directors believe its pay rates are competitive in the market.

• Shifts in governmental policies – As the majority of the company's sales are to the public sector we would be vulnerable to a major policy shift away from supported living. However the board believes this is not considered to be a major risk because the community care movement is now well established and has undoubtedly proven its value and effectiveness. Further, the group has a proven track record in adapting to changes and challenges in the market.

• National Living Wage – HM Government announced the establishment of a National Living Wage effective 1 April 2016 starting at £7.20 per hour rising to £9.00 per hour by 2020. The Group cannot predict the impact that this will have within the local labour markets in which it operates, but it remains committed to attracting the best people to care for the people that we support. The cost impact of the changes to National Living Wage rates is material and in 2016 there has been positive engagement from Commissioners resulting in material offset of the directly attributable cost. The business is optimistic that such positive engagement will continue in future years.

• Litigation – The business could be subject to litigation as a consequence of incidents that can occur as it cares for 5,000 people often with challenging & complex behaviours. In addition to robust policies & procedures, the business carries significant insurance cover to mitigate the cost of such claims. From time to time the business is subject to employee claims and enquiries from authorities. Where appropriate the business vigorously defends itself in such cases.

2016/17 Outlook

The business does see positive opportunities to significantly grow the business specifically through flat schemes, new residential care investment and the expansion of mental health services. Strong positive momentum is expected in the next few years. There are also good acquisition opportunities to further develop the Group's offering to the market.

Management recognise that there continue to be shortages of appropriately skilled labour in certain parts of the country. The establishment of the National Living Wage, effective 1st April 2016, has materially affected input costs and increased the wider labour cost base although some uplifts were agreed with Commissioners. The imposition of the Apprenticeship Levy effective April 2017, will further increase cost as well the new National Living Wage rate effective from the same date; this will necessitate further price escalation. Meanwhile, management are working hard to ensure the business is an employer of choice by transforming its recruitment and retention processes.

The sector wide uncertainty around long established protocols to appropriately remunerate staff as they make themselves available on call, at night, to support people is not helpful. The business is working with other providers in the sector to ensure that this is appropriately clarified by the Authorities. Any unfavourable outcome could materially compromise the Group's ability to provide support in the future unless appropriate funding is rendered by Local Authorities and Commissioners; those being the bodies ultimately responsible for the appropriate provision of Support under the Care Act.

The last few years have been a period of exciting and material change for the Group; the transformation program has made significant progress in 2015/16 and will continue to be a catalyst for change and improvement.

We remain optimistic that the business will continue to positively develop and progress in 2016/17 and beyond.

Paul Marriner

Name: P Marriner
Director

Date 29/6/17

DIRECTORS REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The directors present their report and the consolidated financial statements for the year ended 31 August 2016. This is the first year in which the financial statements have been prepared under FRS 102. The last financial statements prepared under previous UK GAAP were for the period ended 31 August 2015 and the date of transition to FRS 102 was therefore 1 September 2014.

Dividends paid

There were no dividends paid in the year under review (2015: £NIL).

Results

The Income statement for the year ended 31 August 2016 is set out on page 10.

The directors who served during the year and to the date of signing:

P Marriner
G A Cross
K N Franklin (Resigned 18 June 2017)

Political and charitable contributions

No political or charitable donations were made during the year or prior year.

Company's policy for payment of creditors

It is the group's policy to payment creditors within contractually agreed timeframe.

Items disclosed in the Strategic Report

Treasury management and financial instruments and principal risks and uncertainties are stated in the strategic report on page 3.

Employee involvement

HR Management is primarily tasked with supporting our business goals by attracting, retaining and developing the most talented people available to us. We promote an open culture and encourage the involvement of all staff in the development of the business. We recognise and reward our staff for their effort and contribution towards achievement of individual objectives in support of the group's goals.

Disabled employees

All applications for employment are treated with full, fair and equal consideration. Job offers are entirely based on merit taking into account aptitude and capability to carry out each role based on a defined job specification. The group has an excellent reputation for diversity, recognising and making the best use of all of its employees' skills. In the event that an employee became disabled, the group would do its utmost to retain the employee by, wherever possible, providing an environment adapted for his/her needs. This could mean providing specially adapted working facilities, home working facilities or re training. It is the policy of the group that all job opportunities, career development, training and career advancement opportunities are available to all employees.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2016

Post balance sheet events

The group is undertaking a legal restructuring process to decrease the number of legal entities within the group. The following companies of the group are in the process of being liquidated: Lifeways Community Care (Gloucester) Limited; U.K. Care Solutions Group Limited; Day Care Solutions Limited; and South Wales Care Limited.

There were no post balance sheet events other than those mentioned above.

Auditor

Deloitte LLP was appointed as auditor during the year. They will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29/6/17 and signed on its behalf.

