Registered number: 08046062

LISTRAC FINANCE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2018

LISTRAC FINANCE LIMITED

COMPANY INFORMATION

Directors	P Kiernan (appointed 29 January 2019) J Tydeman (appointed 4 June 2018) M Stevens J Frankish (appointed 14 December 2017) M Baird (appointed 26 November 2018) M Le Huray (resigned 26 November 2018) M M Redman (resigned 27 June 2018) P Marriner (resigned 15 March 2019) D A Payne (resigned 14 December 2017)
Registered number	08046062
Registered office	56 Southwark Bridge Road London SE1 0AS United Kingdom
Independent auditor	Deloitte LLP Statutory Auditors Hillhouse 1 New Street Square London EC4A 3BZ United Kingdom
Bankers	HSBC Bank PLC 26 Broad Street Reading Berkshire RG1 2BU United Kingdom
Solicitors	Shoosmiths LLP Witan Gate House 500-600 Witan Gate West Milton Keynes MK9 1SH United Kingdom

LISTRAC FINANCE LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The directors present their Strategic Report, Directors Report together with the audited financial statements and auditor's report for the year ended 31 August 2018.

Principal activity

The principal activity of Listrac Finance Limited ("the Company") during the year ended 31 August 2018 was to act as an intermediate holding company for investment in companies that are involved in the provision of care in the community for individuals with special care requirements. The Company also holds the shareholder debt on behalf of the Group.

The Company is a subsidiary of Listrac Holdings Limited (which, together with its subsidiary undertakings, is referred to as "the Group").

Business review

The Company's loss for the financial year was £178,119,757 (2017 - £143,577,460 loss).

Financial key performance indicators

The Company is an intermediate holding company for investments which are detailed in note 9 which are monitored and reviewed for any impairment. The Company monitors its investments' performance on a regular basis.

The financial performance and position of the Group are in line with the directors' expectation. The analysis of the financial performance and position are presented in the financial statements of the Listrac Holdings Limited. The financial statements of Listrac Holdings Limited are available from 56 Southwark Bridge Road, London, SE1 0AS, United Kingdom.

Principal risks and uncertainties

The Company's principal risk is the exposure to the trading activities and the wider risks of its subsidiaries . The investments as detailed in Note 9 are monitored and reviewed for any impairment.

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

• Health and safety – The business currently employs 11,000 staff providing services to circa 4,800 Service Users who often have challenging and complex needs. These services take place predominantly in our Service Users' own homes or in residential homes and carry a degree of risk of accidents. The board regards the health and safety of the people we support and employees as its most important responsibility and has a robust health and safety policy in place to manage and minimise the risk of accidents. The Group'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.

• Service quality – The provision of a quality service to individuals and funders is key to the retention of customers. In order to ensure this quality service is maintained, 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 is held with the Group's regulatory bodies, the Care Quality Commission, Care Inspectorate and the Commission for Social Services Inspectorate, Wales (CSSIW) to ensure our procedures comply with all regulations. If there are adverse findings from regulatory inspections these are followed up promptly and improvements made when necessary.

• Staff recruitment and retention – High quality skilled staff are required to service the people we support and grow the Group's business. The Group operates a recruitment process that ensures we can attract staff and completes the necessary regulatory checks prior to employment. The Group's training and development approach is designed to increase the skill levels of existing and potential employees and the directors believe its pay rates are competitive in the market.

• Shift in governmental policies - As the majority of the Group's sales are to the public sector, revenues could be vulnerable to a major policy shift away from supported living. However, the board does not consider this to be a major risk as the community care model is well established and has proven its value and effectiveness.

• National Living Wage – HM Government announced an increase in the National Living Wage for people aged 25 or over from April 2019 to £8.21 per hour. The cost impact of changes to wage rates is material to the Group. To mitigate this increase the Group engages positively with the commissioners of our services to ensure these uplifts are fully funded.

• Sleep-ins – Judgement was delivered in Mencap's favour on the Sleep In case on the 20th July 2018 meaning that National Living Wage does not apply to sleep-ins. This outcome has been followed by Guidance from BIS that the National Minimum Wage does not apply to time spent when asleep. Whilst the individual who bought the case has appealed to the Supreme Court it is considered unlikely that this will succeed.

