

UME Group LLP
Annual Report and Financial Statements
For the year ended 31 December 2015



UME Group LLP

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UME Group LLP

Officers and professional advisers

Limited Liability Partnership Registration No: OC333533

Designated Members

United Medical Enterprises Group Limited BC343764 (Economic Member)

UME Group Management Co Limited (Managing Member)

Registered Office

27 Harley Street

London

W1G 9QP

Bankers

HSBC Bank plc

The Boulevard

Crawley

West

Sussex

RH10 1UT

Solicitors

Bryan Cave

33 Cannon Street

London

EC4M 5TE

Independent Auditor

Deloitte LLP

Chartered Accountants and Statutory Auditor

Crawley

RH10 1DL

UME Group LLP

Members' report

The members present their annual report, together with the financial statements and auditor's report, for the year ended 31 December 2015.

Principal Activity

The principal activity of UME Group LLP is to act as a holding company. The principal activities of the other entities within the group are the provision of services to or investment in healthcare services & facilities, diagnostics & imaging and PPP/PFI projects in the UK. This includes, but is not limited to, the medical sector and is determined by the members of the Limited Liability Partnership.

The subsidiary and related company undertakings principally affecting the results and net assets of the Group in the year are listed in note 25 of the financial statements.

Review of business

The Group's results for the financial year are set out in the profit and loss account on page 5.

Despite the current uncertain economic environment and tough market conditions, the members are satisfied with the progress made by the Group in developing the out-patient clinics and imaging services and are confident that this business will continue to develop and grow. The conditions during the year were reflected in a reduction in activity and sales levels. The members will support the further development of new out-patient clinics and imaging centres by organic growth, or by acquisition if the appropriate business opportunities are identified.

The PFI projects performed within expectations and performance deductions were minimal. The PFI companies' business cases are supported by financial models and there is committed bank funding for the term of the business cases and long term service contracts.

Basis of preparation - Going concern

After making enquiries, the members have a reasonable expectation that the limited liability partnership (the "LLP") and the Group have adequate resources to continue in operational existence for the foreseeable future. The LLP has received a letter of support from its immediate parent entity, United Medical Enterprises Group Limited, stating that it will not seek repayment of amounts currently made available through loan notes and intercompany balances owed to it for a period of thirteen months from the signing of these Financial Statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements.

Post balance sheet events

Post balance sheet events are as detailed in note 24.

Financial risk management

The Group's activities expose it to a number of financial risks including interest rate risk, credit risk and liquidity risk. The use of financial derivatives is governed by the Group's policies to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Interest rate risk

The Group's activities expose it primarily to financial risks of changes in interest rates. The Group uses interest rate swap contracts which hedge these exposures by the use of fixed funding rates, plus a margin. Details of the contracts can be found in the notes to the financial statements.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful debts. An allowance for impairment is made where there is an identified loss which, based on previous experience, is evidence of a reduction in the recoverability of the receivables.

The credit risk on liquid funds and derivative financial instruments is limited because the investments are with banks of high credit standing. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group adopts a prudent approach to liquidity management by endeavouring to maintain sufficient cash and liquid resources to meet its obligations as they fall due. In order to maintain liquidity, to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

Designated members

The designated members who served the LLP throughout the year and to the date of this report were as follows:

United Medical Enterprises Group Limited BC343764 (Economic Member)

UME Group Management Co Limited (Managing Member)

UME Group LLP

Members' report (continued)

Members' drawings and the subscription and repayment of members' capital

The members decide on the level and timing of profit distributions after taking into account the LLP's cash requirements on operating and investment activities. Any drawings or on-account profit distributions are shown in debtors. Unallocated profits are shown in the "Members' other reserve" and distributed on the basis set out in Note 1, Accounting Policies.

The capital requirements of the LLP are determined by the members and renewed regularly. Certain members are required to subscribe a proportion of this capital. The amount of capital subscribed by each member is linked to the status of the member. Members' capital is only repayable following the termination of membership or at the discretion of the Economic Member, United Medical Enterprises Group Limited BC343764.

Auditor

The LLP's auditor, Deloitte LLP, have indicated their willingness to continue in office and, a resolution proposing their reappointment will be put to the General Meeting.

Statement of members' responsibilities in respect of the financial statements

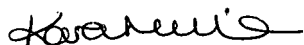
The members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members 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". The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the 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 LLP will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Members and signed on their behalf by the Management Committee.



K Miller

For and on behalf of UME Group Management Co. Limited
Managing Member

Date: 26 July 2016

**Independent auditor's report
to the members of UME Group LLP**

We have audited the financial statements of UME Group LLP for the year ended 31 December 2015 which comprise Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated and Partnership statement of changes in members' interests, Consolidated and Partnership LLP Balance Sheet, Consolidated Cash Flow Statement and the related notes 1 to 26. 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 LLP's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP'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 LLP and the LLP's members as a body, for our audit work for this report or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Statement of Members' Responsibilities, the members 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 and the LLP's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; 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 the parent LLP's affairs as at 31 December 2015 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, as applicable to limited liability partnerships.

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, as applicable to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent LLP, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent LLP financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Robert Knight, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom

Date: 28 July 2016.

UME Group LLP

Consolidated profit and loss account For the year ended 31 December 2015

	Notes	2015 £	(restated) 2014 £
Turnover (including share of associates and joint ventures turnover)		16,399,836	17,958,345
Less: Share of associates and joint ventures' turnover		(784,405)	(818,547)
Group Turnover	2	15,615,431	17,139,798
Cost of sales		(5,018,176)	(5,727,709)
Gross profit		10,597,255	11,412,089
Net operating expenses			
Non-exceptional operating expenses		(10,593,151)	(13,718,993)
Exceptional operating expense: Impairment of Goodwill		(551,315)	-
Exceptional operating expense: Impairment of fixed assets		-	(858,328)
		(11,144,466)	(14,577,321)
Group operating loss		(547,211)	(3,165,232)
Share of operating profit in associates and joint ventures		247,618	276,293
Total operating profit loss: group and share of associate and joint ventures		(299,593)	(2,888,939)
Net interest payable	6, 7	(4,310,662)	(4,608,407)
Loss on ordinary activities before taxation	3	(4,610,255)	(7,497,346)
Tax on loss on ordinary activities	8	(170,438)	(43,903)
Loss on ordinary activities after taxation		(4,780,693)	(7,541,249)
Non-controlling interests	17	(62,791)	(76,369)
Loss for the financial year before members' remuneration and profit share		(4,843,484)	(7,617,618)
Loss for the financial year available for discretionary division among members		(4,843,484)	(7,617,618)

UME Group LLP

Consolidated Statement of Comprehensive Income For the Year ended 31 December 2015

	2015	(restated) 2014
	£	£
Loss for the financial year		
Group	(4,843,484)	(7,617,618)
Associates and Joint Ventures	-	-
	<u>(4,843,484)</u>	<u>(7,617,618)</u>
Currency translation difference on foreign currency		
Net investments	173	(76,039)
Transfer from Capital reduction reserve to Profit & Loss reserve		1,233,789
Net change in fair value of derivative	1,158,001	(3,844,180)
Balancing of Glasgow dividend	153,250	300,750
Total recognised losses relating to the financial year	<u>(3,532,060)</u>	<u>(10,003,298)</u>

UME Group LLP

Consolidated statement of changes in members' interests For the year ended 31 December 2015

	Hedging Reserve	Members' capital classified as equity	Members' capital classified as a liability	Loans and other debts due to/(from) members	Total
	£	£	£	£	£
At 1 January 2014 (as previously stated)	-	(2,572,362)	45,515,549	(22,602,665)	20,340,522
FRS 102 Adjustments	(6,703,369)	-	-	1,330,046	(5,373,323)
At 1 January 2014 (restated)	(6,703,369)	(2,572,362)	45,515,549	(21,272,619)	14,967,199
Allocation of prior year losses	-	2,572,362	-	(2,572,362)	-
Loss for the year	-	(7,617,618)	-	-	(7,617,618)
Movement on capital reduction reserve	-	1,233,789	-	-	1,233,789
Currency translation difference on foreign currency	-	(76,039)	-	-	(76,039)
Net change in fair value of derivative	(3,844,180)	-	-	-	(3,844,180)
Glasgow dividend adjustment	-	300,750	-	-	300,750
Prior year adjustment	-	-	-	(3,290)	(3,290)
Returned to members	-	-	-	(3,904,501)	(3,904,501)
At 1 January 2015	(10,547,549)	(6,159,118)	45,515,549	(27,752,772)	1,056,110
Allocation of prior year losses	-	10,003,298	-	(10,003,298)	-
Loss for the year	-	(4,843,485)	-	-	(4,843,485)
Currency translation difference on foreign currency net investment	-	173	-	-	173
Net change in fair value of derivative	1,158,001	-	-	-	1,158,001
Glasgow dividend adjustment	-	153,250	-	-	153,250
Introduced by members	-	-	-	3,228,939	3,228,939
At 31 December 2015	(9,389,548)	(845,882)	45,515,549	(34,527,131)	752,988

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details.