Paul Marriner

P Marriner
Director

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LIFEWAYS FINANCE LIMITED

We have audited the financial statements of Lifeways Finance Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 August 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statement of Financial Positions, the Consolidated and Parent Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 group'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 group's and of the parent company's affairs as at 31 August 2016 and of the group's 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LIFEWAYS FINANCE LIMITED (CONTINUED)

Opinion on other matters 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 company and its environment obtained in the course of the audit, we have not identified and material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Emma Cox BA ACA (Senior Statutory Auditor)
for and on behalf of
Deloitte LLP
Statutory Auditor

2 New Street Square
London, UK

Date: 30 June 2017

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	Restated* 2015 £
Turnover	3	**230,126,898**	179,967,300
Cost of sales		**(151,622,012)**	(118,498,320)
Gross profit		**78,504,886**	61,468,980
Administrative expenses		**(76,770,169)**	(55,773,801)
EBITDA		**33,204,172**	28,483,968
Depreciation		**(3,532,239)**	(2,167,845)
Amortisation		**(17,515,609)**	(13,775,334)
Impairment		**(229,456)**	-
Unusual and non-recurring items	10	**(10,192,161)**	(6,845,610)
Total operating profit	4	**1,734,717**	5,695,179
Profit/(loss) on sale of tangible assets		**3,919**	(59,168)
Interest receivable and similar income	8	**36,354**	27,309
Interest payable and similar charges	9	**(5,728,757)**	(3,637,314)
Other finance income		**28,000**	96,000
Loss before tax		**(3,925,767)**	2,122,006
Tax on loss on ordinary activities	11	**850,072**	1,549,753
Loss for the Year		**(3,075,695)**	3,671,759

The notes on pages 17 to 45 form part of these financial statements.

* Details of the restatement to FRS 102 can be found in note 29.

All amounts relate to continuing operations.

LIFEWAYS FINANCE LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	Restated* 2015 £
Loss for the financial year		**(3,075,695)**	3,671,759
Other comprehensive income			
Actuarial loss on defined benefit schemes		**(2,726,000)**	(1,026,863)
Movement on deferred tax relating to actuarial loss		**510,080**	189,131
Other comprehensive loss for the Year		**(2,215,920)**	(837,732)
Total comprehensive loss for the Year		**(5,291,615)**	2,834,027

LIFEWAYS FINANCE LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	Restated* 2015 £
Fixed assets					
Intangible assets	12		**221,113,907**		232,652,628
Tangible assets	13		**39,980,960**		33,170,162
			261,094,867		265,822,790
Current assets					
Debtors: amounts falling due within one year	16	**30,203,771**		33,260,371	
Cash at bank and in hand	17	**6,442,299**		6,473,524	
		36,646,070		39,733,895	
Creditors: amounts falling due within one year	18	**(136,617,884)**		(141,164,289)	
Net current liabilities			**(99,971,814)**		(101,430,394)
Total assets less current liabilities			**161,123,053**		164,392,396
Provisions for liabilities					
Deferred taxation	19	**(563,678)**		(1,700,577)	
Other provisions	20	**(1,755,529)**		(1,211,357)	
			(2,319,207)		(2,911,934)
Net assets excluding pension asset/liability			**158,803,847**		161,480,462
Pension liability/asset	22		**(2,105,000)**		510,000
Net assets			**156,698,847**		161,990,462
Capital and reserves					
Called up share capital	21		**292**		292
Share premium account			**1,069,398**		1,069,398
Profit and loss account			**155,629,157**		160,920,772
Equity attributable to owners of the Parent Company			**156,698,847**		161,990,462
			156,698,847		161,990,462

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

*Details of the restatement to FRS 102 can be found in note 29.

29/6/17

P Marriner
Director

The notes on pages 17 to 45 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	Restated* 2015 £
Fixed assets					
Tangible assets			4,255,216		2,668,891
Investments			236,989,061		225,800,307
			241,244,277		228,469,198
Current assets					
Debtors: amounts falling due within one year		72,850,673		66,890,708	
		72,850,673		66,890,708	
Creditors: amounts falling due within one year		(222,634,646)		(202,649,606)	
Net current liabilities			(149,999,509)		(135,758,898)
Total assets less current liabilities			91,460,304		92,710,300
Net assets			91,460,304		92,710,300
Capital and reserves					
Called up share capital			292		292
Share premium account			1,069,398		1,069,398
Profit and loss account			90,390,614		91,640,610
			91,460,304		92,710,300

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

*Details of the restatement to FRS 102 can be found in note 29.

Paul Marriner 29/6/17

P Marriner
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 September 2015	292	1,069,398	160,920,772	161,990,462
Comprehensive income for the Year				
Loss for the Year	-	-	(3,075,695)	(3,075,695)
Actuarial losses on pension scheme	-	-	(2,726,000)	(2,726,000)
Movement on deferred tax relating to actuarial loss	-	-	510,090	510,090
Other comprehensive income for the Year	-	-	(2,215,910)	(2,215,910)
Total comprehensive income for the Year	-	-	(5,291,615)	(5,291,615)
At 31 August 2016	292	1,069,398	155,629,157	156,698,847

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2015

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 September 2014	292	1,069,398	158,086,745	159,156,435
Comprehensive income for the year				
Profit for the year	-	-	3,671,759	3,671,759
Actuarial losses on pension scheme	-	-	(1,026,863)	(1,026,863)
Movement on deferred tax relating to actuarial loss	-	-	189,131	189,131
Other comprehensive income for the year	-	-	(837,732)	(837,732)
Total comprehensive income for the year	-	-	2,834,027	2,834,027
At 31 August 2015	292	1,069,398	160,920,772	161,990,462

The notes on pages 17 to 45 form part of these financial statements.