• Litigation – The business could be subject to litigation as a consequence of incidents that can occur as it supports people with challenging and complex behaviours. In addition to robust policies and procedures the business carries insurance cover to mitigate the cost of such claims, but notes that should any fines be incurred that these cannot be insured against.

• Brexit – Britain's decision to leave the European Union may lead to a more challenging environment in the short and long term due to uncertainties in the current market and future impacts on our workforce. We continue to monitor diligently the terms of Brexit negotiations to assess any impact for the Group in this time of uncertainty.

Treasury management and financial instruments

The Group's principal risks are related to the management of its financial instruments. Liquidity risk is managed by structuring loan repayments appropriately for the Group in order to service its debt. The Group's financial instruments include all assets and liabilities of a financial nature such as long term liabilities and various items, such as amounts owed to and from group companies that arise directly from the Group's operations. All such instruments play an important part in the operations of the Group 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 described further below, the Group has recently restructured lending facilities with its banks and shareholders.

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

Employees

At Lifeways we understand that our success is driven by the skills and talents of our staff, who dedicate themselves to ensuring that the people we support, are able to live an independent life with dignity, respect and compassion.

The Group recognises that recruitment, training and retention of skilled employees is critical to its success. As a result, we have continued to invest in training, in order to ensure that employees are fully up-to-date in providing care for those we support and the standard of care expected.

The Group's human resources team works closely with the Group's employees to ensure fair pay for all, facilitate flexible working where feasible and encourage a culture of consultation and collaboration. The Group has zero tolerance for any type of discrimination, either direct or indirect, during recruitment or in employment. Staff are strongly encouraged to report discrimination whenever they become aware of it.

Lifeways and the community

As the Group has largely grown by the acquisition of geographically diverse entities, we have benefitted from the pre-existing relationships our staff and Service Users have had with the local communities in which they work and reside. This ensures that are able to lead happy, rewarding lives and participating fully in their local communities. The Group has direct involvement in a number of community based initiatives such as fundraising and community action events. The Group is particularly proud to have participated in Dignity Action Day, organised by the National Dignity Council. This amongst other activities has enabled our Service Users and Carers to engage fully in their local communities.

Human rights issues

The Group ensures that its business activities are conducted with the objective of protecting the human rights of both Carers and Service Users. Staff are strongly encouraged to report abuse, either to their Regional Quality Manager or via the Whistleblowing Hotline. The qualities of respect and dignity constitute the foundation of the services we provide and the importance of human rights to our business can never be overstated. Each day we endeavour to exceed the expectations of care required by laws and regulations governing the Group's operations throughout the United Kingdom.

Environmental matters

The Group's principal activity has minimal environmental impact, however, the board believes that good environmental practices support the broarder strategy of enhancing the reputation of the Group as well as fostering staff and Services Users morale.

The Group is committed to minimising Carbon and other greenhouse gases emitted from the operations of the business. The Group seeks to encourage energy and waste saving initiatives wherever possible whilst ensuring delivery of the highest quality of care in the communities that we serve.

Going concern

The directors manage cashflows, including debt facilities, on a Group-wide basis.

The Company's Statement of Financial Position includes net liabilities of £318,990,307 (2017 – net liabilities of £140,870,550).

On 12 September 2019, the Group, of which the Company is a member, completed a renegotiation of its banking and shareholder facilities. The key terms of the revised facilities are described in the post balance sheet events note below and include amendments to repayment dates, interest rates and financial covenants.

In undertaking their assessment of going concern, the Directors have reviewed the detailed forecast of the anticipated financial performance and cashflows of the Group through to August 2022. This forecast includes the expected improvement in profitability and cash generation from both continued delivery of the Lifeways 2020 strategic plan and the revised banking and shareholder facilities.

The Directors have reviewed these forecasts against the working capital requirements of the Group, the covenants contained in the revised banking facilities and the known risks and opportunities facing the Group. Specifically, the Directors have considered key sensitivities around assumed working capital improvements, capacity fill rates and margin enhancements. They have also considered the appeal to the Supreme Court against the legal position on "sleep in payments" that was clarified by the Court of Appeal in July 2018, concluding that this does not, at this time, alter the financial outlook.

After making enquiries and considering the forecasts and sensitivities above, the directors have concluded that they have a reasonable expectation that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis.