UME Group LLP

Partnership statement of changes in members' interests For the year ended 31 December 2015

	Members' capital classified as equity	Members' capital classified as a liability	Loans and other debts due to/(from) members	Total
	£	£	£	£
At 1 January 2014 (as previously stated)	<u>2,077,869</u>	<u>45,515,549</u>	<u>4,608,794</u>	<u>52,202,212</u>
FRS 102 Adjustments	-	-	1,938,811	1,938,811
At 1 January 2014 (restated)	<u>2,077,869</u>	<u>45,515,549</u>	<u>6,547,605</u>	<u>54,141,023</u>
Allocation of prior year profits	(2,077,869)	-	2,077,869	-
Loss for the year	(34,363,896)	-	-	(34,363,896)
Returned to members	-	-	(3,904,501)	(3,904,501)
At 1 January 2015	<u>(34,363,896)</u>	<u>45,515,549</u>	<u>4,720,973</u>	<u>15,872,626</u>
Allocation of prior year losses	34,363,896	-	(34,363,896)	-
Loss for the year	(5,298,968)	-	-	(5,298,968)
Introduced by members	-	-	3,228,939	3,228,939
At 31 December 2015	<u>(5,298,968)</u>	<u>45,515,549</u>	<u>(26,413,984)</u>	<u>13,802,597</u>

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details.

UME Group LLP

Consolidated balance sheet at 31 December 2015

	Notes	2015 £	(restated) 2014 £
Fixed assets			
Intangible assets - Goodwill	9	16,774,093	18,739,517
Tangible assets	10	9,019,929	9,587,080
Investments in joint ventures and associates	11	7,305,445	7,432,535
		<u>33,099,467</u>	<u>35,759,132</u>
Current assets			
Debtors (amounts falling due within one year)	12	4,572,516	4,880,711
Debtors (amounts falling due in greater than one year)	12	38,935,738	40,799,748
Cash at bank and in hand		<u>7,278,936</u>	<u>7,311,677</u>
		<u>50,787,190</u>	<u>52,992,136</u>
Creditors (amounts falling due within one year)	13	(6,147,223)	(7,203,095)
Net current assets		<u>44,639,967</u>	<u>45,789,041</u>
Total assets less current liabilities		77,739,434	81,548,173
Creditors (amounts falling due after more than one year)	13	(76,784,301)	(80,360,021)
Provisions for liabilities	16	(84,244)	(76,932)
Net Assets before non-controlling interests		870,889	1,111,220
Non-controlling interest - equity	17	(117,901)	(55,110)
Net Assets Attributable to Members		<u>752,988</u>	<u>1,056,110</u>
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		45,515,549	45,515,549
Loans and other debts due from members		<u>(34,527,131)</u>	<u>(27,752,772)</u>
		10,988,418	17,762,777
Members' other interests			
Members' capital classified as equity		(845,882)	(6,159,118)
Hedging reserve		<u>(9,389,548)</u>	<u>(10,547,549)</u>
		(10,235,430)	(16,706,667)
Total members' interest		<u>752,988</u>	<u>1,056,110</u>

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details.

The financial statements of UME Group LLP, registered number OC333533, were approved by the Members, authorised for issue and signed on behalf of the Members on 26 July 2016.



K Miller
For and on behalf of UME Group Management Co Limited

UME Group LLP

Limited Liability Partnership balance sheet at 31 December 2015

	Notes	2015 £	(restated) 2014 £
Fixed assets			
Tangible assets	10	389	1,308
Investments	11 (a)	<u>408,333</u>	<u>2,950,038</u>
		408,722	2,951,346
Current assets			
Debtors (amounts falling due within one year)	12	15,717,534	15,894,898
Cash at bank and in hand		<u>3,005</u>	<u>2,050</u>
		15,720,539	15,896,948
Creditors (amounts falling due within one year)	13	<u>(2,326,664)</u>	<u>(2,975,668)</u>
Net current assets		<u>13,393,875</u>	<u>12,921,280</u>
Net Assets attributable to members		<u><u>13,802,597</u></u>	<u><u>15,872,626</u></u>
Represented by:			
Loans and other debts due to members			
Members' capital classified as a liability		45,515,549	45,515,549
Loans and other debts due to members		<u>(26,413,984)</u>	<u>4,720,973</u>
		19,101,565	50,236,522
Members' other interests			
Members' capital classified as equity		<u>(5,298,968)</u>	<u>(34,363,896)</u>
Total members' interest		<u><u>13,802,597</u></u>	<u><u>15,872,626</u></u>

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details.

The financial statements of UME Group LLP, registered number OC333533, were approved by the Members, authorised for issue and signed on behalf of the Members on *26 July* 2016.

K Miller

K Miller
For and on behalf of UME Group Management Co Limited
Managing Member

UME Group LLP

Consolidated cash flow statement
For the year ended 31 December 2015

	2015		(restated) 2014	
	£	£	£	£
Cash flows from operating activities				
Operating loss for the financial year		(547,211)		(3,165,232)
Adjustments for:				
Depreciation of property, plant and equipment	2,319,792		3,007,638	
Amortisation of intangible assets	1,965,424		1,414,109	
Impairment of fixed assets	-		858,328	
Loss / (Profit) on disposal of property, plant and equipment	60,728		(37,135)	
Decrease in trade and other receivables	2,191,708		2,212,276	
(Decrease) / increase in trade payables	(1,539,721)		4,515,947	
Other non-cash changes	1,012,218		(3,132,322)	
		<u>6,010,149</u>		<u>8,838,841</u>
Cash from operations		5,462,938		5,673,609
Interest paid		(4,886,240)		(4,941,032)
Taxation		<u>(125,482)</u>		<u>215,158</u>
Net cash generated from operating activities		451,216		947,735
Cash flows from investing activities				
Proceeds from sale of equipment	493,342		2,373,986	
Purchases of property, plant and equipment	(2,306,711)		(1,030,674)	
Interest received	1,990,366		2,045,096	
Dividends received from joint ventures	576,498		866,498	
Net cash from investing activities		<u>753,495</u>		<u>4,254,906</u>
Cash flows from financing activities				
Introduced by / (repayment to) members	1,893,600		(5,519,500)	
Repayment of borrowings	(2,090,371)		(1,408,785)	
(Decrease / (Increase) in bank borrowings	(86,697)		43,360	
Increase in loan notes	638,554		639,512	
Finance lease interest repayment	(74,989)		(92,757)	
Finance lease capital repayment	(884,420)		(1,662,605)	
Loans to joint ventures	48,287		32,885	
Dividends paid	-		(50,243)	
Net cash generated from / (used in) financing activities		<u>(556,036)</u>		<u>(8,018,133)</u>
Net increase / (decrease) in cash and cash equivalents		648,675		(2,815,492)
Cash and cash equivalents at beginning of year		<u>6,630,261</u>		<u>9,445,753</u>
Cash and cash equivalents at end of year		<u>7,278,936</u>		<u>6,630,261</u>

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details.