LIFEWAYS FINANCE LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 September 2015	292	1,069,398	91,640,610	92,710,300
Comprehensive income for the year				
Loss for the Year	-	-	(1,249,996)	(1,465,532)
Total comprehensive income for the Year	-	-	(1,249,966)	(1,465,532)
At 31 August 2016	292	1,069,398	90,390,614	91,244,768

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2015

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 September 2014	292	1,069,398	95,343,304	96,412,994
Comprehensive income for the year				
Loss for the year	-	-	(3,702,694)	(3,702,694)
Total comprehensive income for the year	-	-	(3,702,694)	(3,702,694)
At 31 August 2015	292	1,069,398	91,640,610	92,710,300

The notes on pages 17 to 45 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	2016 £	2015 £
Cash flows from operating activities		
Operating profit for the financial Year	**1,734,707**	5,695,179
Adjustments for:		
Amortisation of intangible assets	**17,515,609**	13,775,334
Depreciation of tangible assets	**3,532,239**	2,167,845
Impairments of fixed assets	**229,456**	-
Profit/(loss) on disposal of tangible assets	**3,919**	(59,168)
Taxation	**292,370**	(990,886)
Decrease in debtors	**3,343,011**	2,600,495
Increase/(decrease) in creditors	**(9,282,199)**	101,344,452
Increase in net pension assets/liability	**(83,000)**	(52,532)
Net cash generated from operating activities	**17,286,113**	124,480,719
Cash flows from investing activities		
Acquisition of subsidiary	**(8,141,695)**	(132,621,164)
Net cash acquired with subsidiary undertaking	**1,009,174**	8,550,311
Purchase of tangible fixed assets	**(10,155,839)**	(5,286,903)
Sale of tangible fixed assets	**22,412**	2,010,000
Interest received	**36,354**	27,309
Interest paid	**(80,662)**	(14,357)
Net cash from investing activities	**(17,310,256)**	(127,334,804)
Cash flows from financing activities		
Repayment of finance leases	**(7,082)**	(22,006)
Net cash used in financing activities	**(7,082)**	(22,006)
Net (decrease) in cash and cash equivalents	**(31,225)**	(2,876,091)
Cash and cash equivalents at beginning of Year	**6,473,524**	9,349,615
Cash and cash equivalents at the end of Year	**6,442,299**	6,473,524
Cash and cash equivalents at the end of Year comprise:		
Cash at bank and in hand	**6,442,299**	6,473,524
	6,442,299	6,473,524

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Group has applied the amendments to FRS 102 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 29.

Lifeways Finance 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 separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments and remuneration of key management personnel.

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 September 2014.

1.3 Going concern

The group has net liabilities of £99,971,814 at 31 August 2016 (2015: £101,430,394) this relates mainly to intercompany loans. A letter of support to support these loans has been received from the parent company, Listrac Holdings Limited, in its capacity as ultimate parent company of the Listrac Holdings group. Based on projections, the directors expect the Listrac Holdings group to generate positive cash flows in future years in order that it may service its long term external debt obligations and meet its liabilities as they fall due. At the date of these accounts, the directors have carried out a detailed and comprehensive review of the business and its future prospects. In particular they have compared the forecast future performance of the Listrac Holdings group and anticipated cash flows with the available working capital facilities and covenants contained in the banking arrangements that form part of the Listrac Holdings group's current financing structure (including recently renegotiated terms) and, in light of current economic conditions, have considered the ability of the group to meet its obligations as they fall due. In the opinion of the directors, the company and group are expected to be able to continue trading within the current arrangements and consequently the directors have concluded that the group is a going concern and the financial statements have been prepared on that basis.

1. Accounting policies (continued)

1.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.5 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income statement over its useful economic life.

The directors have assessed and determined that goodwill should be charged on the basis of a 15 year life.

1.6 Tangible fixed assets

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

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Freehold property	- 2% straight line
Leasehold Property	- over the shorter of the remaining period of the lease or the useful life
Fixtures and fittings	- 20% straight line
Computer equipment	- 33% straight line
Leasehold improvements	- over the shorter of the remaining period of the lease or the useful life

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1. Accounting policies (continued)

1.8 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

1. Accounting policies (continued)

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) *Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

1.9 Leased assets: the Group as lessee

Assets obtained under hire purchase contract and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.10 Operating leases: the Group as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the expected life of the lease.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 September 2014) to continue to be charged over the period to the first market rent review rather than the term of the lease.

1. **Accounting policies (continued)**

1.11 Current and deferred taxation

The tax expense for the Year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;

- *Any deferred tax balances are reversed if and when all conditions for retaining associated tax* allowances have been met; and

- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.12 Unusual and non-recurring items

Unusual and non-recurring items represent items of income or expenditure which individually, or in aggregate, are of exceptional size or incidence, and in the directors judgement should be presented separately because they are relevant to an understanding of the group's financial performance. Disclosure of these items is provided in note 10.

1. *Accounting policies (continued)*

1.13 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Defined benefit pension plan

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:
a) the increase in net pension benefit liability arising from employee service during the period; and
b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty - impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the balance sheet date was £221m.