The directors have assessed the impact of a 'No-deal' Brexit and consider that this is unlikely to have any material impact on the Group. The Group conducts all of its trade in Sterling, within the United Kingdom and (as stated above), the Group completed the renewal of its banking and shareholder facilities.

Events after the reporting date

On 30 November 2018, OPE Lifeways Investment Limited ("OPE Lifeways"), an indirect owner of the majority economic interests of the Group, made a further injection of capital to support working capital and covenant compliance.

On 12 September 2019, the Group, of which the Company is a member, completed a renegotiation of the Group's banking and shareholder facilities. The key terms of the Group's bank loans (as disclosed in note 18 of the consolidated financial statements of Listrac Holdings Limited and note 15 of Listrac Bidco Limited) have been amended as follows:

• Facility A (£16.0m) expires in August 2022, with repayments due in instalments from June 2021. Interest payable ranges from LIBOR plus 675 bps to LIBOR plus 500 bps (with cash interest ranging from LIBOR plus 100 bps to LIBOR plus 500 bps);
• Facility B (£132.9m) expires in November 2022, with a single bullet payment due at that date. Interest payable ranges from LIBOR plus 700 bps to LIBOR plus 525 bps (with cash interest ranging from LIBOR plus 100 bps to LIBOR plus 525 bps);
• The Revolving Credit Facility (£10.0m) expires in November 2022. Interest payable ranges from LIBOR plus 700 bps to LIBOR plus 525 bps (with cash interest ranging from LIBOR plus 100 bps to LIBOR plus 525 bps);
• The Acquisition Facility (£7.7m) expires in November 2022. Interest payable ranges from LIBOR plus 700 bps to LIBOR plus 525 bps (with cash interest ranging from LIBOR plus 100 bps to LIBOR plus 525 bps);
• Financial covenants have been amended, with a leverage and cashflow covenant applying from August 2020 and February 2021 respectively. A minimum liquidity covenant applies from the date of new facilities.

In addition, the Group's majority shareholder, through OPE Lifeways, has provided additional committed facilities of £12m, at interest rates (non cash) of 1,200 bps.

At the time of signing of these financial statements, the United Kingdom is intending to leave the European Union on the 31 October 2019 under a 'No-deal' Brexit. The directors have assessed the impact of a 'No-deal' Brexit and consider that it is unlikely to have any material impact on the Group.

Future developments

There are no planned changes to the Company's activity.

This report was approved by the board on 13 September 2019 and signed on its behalf.

....
M Stevens
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The directors present their report and the financial statements for the year ended 31 August 2018.

Results and dividends

The loss for the year, after taxation, amounted to £178,119,757 (2017 - loss £143,577,460).

There were no dividends paid in the year (2017 - £NIL).

Directors

The directors who served during the year were:

J Tydeman (appointed 4 June 2018)
M Stevens
J Frankish (appointed 14 December 2017)
M Le Huray (resigned 26 November 2018)
M M Redman (resigned 27 June 2018)
P Marriner (resigned 15 March 2019)
D A Payne (resigned 14 December 2017)

Donations

The Company did not make any political or charitable donations during the year (2017 - £NIL).

Qualifying third party indemnity provisions

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

Matters covered in the strategic report

Financial risk management objectives and policies, principal risk, future developments, events after the balance sheet date, going concern and uncertainties disclosures, treasury management and financial instruments are stated in the Strategic report on pages 1 to 5.

Disclosure of information to auditor

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

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

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board on 13 September 2019 and signed on its behalf.

M Stevens
Director

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

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

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LISTRAC FINANCE LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Listrac Finance Limited (the 'Company'):

- **give a true and fair view of the state of the Company's affairs as at 31 August 2018 and of its loss for the year then ended;**
- **have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and**
- **have been prepared in accordance with the requirements of the Companies Act 2006.**

We have audited the financial statements which comprise:

- the Income Statement;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report..