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

1 Accounting Policies

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") as issued in September 2015.

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments, which are stated at fair value. They have also been prepared in accordance with applicable accounting standards in the United Kingdom and the Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008. The financial statements have also been prepared in accordance with the Statement of Recommended Practice (SORP) for Limited Liability Partnerships.

In transition to FRS 102 from the old UK GAAP, the LLP has made several measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the LLP is provided in Note 23.

Consolidation

The consolidated Financial statements incorporate the Financial statements of UME Group LLP, its subsidiary undertakings, joint ventures and associates and have been prepared in accordance with applicable accounting standards under the historical cost convention, (except for derivative financial instruments). Acquisition accounting has been used to account for acquisitions.

Upon acquisition of a subsidiary, the identifiable assets and liabilities and provisions for contingent liabilities of the subsidiary are not revalued to fair value and no additional goodwill is recognised at the date the controlling interest is increased.

The accounting reference dates of certain of the Group's subsidiaries and associate undertakings are not coterminous with the Group's 31 December year end. For those companies with non-coterminous year ends, interim accounts for the relevant period to 31 December have been consolidated.

Going Concern

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the current levels.

The members consider the Group to be able to continue operating for the foreseeable future by meeting its liabilities as they fall due for payment.

It has also been confirmed by a member, United Medical Enterprises Group Ltd, that for the period of 13 months from the signing of these financial statements, they will not seek repayment of the amounts currently made available through loan notes and any associated interest thereon and are committed to supporting the group should it require any additional funding.

The members have a reasonable expectation that the partnership and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial statements.

Turnover

Turnover represents the value of work done and services rendered in the financial year, excluding sales related taxes. All turnover originates in the United Kingdom.

Distribution of profits

The profits and losses of the partnership must be divided among the members as follows:

- a) the first £10,000 of profit shall be distributed to UME Group Management Co Limited;
- b) all remaining profits are to be distributed and all losses shall be allocated to United Medical Enterprises Group Limited BC343764.

The profits and losses of the partnership allocated to a member shall be credited or debited to the members' current account when the financial statements for the year are approved by the members.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling on the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates ruling at year-end. Exchange differences arising on the translation of the net investment in overseas subsidiary undertakings at the Balance Sheet date are taken to reserves.

Capitalisation of project costs and interest

Expenditure relating to legal and professional fees incurred in setting up contracts are capitalised at cost, provided the Group has reached the position of preferred provider and future profitability assessed with reasonable certainty. Any costs incurred prior to this are written off to the Profit and Loss account in accordance with relevant accounting standards. Once the projects reach financial close the costs incurred by the Group are recovered from the project companies. Where there is over recovery the surplus is written back to the Profit and Loss account, where there is under recovery the costs are shown as prepayments and amortised over the expected project contract life or over the period in which revenue is reasonably expected to accrue, whichever is the shorter. These range from 20 to 30 years in length. If at any point during the process the project looks like failing to achieve financial close the costs are written off to the Profit and Loss account.

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

1 Accounting Policies (continued)

Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment in value.

Tangible fixed assets

Tangible fixed assets, except for freehold land, are stated at cost, net of depreciation and any provision for impairment. Freehold land is held at market value, with a revaluation being performed once every three years.

Depreciation is provided on all tangible fixed assets, other than freehold land, to write off the cost less the estimated residual value by equal instalments over their estimated useful economic life as follows:

Leasehold improvements - shorter of the length of the lease and the expected useful life

Medical equipment - 3 - 15 years

Fixtures & fittings - 3 - 8 years

Goodwill and intangible assets

The Group uses the purchase method to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and actual and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of the non controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Goodwill is written off on a straight line basis over its useful economic life, which is 20 years.

Impairment write-downs are recognised when the book value exceeds the higher of net realisable value and value in use.

Identifiable intangibles other than goodwill are split out and identified separately.

Joint ventures and associates

Joint ventures and Associates are accounted for using the equity method. The consolidated Profit and Loss account includes the Group's share of joint ventures and associates' profits less losses while the Group's share of the net assets of the joint ventures and associates is shown in the consolidated balance sheet. If the net assets of the joint venture or associate fall below zero, no recognition of the investment is made in either the consolidated balance sheet or profit and loss account.

Accounting for financial assets – finance debtor

All directly attributable costs incurred in the construction of the PPP/ PFI projects are transferred directly to contract debtors. These costs include directly attributable construction and other costs incurred, including capitalised finance costs which are directly attributable to the construction of the asset. Finance costs are capitalised on a gross basis before the deduction of any tax relief.

Once the construction is completed, and the asset is certified as available for use, the contract will enter the operational phase. During this operational phase, the amounts receivable are treated as a long term contract debtor with a constant proportion of the planned net revenue arising from the project being allocated to remunerate the contract debtor. Imputed interest receivable is allocated to the contract debtor using a property specific rate to generate a constant rate of return over the life of the contract. Over the course of the contract term the contract debtor is expected to be fully repaid. Where the risks and rewards of PFI fixed assets are, on balance, remaining with the company, the fixed assets are recorded on the balance sheet.

Current asset investments

Current asset investments are stated at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalent comprise cash at bank and in hand and short term deposits. This does not include those short term deposits, that represent cash committed for future development projects. The Group routinely use short term bank overdraft facilities, as an integral part of their cash management policy. Therefore cash and cash equivalents in the cash flow statements are cash and deposits less bank overdrafts. Offset arrangements across group businesses have been applied to arrive at the net cash and overdraft figures.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. They are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss account over the period of the relevant borrowing

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

1 Accounting Policies (continued)

Derivative financial instruments

Derivative financial instruments are recognised at fair value.

The LLP's subsidiaries have entered into interest rate swaps and have designated these as hedges. The effective part of any gain or loss on the derivative financial instrument is recognised directly in Other Comprehensive Income. Any ineffective portion of the hedge is recognised immediately in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedge transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the profit and loss account immediately.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. The interest element is charged to the Profit and Loss account over the period of the lease to produce a constant rate of charge on the balance of the capital repayments outstanding. Operating lease rentals payable/receivable are charged/credited to the Profit and Loss account on a straight-line basis over the period of the lease.

Pension costs

The amount charged to the Profit and Loss account in respect of pension costs during the year relates to the contributions made to defined contribution schemes on behalf of the employees.

Taxation including deferred taxation

Taxation for the Limited Liability Partnership, being the individual liability of each member, is not provided for in the Financial Statements. Current tax for the LLP's subsidiaries, 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 income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the LLP. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Critical accounting estimates and areas of judgement

The preparation of financial statements in conformity with FRS102 requires management to make judgements, estimates and assumptions that affect the application of application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. 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 revision and future periods if the revision affects both current and future periods.

Certain critical accounting judgements in applying the Group's accounting policies are described below:

- Accounting for the service concession contract and finance debtors in PFI companies requires an estimation of service margins, finance debtors interest rates and associated amortisation profile which is based on forecasted results of the PFI contract;

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

2	Group segmental reporting	2015	2014
	Turnover analysis	£	£
	Diagnostics	6,105,957	7,754,799
	PFI	9,509,474	9,384,999
		<u>15,615,431</u>	<u>17,139,798</u>
	Share of joint venture and associates turnover		
	Diagnostics	784,405	818,547
	All turnover arises from the United Kingdom.		
3	Loss on ordinary activities before taxation	2015	2014
		£	£
	This is stated after charging:		
	Depreciation of tangible fixed assets -		
	Owned assets	1,714,588	2,135,181
	Under finance lease	605,204	872,457
	Impairment of tangible fixed assets	-	130,000
	Amortisation of goodwill	1,414,109	1,414,109
	Impairment or write-off of Goodwill	551,315	-
	Loss / (profit) on disposal of fixed assets	60,728	(37,135)
	Operating lease charges -		
	Land and building	761,543	450,488
	Fixed asset impairment	-	858,328
	Dilapidation provision charges	-	(130,000)
	Fees payable for the audit of parent LLP and consolidated Financial Statements	15,000	12,000
	Fees payable for the audit of subsidiary undertakings pursuant to legislation	70,639	107,929
	Fees payable to the auditor for other services:		
	Tax compliance	16,939	26,966
	Tax advisory	-	1,500
		<u>16,939</u>	<u>28,466</u>

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

4 Profits of UME Group LLP

Of the loss for the financial year, a loss of £5,298,968 (2014 : £34,363,896 - restated) is dealt with in the accounts of UME Group LLP. This includes £nil (2014: £18,163,385) for the reversal/provision for potential bad debts of amounts owed by group undertakings, and £7,212,433 (2014: £12,536,709) for impairment of fixed asset investments, which are all eliminated for consolidation purposes. The members have taken advantage of the exemption available under section 408 of the Companies Act 2006 and not presented a profit and loss account for the Limited Liability Partnership alone. They have also taken advantage of the exemption under FRS 102 from preparing a partnership only cash flow statement.