NOTES TO THE FINANCIAL STATEMENTS
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3. Turnover

Turnover represents amounts receivable for services provided in the year of account. All turnover was derived from activities located in the United Kingdom. No segmental data is provided on the basis that the revenue streams are not significantly differentiated.

4. *Operating profit*

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	**3,532,239**	2,167,845
Amortisation of intangible assets, including goodwill	**17,515,609**	13,775,334
Other operating lease rentals	**6,104,009**	3,256,990
Unusual or non-recurring items (note 10)	**10,192,161**	6,845,610

5. Auditor's remuneration

	2016 £	2015 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**349,200**	378,000
Fees payable to the Group's auditor and its associates in respect of:		
Taxation compliance services	**-**	123,061
Other services not relating to taxation	**60,000**	-
	60,000	123,061

The audit fee for the group was £349,200 (2015: £378,000). The fees stated above are inclusive of VAT which is non recoverable to the group.

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

6. Employees

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

	2016 £	2015 £
Wages and salaries	**153,044,774**	123,587,607
Social security costs	**10,422,253**	7,890,668
Other pension costs	**2,052,373**	1,527,285
	165,519,400	133,005,560

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

	2016 No.	2015 No.
Direct care staff	**9,063**	7,794
Administration staff	**800**	656
	9,863	8,450

7. Directors' remuneration

No remuneration was paid or is payable to the directors in their capacity as directors of the company (2015: £Nil). The directors receive remuneration from a fellow group undertaking, Lifeways Community Care Limited in respect of services to the group of which the company is a member. Total remuneration payable by the enlarged group to the directors of the company (including pension scheme contributions) was £669,986 (2015: £609,177). It is not possible to identify the proportion of this remuneration that relates to this company.

8. Interest receivable

	2016 £	2015 £
Other interest receivable	**36,354**	27,309
	36,354	27,309

9. Interest payable and similar charges

	2016 £	2015 £
Loans from group undertakings	**5,641,239**	3,620,115
On finance leases and hire purchase contracts	**7,082**	8,477
Other interest payable	**80,436**	8,722
	5,728,757	3,637,314

10. Unusual and non-recurring items

The group is implementing a number of business changes programmes as part of a wider transformation programme expected to continue for a further 24-36 months. These programmes include acquisitions, with the associated integration activities, business restructuring and redundancy programmes and start-up activities associated with material new service offerings. Given the exceptional size and incidence of these programmes, individually or in aggregate, the directors believe that the costs of these activities should be presented separately in the income statement to enable users of the financial statements to understand the group's financial performance.

	2016	2015
	£	£
Acquisition related costs	**3,453,918**	2,085,131
Restructure & transformation costs	**2,942,421**	2,567,559
Start-up costs	**2,726,850**	1,178,196
Property and other costs	**1,068,972**	1,014,724
	10,192,161	6,845,610

10. Unusual and non-recurring items (continued)

Acquisition related costs

The acquisition pipeline has been intentionally minimised in 2016 with a focus on the integration of prior years' acquisitions. The cost of dedicated acquisition and integration resource is allocated within this category, together with aborted acquisition costs.

Across the last three years, the acquisition pipeline has been exceptionally strong and in total eleven transactions completed to August 2016.

Included in this category are payroll costs of £1.1m (2015: £410K) as the roles performed by these employees relate directly to the business transformation programme. Further, these roles are considered only to be required whilst the business delivers these major change programmes over the coming 24-36 months. All acquisition associated costs including payroll costs, have therefore been excluded from EBITDA as to do otherwise would distort the underlying trading position of the group were such a major transition not in process.

Restructure & transformation costs

During the year the legal entity rationalisation project commenced to decrease the number of legal entities within the business. As a result of acquisitions in prior years, the number of legal entities had *increased from 4 to 60 over the last 10 years, with 27 legal entities being added in FY 2015 alone.* This will reduce administration costs going forward.

This category also includes costs associated with the restructuring of HR and IT as well as project costs to review the market and the cost of restructuring effective towards the end of FY16. All such costs are considered to directly relate to the business transformation programme. Internal staff costs of £231k (2015:£264k) were included in this category.

Start-up costs

These represent incremental costs incurred by the business before the commencement of new services and expenses associated with long term organic growth initiatives.

The significant investment ahead of their expected delivery in future years is included here; these include purpose built housing schemes, high complex care units and mental health facilities for service users. This includes internal resources directed to these projects and the associated operating costs whilst these are in their first 6-12 months, deemed to be the start-up phase of these projects. Internal resource costs of £760k (2015: £439k) have been included within this category.

Due to the significance of the business transformation programme, these costs are considered unusual and have therefore been separately identified to allow the user of the accounts a clearer understanding of the trading performance of the business. This level of transformation is expected to cease within 24-36 months.

Property and other costs

Property costs of £584k (2015: £794k) are associated with moving premises and the closure of operational offices to facilitate the operational restructure as a part of the cost saving exercise to remove duplicate unnecessary costs arisen due to acquisitions.

Other costs relate to smaller non-recurring expenses incurred as part of the business transformation programme.

11. Taxation

Provision has been made in these financial statements for UK tax at 20% based on the income for the year less allowable expenses.