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach	
Key audit matters	The key audit matters that we identified in the current year were: • Going Concern; and • Recoverability of receivables from Group undertakings.
Materiality	The materiality that we used in the current year was £1,700,000 (2017 - 1,500,000) which was determined on the basis of 0.5% (2017 - 0.5%) of loan balances."
Scoping	A full statutory audit was performed at statutory materiality. This includes all debtors and creditors balance and associated interest.
Significant changes in audit approach	There were no changes to our audit approach.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LISTRAC FINANCE LIMITED

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going Concern	
Key audit matter description	The directors have a statutory duty to consider the Company's ability to continue as a going concern. As the Company is supported by its parent Listrac Holding Limited (the "Parent"), the directors also need to assess the Parent's ability to continue as a going concern. The cash flows of the Listrac Holdings Limited group, including its debt facilities, are managed on a group-wide basis and hence the directors need to assess the going concern position of the group as a whole. In undertaking their assessment of going concern for the Company and group, the directors reviewed forecasted future performance and anticipated cash flows, taking into account the renegotiated banking and shareholder facilities signed on 12 September 2019 and associated covenants. They also considered sensitivities to these forecasts, including sensitivities around assumed working capital improvements, capacity fill rates and margin enhancements. In addition, the directors considered the appeal to the Supreme Court against the legal position on "sleep in payments" that was clarified by the Court of Appeal in July 2018, concluding that this does not, at this time, alter the financial outlook. Taking into account the sensitivities, the directors concluded that the group would have sufficient resources available to meet liabilities as they fall due and concluded that there are no material uncertainties around the going concern assumption. Further details are included within the strategic report on pages 1 to 5 and note 1.3 to the financial statements.

How the scope of our audit responded to the key audit matter	As part of our audit work in this area, we have performed the following; • Assessed the design and implementation of controls relating to this key audit matter; • Obtained from management the board-approved 4 year Business Plan, detailed cash flow forecasts and the covenant compliance forecasts; • Challenged the forecasts prepared by management, including reviewing the Independent Business Review report prepared by advisors to the lenders and the related sensitivity analyses; • Reviewed the renegotiated banking and shareholder facilities, signed on 12 September 2019, including the financial covenants contained therein that apply during the going concern review period; • Held discussions with the group's advisors in relation to the restructured facilities, the forecasts, and covenant and liquidity headroom; • Enquired with legal counsel on impact of sleep-in liability; • Challenged management on assumptions made for sleep - in liability; Reviewed updates from HMRC and courts on outcome of case.
Key observations	Based on the work performed we are satisfied with the directors' assessment of the Company's ability to continue as a going concern.
Recoverability of receivables from group undertaking	
Key audit matter description	Receivables from group undertakings are stated in the balance sheet at £22,065,233 (2017 - £161,263,768). There is significant level of judgement involved in determining the recoverability of these receivables from group undertakings based on the financial position and future prospects of the group undertakings. This takes into consideration a range of factors such as the trading and cash flow performance of the group undertakings, the expected revenue growth and discount rates. Further details are included within accounting policies in note 1 as well as critical judgments and estimation uncertainty in note 2 to the financial statements.
How the scope of our audit responded to the key audit matter	As part of our work in this area we have: • Evaluated the design and implementation of the key controls relating to the valuation and recoverability of receivables from group undertakings. • Challenged the directors' judgements regarding the appropriateness of the carrying value by obtaining the Business Plan to understand forecasted future trading performance of the group undertakings and assessing the ability of the group undertakings to repay these amounts.
Key observations	Based on the work performed we concluded that receivables from group undertakings are appropriately stated.

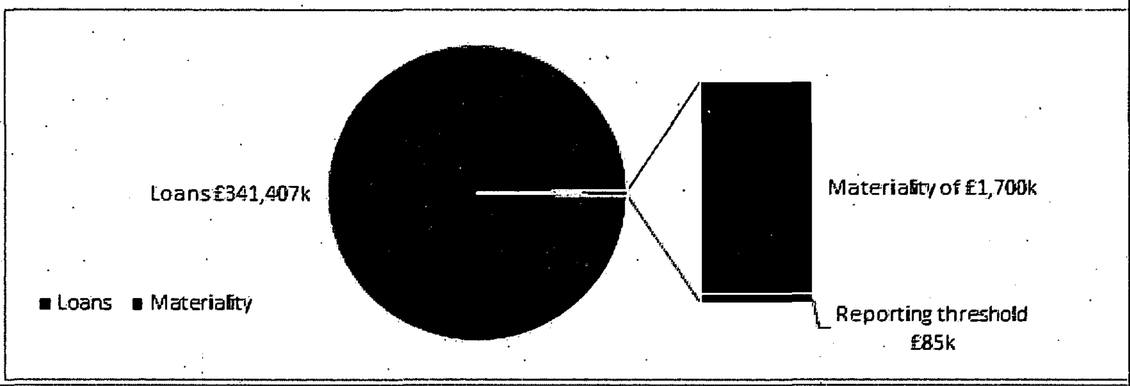
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LISTRAC FINANCE LIMITED