5 Members' remuneration and employee and members' information

	2015 £	2014 £
Staff costs for the group during the year:		
Wages and salaries	1,573,732	2,162,108
Social security costs	165,423	220,546
Defined contribution pension cost	37,175	46,928
	<u>1,776,330</u>	<u>2,429,582</u>
Average monthly number of people (including executive directors) employed by the group		
	Number	Number
Development and Investment	4	4
Medical Diagnostics	37	56
	<u>41</u>	<u>60</u>
The average number of members during the year was	<u>2</u>	<u>2</u>

There were no outstanding or prepaid pension contributions at 31 December 2015 (2014: £nil).

None of the members received salaried remuneration during the year (2014 £nil).

6 Interest receivable and similar income

	2015 £	(restated) 2014 £
Bank interest receivable	23,111	36,750
Other interest receivable	1,967,254	2,008,346
Group interest receivable	1,990,365	2,045,096
Share of associates and joint venture interest receivable	883	1,003
Total interest receivable	<u>1,991,248</u>	<u>2,046,099</u>

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details

7 Interest payable and similar charges

	2015 £	(restated) 2014 £
Interest payable on bank loans and overdrafts	2,377,488	2,433,295
Interest payable on other loans	3,844,093	4,122,738
Interest payable on finance leases	74,989	92,757
Group interest and similar charges payable	6,296,570	6,648,790
Share of associate and joint venture interest payable	5,341	5,716
Total interest and similar charges payable	<u>6,301,911</u>	<u>6,654,506</u>

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details.

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

8 Tax on loss on ordinary activities	(restated)	
	2015 £	2014 £
Current tax		
Corporation tax at 20.25% (2014: 21.5%)	32,773	38,516
Group relief	(40,577)	(226,984)
Adjustment in respect of prior period	154,768	4,374
Share of associates and joint ventures	-	(13,731)
Current year	6,448	-
Adjustment in respect of prior period	47,962	-
Total current tax charge for the year	<u>201,374</u>	<u>(197,825)</u>
Deferred tax		
Origination and reversal of timing differences	(28,486)	239,652
Adjustment in respect of prior period tax charge	-	-
Share of associates and joint ventures	(2,450)	2,076
Total deferred tax	<u>(30,936)</u>	<u>241,728</u>
Tax (credit)/charge on loss on ordinary activities	<u>170,438</u>	<u>43,903</u>
		(restated)
	2015 £	2014 £
Loss on ordinary activities before tax	<u>(4,610,255)</u>	<u>(7,497,346)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	(933,577)	(1,611,929)
Effects of:		
Adjustments to tax charge in respect of prior periods	214,381	(15,613)
Capital allowances in excess of depreciation	60,847	5,808
Other short-term timing differences	(12,936)	(40,957)
Expenses not deductible for tax purposes	190,191	1,472,076
Interest not deductible	475,056	-
Tax losses not utilised	256,185	184,275
Share of partnership profits	(53,889)	(106,066)
Non-taxable income	-	(27,950)
UK dividend income	50,816	(57,469)
Group relief not paid	(45,700)	-
Deferred tax charge from unrecognised tax loss or credit	(28,486)	239,652
Deferred tax credit relating to timing differences	(2,450)	2,076
Total tax charge for year	<u>170,438</u>	<u>43,903</u>

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details.

The main rate of corporation tax reduced from 21% to 20% from 1 April 2015. On this basis, current tax has been recognised at a blended rate of 20.25%

None of the timing differences or unused tax losses have an expiry date.

During the year beginning 1 January 2016, the net reversal of deferred tax assets and liabilities is not expected to be significant.

A deferred tax asset has not been recognised for some of the group's entities in respect of timing differences relating to trading losses, depreciation in excess of capital allowances and other short term timing differences as there is insufficient evidence that the asset will be recovered. The maximum amount of the asset not recognised is £2,267,130 (2014: £2,539,896). The asset would be recovered if sufficient taxable profits were made in the future against which the losses could be offset.

The rate of UK corporation tax is scheduled to reduce to 19% from 1 April 2017 and 18% from 1 April 2020. An additional reduction to 17% from 1 April 2020 has also been announced. However, this was not substantively enacted at the balance sheet date and so has not been recognised in these financial statements.

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

9 Intangible Fixed Assets	Positive Goodwill	Negative Goodwill	Total
Group			
Cost			
At 1 January 2015 and 31 December 2015	39,755,016	(304,763)	39,450,253
Accumulated Amortisation			
At 1 January 2015	21,015,499	(304,763)	20,710,736
Charge for the year	1,414,109	-	1,414,109
Impairment	551,315	-	551,315
Disposals	-	-	-
At 31 December 2015	22,980,923	(304,763)	22,676,160
Net book value			
At 31 December 2015	16,774,093	-	16,774,093
At 31 December 2014	18,739,517	-	18,739,517

10 Tangible Fixed Assets	Freehold land	Leasehold improvements	Medical equipment	Fixtures & fittings	Total
Group	£	£	£	£	£
Cost					
At 1 January 2015	642,014	3,122,645	18,182,439	1,005,883	22,952,981
Additions	-	28,223	2,091,852	186,636	2,306,711
Disposals	-	-	(4,540,575)	(273,975)	(4,814,550)
At 31 December 2015	642,014	3,150,868	15,733,716	918,544	20,445,142
Accumulated depreciation and impairment					
At 1 January 2015	242,014	1,949,728	10,517,911	656,248	13,365,901
Disposals	-	-	(4,074,836)	(185,644)	(4,260,480)
Charge for the year	-	206,229	1,982,749	130,814	2,319,792
At 31 December 2015	242,014	2,155,957	8,425,824	601,418	11,425,213
Net book value					
At 31 December 2015	400,000	994,911	7,307,892	317,126	9,019,929
At 31 December 2014	400,000	1,172,917	7,664,528	349,635	9,587,080

Assets held under finance leases capitalised and included in tangible fixed assets:

	2015	2014
	£	£
Net book value	1,942,101	2,982,305

Freehold land was professionally valued by external valuers, Douglas Rackley & Partners, Chartered surveyors, on an existing use basis (after the deduction of expected selling costs of £13,400) at 15 December 2010 which was then updated to 31 December 2011 and 31 December 2012. During 2013 an offer was received for the land amounting to £530,000, therefore the book value of the land was written down to this amount. In June 2015, a Chartered Surveyor valued the land at £400,000, and, as the directors consider this to be a fair market value, the value has been written down to this amount.

On an historical cost basis, the land would be stated at £642,014.