	2016 £	2015 £
UK corporation tax		
Adjustments in respect of previous periods	**(222,884)**	(927,411)
Total current tax	**(222,884)**	(927,411)
Deferred tax		
Origination and reversal of timing differences	**(44,315)**	(356,429)
Changes to tax rates	**(53,019)**	3,376
Adjustment in respect of previous periods	**(529,854)**	(269,289)
	(627,188)	(622,342)
Taxation on profit on ordinary activities – (credit) / charge	**(850,072)**	(1,549,753)

Factors affecting tax charge for the Year

The tax assessed for the Year is lower than (2015 - lower than) the standard rate of corporation tax of 20% (2015 - 20.51%). The differences are explained below:

	2016 £	2015 £
Loss on ordinary activities before tax	**(3,925,767)**	2,122,006
Loss on ordinary activities multiplied by standard rate of corporation tax of 20% (2015 - 20.51%)	**(785,153)**	435,223
Effects of:		
Expenses not deductible for tax purposes	**3,925,364**	4,360,628
Group relief not paid for	**(2,522,473)**	(2,983,399)
Deferred tax - prior year adjustment	**(529,854)**	(269,289)
Movement in unrecognised deferred tax	**(217,297)**	(2,168,882)
Effect of differences in tax rate - Deferred tax	**(53,018)**	3,376
Adjustment in respect of prior years' - Current tax	**(222,884)**	(927,411)
Items charged elsewhere	**(437,754)**	-
Total tax charge for the Year – (credit) / charge	**(850,072)**	(1,549,753)

Factors that may affect future tax charges
Under FRS 102 deferred tax is calculated at the tax rate that has been substantively enacted at the balance sheet date. Legislation was passed in July 2015 to reduce the main rate of corporation tax to 19% from April 2017 and 18% from April 2020.

12. Intangible assets

Group

	Restated Goodwill £	Restated Total £
Cost		
At 1 September 2015	266,980,648	266,980,648
On acquisition of subsidiaries	5,976,888	5,976,888
At 31 August 2016	272,957,536	272,957,536
Amortisation		
At 1 September 2015	34,328,020	34,328,020
Charge for the year	17,515,609	17,515,609
At 31 August 2016	51,843,629	51,843,629
Net book value		
At 31 August 2016	221,113,907	221,113,907
At 31 August 2015	232,652,628	232,652,628

* The useful economic life of goodwill has been reassessed to 15 years on transition to FRS 102. The impact of this reassessment is noted note 29.

13. Tangible fixed assets

Group

	Freehold property £	Leasehold Property £	Fixtures and fittings £	Computer equipment £	Leasehold improvements £
Cost or valuation					
At 1 September 2015	23,820,988	2,198,289	3,393,209	5,015,215	1,065,624
Additions	4,129,338	1,319,190	1,725,552	3,116,625	276,350
Acquisition of subsidiary	-	1,440	32,355	2,588	-
Disposals	-	(40)	(174,350)	(106,097)	-
Impairment	(229,455)	-	-	-	-
At 31 August 2016	27,720,871	3,518,879	4,976,766	8,028,331	1,341,974
Depreciation					
At 1 September 2015	201,103	334,620	176,286	1,479,701	131,454
Charge for the period	374,354	252,195	1,011,460	1,558,573	335,657
Disposals	-	-	(151,900)	(97,642)	-
At 31 August 2016	575,457	586,815	1,035,846	2,940,632	467,111
Net book value					
At 31 August 2016	27,145,414	2,932,064	3,940,920	5,087,699	874,863
At 31 August 2015	23,619,885	1,863,670	3,216,923	3,535,514	934,170

	Total
Cost or valuation	
At 1 September 2015	35,493,325
Additions	10,567,055
Acquisition of subsidiary	36,383
Disposals	(280,487)
Impairment	(229,455)
At 31 August 2016	45,586,821
Depreciation	
At 1 September 2015	2,323,164
Charge for the period	3,532,239
Disposals	(249,542)
At 31 August 2016	5,605,861
Net book value	
At 31 August 2016	39,980,960
At 31 August 2015	33,170,162

14. Fixed asset investments

Company

	Investments in subsidiary companies £	Total £
Cost or valuation		
At 1 September 2015	225,800,307	225,800,307
Additions	11,188,754	10,907,873
At 31 August 2016	236,771,180	236,771,180
Net book value		
At 31 August 2016	236,989,061	236,771,180
At 31 August 2015	225,800,307	225,800,307

NOTES TO THE FINANCIAL STATEMENTS
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Subsidiary undertaking
The following were subsidiary undertakings of the Company:

Name	Principal activity	Holding
Lifeways Community Care Limited (1)	Supported living services	100%
Lifeways Support Services Limited (2)	Staff provision	100%
Lifeways Community Care (Gloucester) Limited (3)	Dormant	100%
Vitavia Properties (Somerset) Limited (1)	Property management	100%
Vitavia Property Management Limited (1)	Property management	100%
Lifeways Independent Living Alliance Limited (2)	Supported living services	100%
Lifeways Natural Networks Limited (1)	Residential care	100%
Oaklands Community Care Limited (1)	Supported living services	100%
M Power Housing Limited (1)	Leaseholder of group property	100%
Inclusion Holdings Limited (1)	Holding company	100%
Inclusion By Design Limited (2)	Property investment	100%
Lifeways Inclusive Lifestyles Limited (2)	Supported living services	100%
Lifeways Support Options Limited (1)	Supported living services	100%
The SLC Group Limited (1)	Holding company	100%
Lifeways Paragon Limited (2)	Supported living services	100%
Lifeways Raglin Limited (2)	Supported living services	100%
Lifeways ISS Limited (2)	Supported living services	100%
Lifeways SSP Care Services Limited (2)	Supported living services	100%
Lifeways Signposts Limited (1)	Supported living services	100%
Future Home Care Limited (1)	Supported living services	100%
ILA Holdings Limited (1)	Holding company	100%
Lifeways Community Care (Inverness) Limited (1)	Supported living services	100%
Haven Care and support Limited (1)	Supported living services	100%
Lifeways Orchard Care Limited (1)	Residential care	100%
Lifeways Rose Care and Support Limited (1)	Residential care	100%
Integra Care Management Limited (1)	Supported living services	100%
Integra Care Homes Limited (1)	Supported living services	100%
Care Solutions (Holdings) Limited (1)	Holding company	100%
Care Solutions Group Ltd (2)	Holding company	100%
U.K. Care Solutions Ltd (3)	Dormant	100%
Community Care Solutions Limited (2)	Supported living services	100%
Total Home Care Solutions Limited (2)	Supported living services	100%
Social Care Solutions Limited (2)	Supported living services	100%
Day Care Solutions Limited (3)	Dormant	100%
Avoca Care Limited (2)	Dormant	100%
Inclusive Support Solutions (UK) Limited (1)	Residential care	100%
Lifeways SIL Limited (2)	Residential care	100%

Fixed asset investments (continued)

Autism Care (UK) Holdings Limited (1)	Holding company	100%
Autism Care (North West) Limited (2)	Residential care	100%
Austism Care (UK) Limited (2)	Residential care	100%
Autism Care (Bedford) Limited (2)	Residential care	100%
Autism Care UK (4) Limited (2)	Residential care	100%
Autism Care (Properties) Limited (2)	Property management	100%
Burgess Care Limited (2)	Residential care	100%
Autism Care Properties (2) Limited (2)	Property management	100%
Autism Care UK (2) Limited (2)	Residential care	100%
Autism Care UK (3) Limited (2)	Residential care	100%
Hailsham Investments Ltd (2)	Property management	100%
South Wales Care Limited (3)	Dormant	100%
Clearoutcome Limited (2)	Residential care	100%
Living Ambitions Limited (1)	Supported living services	100%
Homebridge Two Limited (1)	Property management	100%
Brighton and Sussex Care Limited (1)	Residential care	100%
Keys Hill Park Limited (1)	Residential care	100%

The registered office of all fixed asset investments listed above is: 56 Southwark Bridge Road, London, SE1 0AS.

The company holds all of the shares of each of the above companies with 100% voting, capital and distribution rights.

1. Directly owned by Lifeways Finance Limited
2. Indirectly owned by Lifeways Finance Limited
3. Liquidation effected post year end

15. Acquisitions

Acquisitions - Brighton & Sussex Care Limited and Keys Hill Park Limited

On 3 December 2015 and 23 February 2016 Lifeways Finance Limited acquired the entire shareholdings of Brighton & Sussex Care Limited and Keys Hill Park Limited respectively. The acquisitions have been accounted for using the acquisition method accounting. The following tables set out the book values of each class of asset and liabilities of the acquired entity before acquisition and before any fair value adjustments, and the fair value at the date of acquisition.

No intangible assets were identified on acquisition.

Brighton & Sussex Care Limited

	Book value	Fair value	Fair value to group
Assets and liabilities acquired	£	£	£
Tangible Fixed Assets	8,787	-	8,787
Debtors	196,584	(8,372)	188,212
Cash	559,452	-	559,452
Other creditors	(510,610)	(67,286)	(577,896)
	254,213	**(75,658)**	**178,555**
Satisfied by Consideration:			
Cash			**5,962,706**
Acquisition costs			**308,541**
			6,271,247
Goodwill*			**6,092,692**

Brighton & Sussex Care Limited generated a profit for the period from 3 December 2015 to 31 August 2016 of £484k.

Turnover	**1,860,551**
Profit before tax	**484,381**
Finance costs	-
Profit after tax	**484,381**

*Goodwill useful economic life is anticipated to be 15 years.

Acquisitions (continued)

Keys Hill Park Limited

	Book value	Fair value	Fair value to group
Assets and liabilities acquired	**£**	**£**	**£**
Tangible Fixed Assets	100,733	(73,104)	27,629
Intangible	29,505	(29,505)	-
Debtors	155,315	(1,505)	153,810
Cash	449,722	-	449,722
Other creditors	(582,493)	(94,860)	(677,353)
	152,782	**(198,974)**	**(46,192)**

Satisfied by	
Consideration:	
Cash	**1,823,149**
Acquisition costs	**282,696**
	2,105,845
Goodwill*	**2,152,037**

Keys Hill Park Limited generated a profit from the period from 23 February 2016 to 31 August 2016 of £98k.