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£1,700,000 (2017 - £1,500,000)
Basis for determining materiality	0.5% of Loans (2017 - 0.5% of Loans)
Rationale for the benchmark applied	On the basis that the listed loans are the primary balance of interest to the users of the accounts we have used this balance.



We agreed with the directors that we would report to the directors all audit differences in excess of £85,000 (2017 - £75,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control, and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LISTRAC FINANCE LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of management and the audit committee, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas: patient monies and judgments and estimates around unusual and non-recurring items; and
- obtaining an understanding of the legal and regulatory framework that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Company. The key laws and regulations we considered in this context included the UK Companies Act, health and safety etc.

Audit response to risks identified

As a result of performing the above, we identified Going Concern as a key audit matter. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter. As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions 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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LISTRAC FINANCE LIMITED

Adequacy of explanations received and accounting records Under the Companies Act 2006 we are required to report to you if, in our opinion: • we have not received all the information and explanations we require for our audit; or • adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or • the financial statements are not in agreement with the accounting records and returns.	***We have nothing to report in respect of these matters.***
Directors' remuneration Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.	***We have nothing to report in respect of this matter.***

Use of our report
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.

Emma Cox, BA, ACA (Senior statutory auditor)

for and on behalf of

Deloitte LLP
London United Kingdom
13 September 2019

INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Administrative expenses		**(4,225)**	(3,426)
Provision for intercompany debtor		**(176,853,656)**	(143,754,778)
Operating loss		**(176,857,881)**	(143,758,204)
Interest receivable and similar income	6	**33,212,399**	32,133,411
Interest payable and similar expenses	7	**(34,149,254)**	(32,118,824)
Loss before tax		**(177,794,736)**	(143,743,617)
Tax on loss	8	**(325,021)**	166,157
Loss for the financial year		**(178,119,757)**	(143,577,460)

There were no recognised gains and losses for 2018 or 2017 other than those included in the Income Statement. Accordingly, no seperate Statement of Comprehensive Income is presented.

All results derive from continuing operations.

The notes on pages 18 to 32 form part of these financial statements.

LISTRAC FINANCE LIMITED
REGISTERED NUMBER: 08046062

STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2018

	Note		2018 £		2017 £
Fixed assets					
Investments	9		**957,501**		957,501
			957,501		957,501
Current assets					
Debtors	10	**22,821,215**		161,263,768	
		22,821,215		161,263,768	
Creditors: amounts falling due within one year	11	**(1,361,617)**		(1,494,973)	
Net current assets			**21,459,598**		159,768,795
Total assets less current liabilities			**22,417,099**		160,726,296
Creditors: amounts falling due after more than one year	12		**(341,407,406)**		(301,763,003)
Provisions for liabilities			**-**		166,157
Net liabilities			**(318,990,307)**		(140,870,550)
Capital and reserves					
Called up share capital	15		**957,501**		957,501
Profit and loss account			**(319,947,808)**		(141,828,051)
Shareholders' funds			**(318,990,307)**		(140,870,550)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2019.

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M Stevens
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2017	957,501	(141,828,051)	(140,870,550)
Comprehensive income for the year			
Loss for the year	-	(178,119,757)	(178,119,757)
Total comprehensive income for the year	-	(178,119,757)	(178,119,757)
At 31 August 2018	957,501	(319,947,808)	(318,990,307)

The notes on pages 18 to 32 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2016	957,501	1,749,409	2,706,910
Comprehensive income for the year			
Loss for the year	-	(143,577,460)	(143,577,460)
Total comprehensive income for the year	-	(143,577,460)	(143,577,460)
At 31 August 2017	957,501	(141,828,051)	(140,870,550)

The notes on pages 18 to 32 form part of these financial statements.