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

10 Tangible Fixed Assets (continued)

	Fixtures & fittings £	Total £
LLP		
Cost		
At 1 January 2015 and 31 December 2015	10,821	10,821
Accumulated depreciation and impairment		
At 1 January 2015	9,513	9,513
Charge for the year	919	919
At 31 December 2015	10,432	10,432
Net book value		
At 31 December 2015	389	389
At 31 December 2014	1,308	1,308

11 Investments

	Group		LLP	
	2015 £	2014 £	2015 £	(restated) 2014 £
(a) Subsidiary undertakings				
Share in group undertakings				
At 1 January	-	-	36,155,506	31,149,115
Additions	-	-	-	11,836,640
Disposals	-	-	-	(6,830,249)
At 31 December	-	-	36,155,506	36,155,506
Provision for impairment				
At 1 January	-	-	33,205,468	17,837,838
Disposals	-	-	-	-
Provision for impairment in the year	-	-	2,541,705	15,367,630
At 31 December	-	-	35,747,173	33,205,468
Net book value				
At 31 December	-	-	408,333	2,950,038
(b) Interests in joint ventures				
At 1 January	484,943	466,711	-	-
Movement	(78,803)	18,231	-	-
At 31 December	406,141	484,943	-	-
(c) Loans to joint ventures	2,049,558	2,097,845	-	-
(d) Associates				
Share of net assets	-	-	-	-
Loans to associates	4,849,746	4,849,746	-	-
	4,849,746	4,849,746	-	-

The subsidiary and related company undertakings investments held in the year are listed in Note 26 of the financial statements.

During the year management has carried out an impairment review for the fixed asset investments carried in the company balance sheet. The impairment review has considered Board approved budgets and subsequent reforecasts based upon actual activity in financial year 2015 and the twenty year plan for 2016 to 2035.

After performing this review, it has been decided that an impairment of £5,373,626 (2014: £12,536,709) would be made.

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

11 Investments (continued)

The following information is given in respect of the Group's share of joint ventures and associates:

	Joint Ventures		Associates	
	2015	(restated) 2014	2015	(restated) 2014
	£	£	£	£
Turnover	784,405	818,547	-	-
Profit before taxation	243,159	300,069	-	-
Taxation	(51,961)	11,654	-	-
Profit after taxation	191,198	311,723	-	-
Fixed assets	220,294	253,148	-	-
Current assets	469,407	512,875	-	-
Liabilities due within one year	(188,677)	(128,551)	-	-
Liabilities due after one year	(94,883)	(152,529)	-	-

As associate company Glasgow Healthcare Associates Limited and joint venture Hull Citycare (Investments) Limited had net liabilities following the FRS 102 restatement of their accounts, the LLP no longer consolidates their results, in accordance with FRS 102.

12 Debtors

	Group		LLP	
	2015	(restated) 2014	2015	(restated) 2014
	£	£	£	£
Amounts falling due within one year				
Contract debtors	1,448,697	1,211,780	-	-
Trade debtors	1,392,448	1,761,709	-	-
Amounts owed by related parties	-	106,317	15,665,355	15,883,353
Amounts due from joint venture parties	12,443	64,077	33,802	11,545
Other debtors	1,092,077	1,061,701	-	-
Prepayments and accrued income	626,851	675,127	18,377	-
	<u>4,572,516</u>	<u>4,880,711</u>	<u>15,717,534</u>	<u>15,894,898</u>
Amounts falling due after more than one year				
Contract debtors	36,053,027	37,600,537	-	-
Deferred tax asset	2,061,121	2,315,315	-	-
Amounts owed by related parties	74,035	74,035	-	-
Prepayment and accrued income	747,555	809,861	-	-
	<u>38,935,738</u>	<u>40,799,748</u>	<u>-</u>	<u>-</u>
Deferred tax asset				
	2015	(restated) 2014	2015	2014
	£	£	£	£
At 1 January	2,315,315	1,726,264	-	-
Charged to profit and loss account	(254,194)	(254,792)	-	-
Charged to other comprehensive income	-	843,843	-	-
At 31 December	<u>2,061,121</u>	<u>2,315,315</u>	<u>-</u>	<u>-</u>

The deferred tax asset consists of the tax effect of timing differences in respect of:

	Group		LLP	
	2015	(restated) 2014	2015	2014
	£	£	£	£
Interest rate hedges	2,061,121	2,315,315	-	-

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details.

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

13 Creditors	Group		LLP	
	2015	(restated) 2014	2015	2014
	£	£	£	£
Amounts falling due within one year				
Bank and other borrowings	1,482,755	2,404,078	-	-
Less : issue costs	(10,570)	(10,570)	-	-
Net bank and other borrowings (note 14)	1,472,185	2,393,508	-	-
Unsecured loan notes	585,536	585,538	-	-
Trade creditors	1,144,281	1,271,988	-	-
Amounts owed to group undertakings	195,012	141,787	2,276,049	2,944,279
Amounts owed to related parties	-	3,290	-	-
Corporation tax	23,654	30,657	-	-
Other tax and social security payable	389,457	477,750	-	-
Other creditors	392,768	381,713	19,269	13,389
Accruals and deferred income	1,944,330	1,916,864	31,346	18,000
	<u>6,147,223</u>	<u>7,203,095</u>	<u>2,326,664</u>	<u>2,975,668</u>
Amounts falling due after more than one year;				
Bank and other borrowings	63,765,964	65,941,007	-	-
Less : issue costs	(421,950)	(443,806)	-	-
Net bank and other borrowings (note 14)	63,344,014	65,497,201	-	-
Other creditors	776,183	776,190	-	-
Amounts owed to related parties	871,235	881,565	-	-
Fair value of derivative contract	11,450,668	12,862,864	-	-
Accruals and deferred income	342,201	342,201	-	-
	<u>76,784,301</u>	<u>80,360,021</u>	<u>-</u>	<u>-</u>

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details.

14 Bank and other borrowings	Group		LLP	
	2015	2014	2015	2014
	£	£	£	£
Due within one year or on demand				
Bank loans and overdrafts				
Secured bank overdrafts (a)	-	681,416	-	-
Secured bank loans (b)	1,029,441	1,112,092	-	-
	<u>1,029,441</u>	<u>1,793,508</u>	<u>-</u>	<u>-</u>
Other borrowings	585,536	585,536	-	-
Finance lease obligations	442,744	600,000	-	-
	<u>2,057,721</u>	<u>2,979,044</u>	<u>-</u>	<u>-</u>
Due after more than one year				
Secured bank loans (b)	37,515,581	38,941,603	-	-
	<u>37,515,581</u>	<u>38,941,603</u>	<u>-</u>	<u>-</u>
Other borrowings	26,099,811	26,110,148	-	-
Finance lease obligations	599,853	1,327,017	-	-
	<u>64,215,245</u>	<u>66,378,768</u>	<u>-</u>	<u>-</u>
Total borrowings	<u>66,272,966</u>	<u>69,357,812</u>	<u>-</u>	<u>-</u>

- (a) Secured bank loans are stated net of unamortised issue costs of £432,520 (2014: £454,376). Secured bank loans of £35,692,768 (2014: £36,961,602) are secured by a fixed charge over all leasehold interests, book debts, investments, un-subscribed loan notes and goodwill, intellectual property and plant and machinery of Young Herts Limited and Caring 4 Croydon Limited and their respective parent undertakings and by an assignment of all insurances, all bank accounts, certain contracts and all freehold and leasehold property (except that secured by a charge) of the companies and their respective parent undertakings.

Secured bank loans totalling £3,241,413 (2014: £3,456,413) are secured by:

- (i) a legal mortgage over the Healthsource (Bromley) Limited PFI contract and the underlying capital;
- (ii) by a fixed charge over the share capital of Healthsource (Bromley) Limited; and
- (iii) by a floating charge over all the assets of Healthsource (Bromley) Limited.