Turnover	**1,516,950**
Profit before tax	**169,235**
Finance costs	**-**
Profit after tax	**98,121**

* Goodwill useful economic life is anticipated to be 15 years

16. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	**17,286,139**	17,701,744		
Amounts owed by group undertakings	**-**	-	**71,917,330**	66,129,778
Other debtors	**2,473,220**	2,385,281	**10,213**	9,782
Prepayments and accrued income	**10,444,412**	13,173,346	**658,771**	702,327
Deferred taxation	**-**	-	**264,357**	48,821
	30,203,771	33,260,371	**72,850,673**	66,890,708

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17. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	6,442,299	6,473,524	-	-
	6,442,299	6,473,524	-	-

18. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	-	-	-	-
Trade creditors	2,594,543	2,796,846	569,659	440,896
Amounts owed to group undertakings	108,301,941	112,440,662	221,524,967	201,645,578
Corporation tax	323,669	-	-	-
Taxation and social security	4,180,550	3,515,010	-	-
Obligations under finance lease and hire *purchase contracts*	40,540	69,081	-	-
Other creditors	9,623,588	9,648,800	540,020	563,132
Accruals and deferred income	11,553,053	12,693,890	-	-
	136,617,884	141,164,289	222,634,646	202,649,606

NOTES TO THE FINANCIAL STATEMENTS
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19. Deferred taxation

Group

	2016 £	2015 £
At beginning of year	(1,700,577)	(473,805)
Acquired deferred tax	-	(56,899)
Acquired deferred tax liability on non-qualifying assets	-	(1,981,688)
Charged to the income statement	627,188	622,684
Charged to other comprehensive income	510,080	189,131
At end of year	(563,309)	(1,700,577)

The deferred taxation balance is made up as follows:

	Group 2016 £	Group 2015 £
(Accelerated)/decelerated capital allowances	703,092	539,733
Tax losses	419,707	-
Other short term timing differences	50,871	258,161
Deferred tax on pension deficit / surplus	378,900	(101,658)
Non-qualifying fixed assets - business combinations	(2,115,879)	(2,396,813)
	(563,309)	(1,700,577)

20. Provisions

Group

	Dilapidations provisions £	Total £
At 1 September 2015	1,211,357	1,211,357
Additions	718,861	718,861
Amounts used	(39,366)	(39,366)
Released	(135,323)	(135,323)
At 31 August 2016	1,755,529	1,755,529

Dilapidations Provision

The dilapidations represents the directors' estimates of the present value of amounts potentially due in respect of dilapidations to leased properties occupied by the group. The provision is expected to be utilised in line with the expiration of the operating leases over the lease term. The lease terms vary between one and thirty three years. The impact of discounting is considered to be immaterial.

21. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
29,200 – Ordinary shares of £0.01 each	292	292
	292	292

22. Pension commitments

Defined Contribution Scheme

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charges to profit or loss in the year ended 31 August 2016 was £469k (2015: £521k).

Defined Benefit Scheme

The group operates two defined benefit pension schemes for qualifying employees of its subsidiaries in Lifeways Community Care Limited and Future Homecare Limited. Under the schemes, the employees are entitled to retirement benefits varying between 1/80th and 1/60th per cent of final salary on attainment of retirement age. No other post-retirement benefits are provided. The schemes are funded schemes.

The most recent actuarial valuation of the Lifeways Community Care Limited and the Future Homecare Limited scheme assets and the present value of the defined benefit obligation was carried out by Scottish Widows and Xafinity in June 2012 and December 2012 respectively. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Under the schedule of contributions, an amount of 3% is to be paid in monthly amounts to by Future Homecare Limited to fund a deficit in the defined plan.

	Valuation at	
Key assumptions used:	**2016**	2015
Discount rate	**2.1%**	3.9%
Future salary increases	**0.5%**	0.5%
Inflation assumption	**2.2%**	2.5%
Mortality rates:		
- for a male aged 65 now	**22.2%**	22.4%
- at 65 for a male aged now	**24.0%**	24.1%
- for a female aged 65 now	**24.5%**	24.7%

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the Group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2016	2015
Retiring today:	**(years)**	(years)
Males	**87.2**	87.4
Females	**89.5**	89.7
Retiring in 20 years:		
Males	**88.9**	89.1
Females	**91.4**	91.6

NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2016	2015
	£	£
Current service cost	455,000	437,000
Net interest cost	(28,000)	50,000
Plan introductions, changes, administrative expenses and settlements	42,000	34,000
	469,000	521,000
Recognised in other comprehensive loss	-	-
Total cost relating to defined benefit scheme	469,000	521,000

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit schemes is as follows:

	2016	2015
	£	£
Present value of defined benefit obligations	(11,058,000)	(6,736,000)
Fair value of scheme assets	8,953,000	7,246,000
Net liability recognised in the balance sheet	(2,105,000)	510,000

Movements in the present value of defined benefit obligations were as follows:

	2016	2015
	£	£
At 1 September 2015	510,000	1,088,000
Service cost	(455,000)	(437,000)
Interest	28,000	(50,000)
Actuarial gains and losses	(3,567,000)	(716,000)
Contributions from scheme participants	580,000	405,000
Benefits paid	-	127,000
Losses/(gains) on curtailments	-	127,000
Return on assets	841,000	-
Administrative expenses	(42,000)	(34,000)
At 31 August 2016	(2,105,000)	510,000

23. Contingent liability

The group employs 10,000 members of staff throughout the business. At any one time there are a number of ongoing employee legal cases, a number of which may be progressing through Employment Tribunal as would be expected with a business of such scale.