1. Accounting policies

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

1.1 General information

Listrac Finance Limited ("the Company") is a holding company of its subsidiaries (together "the Group") which provide Independent living support throughout the United Kingdom. The Company is a private company limited by shares and is incorporated in England. The address of the Company's registered office is 56 Southwark Bridge Road, London, SE1 0AS, United Kingdom and the Company registered number 08046062.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The financial statements are stated in pounds sterling, which is the company's functional and presentational currency.

The Company 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.

The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertaking are included in the consolidated financial statements of its ultimate parent company, Listrac Holding Limited, a company incorporated in Jersey, Channel Islands. Exemptions have been taken in these separate company financial statements in relation to Financial instruments, transactions with other members of the group, and presentation of cash flows statement.

The following principal accounting policies have been applied:

1. Accounting policies (continued)

1.3 Going concern

The directors manage cashflows, including debt facilities, on a Group-wide basis.

The Company's Statement of Financial Position includes net liabilities of £318,990,307 (2017 – net liabilities of £140,870,550).

On 12 September 2019, the Group, of which the Company is a member, completed a renegotiation of its banking and shareholder facilities. The key terms of the revised facilities are described in the post balance sheet events note below and include amendments to repayment dates, interest rates and financial covenants.

In undertaking their assessment of going concern, the Directors have reviewed the detailed forecast of the anticipated financial performance and cashflows of the Group through to August 2022. This forecast includes the expected improvement in profitability and cash generation from both continued delivery of the Lifeways 2020 strategic plan and the revised banking and shareholder facilities.

The Directors have reviewed these forecasts against the working capital requirements of the Group, the covenants contained in the revised banking facilities and the known risks and opportunities facing the Group. Specifically, the Directors have considered key sensitivities around assumed working capital improvements, capacity fill rates and margin enhancements. They have also considered the appeal to the Supreme Court against the legal position on "sleep in payments" that was clarified by the Court of Appeal in July 2018, concluding that this does not, at this time, alter the financial outlook.

After making enquiries and considering the forecasts and sensitivities above, the directors have concluded that they have a reasonable expectation that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going concern basis..

The directors have assessed the impact of a 'No-deal' Brexit and consider that this is unlikely to have any material impact on the Group. The Group conducts all of its trade in Sterling, within the United Kingdom and (as stated above), the Group completed the renewal of its banking and shareholder facilities.

1.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1. Accounting policies (continued)

1.5 Financial instruments

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

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

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 Company 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).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these

1. Accounting policies (continued)

1.5 Financial instruments (continued)

conditions are measured at fair value through profit or loss.

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 Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

1.6 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 charge 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

1.7 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income Statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

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

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgments, 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 judgments in applying the Company's accounting policies

The directors do not consider there are any material critical judgments.

Key source of estimation uncertainty

Amounts owed by group undertakings
There is significant level of estimation uncertainty involved in determining the recoverability of debtors from group undertakings based on the financial position and future prospects of the group undertakings. This takes into consideration a range of factors such as the trading performance of the group undertakings, the expected revenue growth and discount rates.

Impairment of investments
Determining whether investments assets are impaired requires an estimation of their value in use to the company. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the investment assets and a suitable discounts rate in order to calculate present value.

3. Employees

The company has no employees other than the directors, who did not receive any remuneration during the year (2017 - £NIL).

4. Auditor's remuneration

The audit fee for the Company is included in the audit fee for the Group which totalled £465,843 (2017 - £421,400). The fee was borne by Lifeways Finance Limited, a wholly owned subsidiary of Listrac Holdings Limited. The fees stated above are inclusive of VAT which is non-recoverable to the Group.

Non audit services of £2,680,146 were provided by the Group's auditor and its associates. These services were for a separate advisory project team engaged to advise on its cash recovery and working capital processes.

5. Directors' remuneration

No remuneration was paid or is payable to the directors in their capacity as directors of the Company (2017 - £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 Group to the directors of the Company (including pension scheme contributions) was £729,140 (2017 - £772,962). It is not possible to identify the proportion of this remuneration that relates to this Company.

Total remuneration of key management personnel by the Group is disclosed above.