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Notes to the financial statements For the year ended 31 December 2015

14 Bank and other borrowings (continued)

Borrowing facilities

The group has the following undrawn committed borrowing facilities available at 31 December 2015 in respect of which all conditions precedent had been met at that date:

	2015 £	2014 £
Expiring in over 5 years	20,883,217	21,908,616
	<u>20,883,217</u>	<u>21,908,616</u>

The minimum lease payments under finance leases fall due as follows:

	2015 £	2014 £
Less than one year	481,551	682,375
In more than one year but not more than five years	625,611	1,404,663
Total gross payments	1,107,162	2,087,038
Future finance charges on finance leases	(64,565)	(160,021)
	<u>1,042,597</u>	<u>1,927,017</u>

Maturity of Financial Liabilities

The maturity profile of the carrying amount of the group's liabilities, gross of issue costs, at 31 December was as follows;

	Debt £	Finance Leases £	2015 £	2014 £
Less than one year	1,703,506	442,744	2,146,250	3,044,209
Between one and two years	(823,203)	268,047	(555,156)	2,824,410
Between two and five years	30,751,957	331,805	31,083,762	32,713,868
In more than five years	34,030,629	-	34,030,629	31,229,700
	<u>65,662,889</u>	<u>1,042,596</u>	<u>66,705,485</u>	<u>69,812,187</u>

15 Derivative Financial Instruments

	2015		(restated) 2014	
	Assets £	Liabilities £	Assets £	Liabilities £
Interest rate swaps at 31 December	-	11,450,668	-	12,862,864
The carrying amounts of the interest rate swaps are as follows:				
Subsidiary				
Healthsource (Bromley) Limited	-	1,003,434	-	1,177,747
Bank of Ireland				
Rate: 5.73% plus margins,				
Final repayment : December 2028				
Caring 4 Croydon Limited	-	6,222,033	-	6,864,488
Allied Irish Bank				
Rate: 4.685% plus margins,				
Final repayment: December 2034				
Young Herts Limited	-	4,225,201	-	4,820,629
Sumitomo Mitsui Banking Corporation				
Rate: 4.685% plus margins,				
Final repayment: September 2032				
	<u>-</u>	<u>11,450,668</u>	<u>-</u>	<u>12,862,864</u>

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details.

The Healthsource (Bromley) Limited bank borrowings are subject to interest hedging agreements to be applied to the expected future borrowings under the facilities. The agreements are with Bank of Ireland at a rate of 5.73% plus margins. The end repayment date is December 2028.

The Caring 4 Croydon Limited bank borrowings are subject to interest hedging agreements to be applied to the expected future borrowings under the facilities. The agreements are with Allied Irish Banks Plc at a rate of 4.685% plus margins. The end repayment date is January 2037.

The Young Herts Limited bank borrowings are subject to interest hedging agreements to be applied to the expected future borrowings under the facilities. The agreements are with Sumitomo Mitsui Banking Corporation at a rate of 4.685% plus margins. The end repayment date is September 2032.

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Notes to the financial statements For the year ended 31 December 2015

16	Provision for Liabilities	Group 2015	2014	LLP 2015	2014
Amounts falling due within one year;					
Dilapidation provision					
	At 1 January	25,640	155,640	-	-
	Provided / (utilised) in the year	40,985	(130,000)	-	-
	At 31 December	66,625	25,640	-	-

A dilapidation provision was recognised in the year for the repairs and remedial work required on one of the business premises of Med-Tel UK Limited group and UME Investment Co. Limited. The amount was the full estimated total based on quotations.

		£	£	£	£
Amounts falling due after more than one year					
Deferred Taxation					
	At 1 January	51,292	66,432	-	-
	Credited to profit and loss account	(33,673)	(16,140)	-	-
	At 31 December	17,619	51,292	-	-
	Total provision for liabilities	84,244	76,932	-	-

The provision for deferred taxation consists of the tax effect of timing difference in respect of :

	Group 2015	2014	LLP 2015	2014
	£	£	£	£
Accelerated capital allowances	17,619	51,292	-	-
At 31 December	17,619	51,292	-	-

17	Non-controlling interest	Group 2015	2014
		£	£
	At 1 January	55,110	28,984
	Profit on ordinary activities after taxation	62,791	76,369
	Dividend paid by a subsidiary	-	(50,243)
	At 31 December	117,901	55,110

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

18 Reconciliation in net debt	At 1 January 2015 (restated) £	Cashflow £	Non-cash movements £	At 31 December 2015 £
Cash in hand and at bank	7,311,677	(32,741)	-	7,278,936
Overdrafts	(681,416)	681,416	-	-
	6,630,261	648,675	-	7,278,936
Debt due within one year	(1,697,629)	-	82,651	(1,614,978)
Debt due after one year	(65,051,754)	1,519,012	(82,651)	(63,615,393)
Finance leases due within one year	(600,000)	-	157,256	(442,744)
Finance leases due after one year	(1,327,017)	-	727,164	(599,853)
	<u>(62,046,139)</u>	<u>2,167,687</u>	<u>884,420</u>	<u>(58,994,032)</u>

	2015 £	(restated) 2014 £
Net debt at 1 January	(62,046,137)	(61,619,164)
(Decrease) / Increase in net cash	648,675	(2,815,492)
Movement in borrowings	2,403,432	2,388,519
Net debt at 31 December	(58,994,030)	(62,046,137)

Movement In Borrowings	2015 £	2014 £
Repayment of part of bank loan	(1,508,673)	(1,266,970)
Repayment of part of other borrowings	(63,356)	(98,453)
New secured other borrowings	-	585,538
New unsecured other borrowings	53,017	53,971
Increase in borrowings	(1,519,012)	(725,914)
Capital element of finance lease payment	(884,420)	(1,662,605)
Movement in borrowings	<u>(2,403,432)</u>	<u>(2,388,519)</u>

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details.

19 Operating Lease Commitments

At 31 December 2015 the group has lease agreements in respect of properties and plant and equipment which extend over a number of years.

	2015		(restated) 2014	
Future minimum payments under non cancellable operating leases expiring:	Property £	Other £	Property £	Other £
Within one year	83,858	-	5,463	-
Within two to five years	2,556,573	-	243,126	-
After five years	-	-	2,811,187	-
	<u>2,640,431</u>	<u>-</u>	<u>3,059,776</u>	<u>-</u>

The prior year has been restated in accordance with Financial Reporting Standard 102, which requires disclosure of total future commitments for operating leases.

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Notes to the financial statements For the year ended 31 December 2015

20 Capital and other financial commitments

UME Group LLP's share of the capital commitments of joint venture, Hull Citycare Investments Limited, at 31 December 2015 was £nil (2014: £nil).

21 Contingent Liabilities

On 26 May 2011 the LLP gave a third party (limited recourse) charge over the shares of UME PFI Investments Holding Limited, to Gravis Capital Partners LLP.

22 Related Party Transactions

The Group has taken advantage of the exemption available in FRS 102 relating to the disclosure of transactions between two or more members of the Group, provided that all subsidiaries party to the transaction are wholly owned by the group, not to disclose transactions provided that the consolidated financial statements in which that subsidiary is included are publicly available. Other than these transactions, the accounts include transactions and balances with related parties as follows:

	2015	(restated) 2014
	£	£
Amounts due to/(from) UME Group LLP from the following related parties:		
Hull Citycare Limited	2,049,558	2,097,845
Glasgow Healthcare Facilities Limited	4,849,746	4,849,746
United Medical Enterprises Group Limited BC343764**	(16,562,833)	(13,353,394)
Saudi Medicare	-	100,172
	(9,663,529)	(6,305,631)

The prior year has been restated as a result of the transition to Financial Reporting Standard 102. Please see Note 23 for details.

Amounts due to/(from) Young Herts Holdings Limited * from the following related parties:		
Infrastructure Intermediaries No. 1 Limited***	(423,666)	(434,003)

Amounts due to/(from) Med-Tel UK Limited * from the following related parties:		
Meriden Hospital Advanced Imaging Centre Limited	(3,656)	-

* Subsidiaries of UME Group LLP

** United Medical Enterprises Group Limited BC343764 is a member of UME Group LLP

*** Infrastructure Intermediaries No. 1 Limited is a shareholder of subsidiaries Young Herts Holdings Limited and Caring 4 Croydon Holdings Limited

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Notes to the financial statements For the year ended 31 December 2015

23 Transition to FRS 102

This is the first year that the LLP has presented its financial statements under Financial Reporting Standard 102 (FRS 102).

i) Healthsource Bromley Limited, Caring 4 Croydon Limited and Young Herts Limited hold interest rate swaps in order to hedge the interest rates. Derivative financial instruments are classified as 'other financial instruments' in FRS 102 and are recognised at fair value on the balance sheet (2013: £8,174,840 liability; 2014: £12,862,864 liability), with annual changes in fair value (2014: £1,158,001) going through the statement of comprehensive income.