The Directors continually monitor the status of open employee claims and, at each balance sheet date, will formally consider the likely outcome of open cases brought against the Group. Where appropriate, the Directors will seek legal advice when making this assessment

Where the outcome of a claim is deemed to result in a probable outflow of resources a provision will be made. No provision has been recorded for open registered employee claims at year end. The current estimated value of outstanding registered claims, which are not provided, is £310k. Whilst it is possible that the claimants in these cases may be successful, the Directors are of the view that the Group has a defensible position for claims currently open.

There continues to be sector wide uncertainty, including open enquiries by the relevant Authorities, around long established protocols to appropriately remunerate staff as they make themselves available on call, at night, to support people. In evaluating the impact of this on the Group, the Directors have considered the nature of the enquiries, taken legal advice and do not believe, at this stage, there is a probable liability requiring provision. The Directors also believe that the current remuneration protocols should be maintained since any unfavourable change could materiality affect the Group's ability to provide support in future unless appropriate funding is rendered by Local Authorities and Commissioners; those being the bodies ultimately responsible for the appropriate provision of support under the Care Act.

24. Commitments under operating leases

At 31 August 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Not later than 1 year	**274,500**	354,916
Later than 1 year and not later than 5 years	**1,018,137**	841,307
Later than 5 years	**3,264,570**	3,228,195

25. Audit exemptions taken for subsidiaries

The following subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act.

Name	Companies House registration number
Lifeways Community Care Limited	04126127
Oaklands Community Care Limited	05060796
Lifeways Independent Living Alliance Limited	04036447
The SLC Group Limited	06031638
Lifeways Paragon Limited	04301284
Lifeways Raglin Limited	02740383
Lifeways Inclusive Lifestyles Limited	04796545
Future Home Care Limited	04829670
Community Care Solutions Limited	04122627
Total Home Care Solutions Limited	03847392
Social Care Solutions Limited	06404664
Autism Care (North West) Limited	04298661
Autism Care (UK) Limited	03997337
Autism Care (Bedford) Limited	8809155
Autism Care UK (4) Limited	07884044
Autism Care (Properties) Limited	02785715
Burgess Care Limited	03156981
Autism Care Properties (2) Limited	06511089
Autism Care UK (2) Limited	07266463
Autism Care UK (3) Limited	07762575
Living Ambitions Limited	02622175
Homebridge Two Limited	02772562

26. Related party transactions

The company is taking advantage of the exemption contained in FRS 102 not to disclose transactions with other group companies.

27. Post balance sheet events

The group is undertaking a legal restructuring process to decrease the number of legal entities within the group. The following companies of the group are in the process of being liquidated: Lifeways Community Care (Gloucester) Limited; U.K. Care Solutions Group Limited; Day Care Solutions Limited; and South Wales Care Limited.

There were no post balance sheet events other than those mentioned above.

28. Controlling party

The ultimate parent undertaking and the parent of the smallest and largest group into which the Company's results are consolidated is Listrac Holdings Limited, a limited company registered in Jersey Channel Islands. The consolidated financial statements of Listrac Holdings Limited is available to the public and can be obtained from their registered address at 44 The Esplanade, St Helier,Jersey, JE4 9WG.

The ultimate controlling party is OMERS Administration Corporation ("OMERS") as administrator of the Ontario Municipal Employees Retirement System pension plans and trustee of the pension funds.

29. First time adoption of FRS 102

This is the first year that the group has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 was therefore 1 September 2015. As a consequence of adoption FRS 102, a number of accounting policies have changed to comply with that standard.

Reconciliation of equity

	Group		Company	
	At 31 August 2014	**At 31 August 2015**	**At 1 September 2014**	**At 31 August 2015**
	£	**£**	**£**	**£**
Equity reported under previous UK GAAP	159,825,298	154,401,287	96,412,994	92,710,300
Adjustments to equity on transition to FRS 102				
1. Goodwill amortisation	-	42,016,563	-	-
2. Deferred tax on non-qualifying fixed assets-business combinations	(547,290)	(415,125)	-	-
3. Other STTDs	138,200	138,200	-	-
3. Holiday pay provision for salaried staff	(691,000)	(691,000)	-	-
Equity report under FRS 102	**158,725,208**	**195,449,925**	**96,412,994**	**92,710,300**

1. In light of guidance contained in FRS 102, the directors have reconsidered the useful economic life of goodwill and assessed this to be 15 years.

2. A number of acquisitions were made in the last two years. A deferred tax liability associated with freehold property acquired has been recognised.

3. FRS 102 has a requirement to recognise a holiday pay accrual for salaried employees. This is different to UK GAAP, hence an impact has been recognised.

Reconciliation of profit or loss for 2015

	Group	Company
	£	£
Loss for the financial year under previous UK GAAP	(3,947,816)	(410,668)
Goodwill amortisation	42,016,563	-
Deferred tax on non-qualifying fixed assets - business combinations	132,165	-
Loss for the financial year under FRS 102	**38,200,912**	**(410,668)**