A deferred tax asset or liability (2013: £1,471,471 asset; 2014: £2,315,315 asset) is also recognised based on the asset or liability shown on the balance sheet.

The derivative liability recorded under the previous accounting standards (2013: £975,233; 2014: £919,958) was removed from the balance sheet.

ii) UME Group LLP restated interest free loan notes issued by subsidiaries UME Diagnostics Limited and UME Investment Co Limited at amortised cost using the effective interest method. An imputed interest rate equivalent to rates historically charged on similar intra group loans was used.

The resulting initial difference between cash paid and loan note debtor (£11,836,640) was accounted for as an increase in cost of investment; historical and current impairments (2014: £9,661,170 impairment) of the loan notes were also taken into account.

Notional interest receivable (2014: £ 892,110) was credited to the profit and loss account.

iii) UME Group LLP restated interest free loan notes issued to parent company United Medical Enterprises Group Limited at amortised cost using the effective interest method. An imputed interest rate equivalent to rates historically charged on similar intra group loans was used.

The resulting initial difference of between cash received and loan note creditor (£7,503,153) was accounted for as a capital contribution. Notional interest payable (2014: £1,614,999) was charged to the profit and loss account.

iv) Short term money market deposits (2013: £nil; 2014: £200,000) held in UME Investment Co. Limited were reclassified as cash. In Caring 4 Croydon Limited, Healthsource Bromley Limited and Young Herts Limited (2013: £6,545,197; 2014: £1,743,807), and UME Group LLP (2013: £4,940,000; 2014: £nil) there were a redistribution between cash and short term deposits based on FRS 102 guidelines on treatment of these balances.

v) The investments in associate company Glasgow Healthcare Facilities Limited (2013: £208,232; 2014: £336,925) and joint venture Hull Citycare (Investments) Limited (2013: £(563,045) 2014: £(631,814)) were reduced to zero and their results were no longer consolidated as these companies had net liabilities after FRS 102 restatement.

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

23 Transition to FRS 102 (continued)

Consolidated Balance Sheet at 1 January 2014

	As originally reported	Reclass- ification	Remeasure- ment	As restated
	£	£	£	£
Fixed assets				
Intangible assets - Goodwill	20,153,626	-	-	20,153,626
Tangible Assets	14,759,223	-	-	14,759,223
Investments in joint ventures	(96,325)	-	563,045	466,720
Loans to joint ventures	2,130,730	-	-	2,130,730
Investment in Associates	5,057,968	-	(208,232)	4,849,736
	7,188,698			6,980,466
Current assets				
Debtors (amounts falling due in less than one year)	6,813,978	-	-	6,813,978
Debtors (amounts falling due in greater than one year)	39,862,084	1,471,471	-	41,333,556
Short term deposits	7,323,342	(6,545,197)	-	778,145
Cash at bank and in hand	2,474,038	6,545,197	-	9,019,235
	56,473,442			57,944,914
Creditors: Amounts falling due within one year	(6,997,490)	975,233	-	(6,022,258)
Net current(liabilities)/assets	49,475,952	-		51,922,656
Total assets less current liabilities	91,481,174	-	-	94,282,691
Creditors: Amounts falling due after more than one year	(70,889,596)	(8,174,840)	-	(79,064,436)
Provisions for liabilities	(222,072)	-	-	(222,072)
Non controlling interest	(28,984)	-	-	(28,984)
Net Assets attributable to members	20,340,522			14,967,199
Represented by:				
Loans and other debts due to members	45,515,549	-	-	45,515,549
Members' capital classified as a liability	(22,602,665)	975,233	354,813	(21,272,619)
Loans and debts due from other members	22,912,884	-	-	24,242,930
Members' other interests				-
Members' capital classified as equity	(2,572,362)	-	-	(2,572,362)
Hedging Reserve	-	(6,703,369)	-	(6,703,369)
				(9,275,731)
Total Members' interest	20,340,522			14,967,199

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

23 Transition to FRS 102 (continued)

Consolidated Balance Sheet at 31 December 2014

	As originally reported	Reclass- ification	Remeasure- ment	As restated
	£	£	£	£
Fixed assets				
Intangible assets - Goodwill	18,739,517	-	-	18,739,517
Tangible Assets	9,587,080	-	-	9,587,080
Investments in joint ventures	(146,870)		631,814	484,944
Loans to joint ventures	2,097,845	-		2,097,845
Investment in Associates	5,186,671	-	(336,925)	4,849,746
	7,284,516			6,947,591
Current assets				
Debtors (amounts falling due in less than one year)	5,080,711	(200,000)	-	4,880,711
Debtors (amounts falling due in greater than one year)	38,484,433	2,315,315	-	40,799,748
Short term deposits	2,705,368	(1,743,807)	-	961,561
Cash at bank and in hand	4,406,309	1,943,807	-	6,350,116
	50,676,821			52,992,136
Creditors: Amounts falling due within one year	(8,123,053)	919,958	-	(7,203,095)
Net current(liabilities)/assets	42,553,768	-		45,789,041
Total assets less current liabilities	78,018,011	-	-	81,548,173
Creditors: Amounts falling due after more than one year	(67,497,157)	(12,862,864)	-	(80,360,021)
Provisions for liabilities	(76,932)	-	-	(76,932)
Non controlling interest	(55,110)	-	-	(55,110)
Net Assets attributable to members	10,388,812			1,056,110
Represented by:				
Loans and other debts due to members				
Members' capital classified as a liability	45,515,549	-	-	45,515,549
Loans and debts due from other members	(30,697,817)	975,233	1,969,812	(27,752,772)
	14,817,732			17,762,777
Members' other interests				
Members' capital classified as equity	(4,428,920)	(55,275)	(1,674,923)	(6,159,118)
Hedging Reserve	-	(10,547,549)	-	(10,547,549)
	(4,428,920)			(16,706,667)
Total Members' interest	10,388,812			1,056,110

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

23 Transition to FRS 102 (continued)

Consolidated Profit and Loss Account for the year ended 31 December 2014

	As originally reported £	Reclass- ification £	Remeasure- ment £	As restated £
Group Turnover	17,139,798	-	-	17,139,798
Cost of sales	(5,727,709)	-	-	(5,727,709)
Grossprofit	11,412,089	-	-	11,412,089
Administrative expenses	(14,522,048)	-	(55,273)	(14,577,321)
Group Operating Loss	(3,109,959)	-	-	(3,165,232)
Share of operating profits in associates and joint ventures	2,110,882		(1,834,589)	276,293
Total operating loss: group and share of associates and joint ventures	(999,077)		(1,889,862)	(2,888,939)
Interest Receivable	6,042,880	-	(3,996,781)	2,046,099
Interest Payable	(10,295,354)	-	3,640,848	(6,654,506)
Loss on ordinary activities before taxation	(5,251,551)	-	(2,245,795)	(7,497,346)
Taxation	(258,750)	-	214,847	(43,903)
Loss on ordinary activities after taxation	(5,510,301)	-	-	(7,541,249)
Non controlling interests	(76,369)	-	-	(76,369)
Loss for the financial year before members' remuneration and profit share	(5,586,670)	-	(2,030,948)	(7,617,618)

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Notes to the financial statements For the year ended 31 December 2015

23 Transition to FRS 102 (continued)

Partnership Balance Sheet at 1 January 2014

	As originally reported	Reclass- ification	Remeasure- ment	As restated
	£	£	£	£
Fixed assets				
Tangible Assets	3,469	-	-	3,469
Investments	13,311,277	-	11,836,640	25,147,917
	<u>13,314,746</u>			<u>25,151,386</u>
Current assets				
Debtors (amounts falling due in less than one year)	36,892,518	-	(9,897,829)	26,994,689
Short term deposits	4,950,000	(4,950,000)	-	-
Cash at bank and in hand	13,175	4,950,000	-	4,963,175
	<u>41,855,693</u>			<u>31,957,864</u>
Creditors: Amounts falling due within one year	<u>(2,968,227)</u>			<u>(2,968,227)</u>
Net current(liabilities)/assets	<u>38,887,466</u>	-	-	<u>28,989,637</u>
Net Assets attributable to members	<u>52,202,212</u>	-		<u>54,141,023</u>
Represented by:				
Loans and other debts due to members				
Members' capital classified as a liability	45,515,549	-	-	45,515,549
Loans and debts due from other members	4,608,794	-	-	4,608,794
	<u>50,124,343</u>			<u>50,124,343</u>
Members' other interests				
Members' capital classified as equity	2,077,869	-	1,938,811	4,016,680
Total Members' interest	<u>52,202,212</u>			<u>54,141,023</u>

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Notes to the financial statements For the year ended 31 December 2015

23 Transition to FRS 102 (continued)

Partnership Balance Sheet at 31 December 2014

	As originally reported	Reclass- ification	Remeasure- ment	As restated
	£	£	£	£
Fixed assets				
Tangible Assets	1,308	-	-	1,308
Investments	774,568	-	2,175,470	2,950,038
	<u>775,876</u>			<u>2,951,346</u>
Current assets				
Debtors (amounts falling due in less than one year)	18,070,368	-	(2,175,470)	15,894,898
Cash at bank and in hand	2,050	-	-	2,050
	<u>18,072,418</u>			<u>15,896,948</u>
Creditors: Amounts falling due within one year	<u>(2,975,668)</u>			<u>(2,975,668)</u>
Net current(liabilities)/assets	<u>15,096,750</u>	-	-	<u>12,921,280</u>
Net Assets attributable to members	<u>15,872,626</u>	-	-	<u>15,872,626</u>
Represented by:				
Loans and other debts due to members	45,515,549	-	-	45,515,549
Members' capital classified as a liability	1,167,163	-	3,553,810	4,720,973
Loans and debts due from other members	<u>46,682,712</u>	-		<u>50,236,522</u>
Members' other interests				
Members' capital classified as equity	<u>(30,810,086)</u>	-	<u>(3,553,810)</u>	<u>(34,363,896)</u>
Total Members' interest	<u>15,872,626</u>			<u>15,872,626</u>

UME Group LLP

Notes to the financial statements For the year ended 31 December 2015

23 Transition to FRS 102 (continued)

Partnership Profit and Loss Account for the year ended 31 December 2014

	As originally reported £	Reclass- ification £	Remeasure- ment £	As restated £
Administrative expenses	(30,897,305)	-	(2,830,921)	(33,728,226)
Group Operating Loss	<u>(30,897,305)</u>			<u>(33,728,226)</u>
Interest Receivable	2,219	-	892,110	894,329
Interest Payable	<u>-</u>	<u>-</u>	<u>(1,614,999)</u>	<u>(1,614,999)</u>
Loss for the financial year before members' remuneration and profit share	<u>(30,895,086)</u>	<u>-</u>	<u>(2,245,798)</u>	<u>(34,448,896)</u>

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Notes to the financial statements For the year ended 31 December 2015

24 Post Balance Sheet Events

Since the year end UME PFI Investments Limited, declared dividends to UME PFI Investments Holding Limited, amounting to a total of £757,078.

Since the year end Healthsource Bromley Limited, declared dividends to UME PFI Investments Limited, amounting to a total of £105,000.

Since the year end Glasgow Healthcare Facilities Limited, declared dividends to UME PFI Investments Limited, amounting to a total of £92,750.

25 Subsidiaries Joint Ventures and Associates

At 31 December 2015 the Group held share capital in the following entities

Subsidiary, associates and joint venture undertakings	Country of Incorporation	Class of share held	Proportion held by relevant parent undertaking	Nature of business activity
UME Investment Co. Limited	England	Ordinary shares	100% (2014: 100%)	Investment
United Medical Enterprises (Cyprus) Limited	Cyprus	Ordinary shares	100% (2014: 100%)	Health Services
UME Diagnostics Management Company Limited (formerly UME Property Co Limited)	England	Ordinary shares	100% (2014: 100%)	Property
UME Holdings Limited	England	Ordinary shares	100% (2014: 100%)	Dormant
UME PFI Investments Holding Limited	England	Ordinary shares	100% (2014: 100%)	Investment
UME PFI Investments Limited	England	Ordinary shares	100% (2014: 100%)	Investment
Healthsource Bromley (Holdings) Limited	England	Ordinary shares	100% (2014: 100%)	Investment
Healthsource Bromley Limited	England	Ordinary shares	100% (2014: 100%)	Equipment services
Caring 4 Croydon Holdings Limited *	England	Ordinary shares	50% (2014: 50%)	Investment
Caring 4 Croydon Limited *	England	Ordinary shares	100% (2014: 100%)	Social housing
Young Herts Holdings Limited	England	Ordinary shares	75% (2014: 75%)	Investment
Young Herts Limited	England	Ordinary shares	100% (2014: 100%)	Social housing
United Medical Enterprises Limited	England	Ordinary shares	100% (2014: 100%)	Investment
Hull Citycare Investments Limited #	England	Ordinary shares	30% (2014: 30%)	Investment
Glasgow Healthcare Facilities (Holdings) Limited ~	England	Ordinary shares	25% (2014: 25%)	Investment
Glasgow Healthcare Facilities Limited ~	England	Ordinary shares	100% (2014: 100%)	Investment

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Notes to the financial statements For the year ended 31 December 2015

25 Subsidiaries Joint Ventures and Associates (continued)

UME Diagnostics Limited	England	Ordinary shares	100% (2014: 100%)	Investment
Insight Medical Limited ^{xxx}	England	Ordinary shares	100% (2014: 100%)	Imaging
UME Clinics Limited ^{xxx}	England	Ordinary shares	100% (2014: 100%)	Specialist clinics
MedTel UK Limited	England	Ordinary shares	100% (2014: 100%)	Diagnostic Imaging
MedTel Harley Street Medical Centre LLP	England	Ordinary shares	100% (2014: 100%)	Diagnostic Imaging
Meriden Hospital Advanced Imaging Centre Limited #	England	Ordinary shares	50% (2014: 50%)	Diagnostic Imaging
Insight Medical Ventures Limited ^x	England	Ordinary shares	90% (2014: 90%)	Diagnostic Imaging
Medical Equipment Leasing Limited ^x	England	Ordinary shares	100% (2014: 100%)	Diagnostic Imaging
Medical Diagnostic & Imaging Limited ^x	England	Ordinary shares	100% (2014: 100%)	Dormant
Sevenoaks Diagnostic Centre Limited ^x	England	Ordinary shares	100% (2014: 100%)	Dormant
SSS Leasing Limited ^{xx}	England	Ordinary shares	99% (2014: 99%)	Diagnostic Imaging
Alwyne & Company Limited ^x	England	Ordinary shares	80% (2014: 80%)	Diagnostic Imaging
Weybridge Diagnostic Centre Limited ^x	England	Ordinary shares	100% (2014: 100%)	Dormant
Medical Diagnostic & Imaging Group Limited ^x	England	Ordinary shares	100% (2014: 100%)	Dormant

* Caring 4 Croydon Holdings Limited, Caring 4 Croydon Limited have financial years ending 31 March.

Joint ventures

~ Associates

x Liquidated 1 April 2015

xx Liquidated 21 January 2014

xxx Ceased trading 19 December 2014

26 Ultimate Parent Undertaking and Controlling Entity

The ultimate controlling entity is United Medical Enterprises Group Limited BC343764, a company incorporated in the British Virgin Islands. United Medical Enterprises Group Limited BC343764 is the largest group in which the results of the LLP are consolidated.