6. Interest receivable

	2018	2017
	£	£
Interest receivable from group companies	**33,212,399**	32,133,411
	33,212,399	32,133,411

7. Interest payable and similar expenses

	2018	2017
	£	£
Other loan interest payable	**34,149,254**	31,322,119
Interest payable to group companies	**-**	796,705
	34,149,254	32,118,824

8. Taxation

	2018 £	2017 £
Corporation tax		
Adjustments in respect of previous periods	**158,864**	-
	158,864	-
Total current tax	**158,864**	-
Deferred tax		
Origination and reversal of timing differences	**172,418**	(191,382)
Changes to tax rates	**(18,149)**	25,225
Adjustment in respect of previous periods.	**11,888**	-
Total deferred tax	**166,157**	(166,157)
Taxation on loss	**325,021**	(166,157)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19.00% (2017 - 19.58%). The differences are explained below:

	2018 £	2017 £
Loss before tax	**(177,794,736)**	(143,743,617)
Loss multiplied by standard rate of corporation tax in the UK of 19.00% (2017 - 19.58%)	**(33,781,000)**	(28,145,000)
Effects of:		
Expenses not deductible for tax purposes	**40,496,848**	33,701,487
Recognition of previously unrecognised deferred tax	**-**	(4,947,329)
Adjustments to tax charge in respect of prior periods	**170,752**	-
Group relief	**(6,543,430)**	(800,540)
Tax rate changes	**(18,149)**	25,225
Total tax charge for the year	**325,021**	(166,157)

8. Taxation (continued)

Factors that may affect future tax charges

The Company's profits for this accounting period are taxed at an effective rate of 19.00%. The standard rate of corporation tax in the UK reduces from 19.00% to 17.00% for year ends beginning 1 April 2020; accordingly this rate has been applied in determining the deferred tax assets and liabilities as at 31 August 2018.

9. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 September 2017	**957,501**
At 31 August 2018	**957,501**
Net book value	
At 31 August 2018	**957,501**
At 31 August 2017	957,501

Direct subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Listrac Intermediate Holdings Limited	ordinary share capital	100 %	Holding company

Indirect Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Listrac Midco Limited	ordinary share capital	100 %	Holding company
Listrac Bidco Limited	ordinary share capital	100 %	Holding company
Lifeways Holdings Limited	ordinary share capital	100 %	Non-trading
Lifeways Community Care Limited	ordinary share capital	100 %	Supported living services
Lifeways Support Services Limited ^ (dissolved 8 May 2019)	members	100 %	Dormant
Vitavia Properties (Somerset) Limited	ordinary share capital	100 %	Property management
Lifeways Independent Living Alliance Limited	ordinary share capital	100 %	Property management
Lifeways Natural Networks Limited	ordinary share capital	100 %	Residential care

9. Fixed asset investments (continued)

Name	Class of shares	Holding	Principal activity
M-Power Housing Limited	members	100 %	Leaseholder of group property
Oaklands Community Care Limited ^ (dissolved 8 May 2019)	ordinary share capital	100 %	Dormant
Inclusion By Design Limited	ordinary share capital	100 %	Non-trading
Lifeways Inclusive Lifestyles Limited	ordinary share capital	100 %	Supported living services
Lifeways Support Options Limited	ordinary share capital	100 %	Supported living services
The SLC Group Limited (3) (dissolved 8 May 2019)	A ordinary share capital B ordinary share capital C ordinary share capital D ordinary share capital E ordinary share capital F ordinary share capital G ordinary deferred share capital	100 %	Dormant
Lifeways Paragon Limited	ordinary share capital	100 %	Supported living services
Lifeways Raglin Limited	ordinary share capital	100 %	Supported living services
Lifeways ISS Limited	ordinary share capital	100 %	Supported living services
Lifeways S S P Care Services Limited ^ (dissolved 8 May 2019)	ordinary share capital	100 %	Dormant
Lifeways Signposts Limited ^ (dissolved 8 May 2019)	ordinary share capital	100 %	Dormant
Future Home Care Limited	ordinary share capital	100 %	Supported living services
Lifeways Community Care (Inverness) Limited +	ordinary share capital	100 %	Supported living services
Haven Care and support Limited	ordinary share capital	100 %	Supported living services
Lifeways Orchard Care Limited	ordinary share capital	100 %	Residential care
Lifeways Rose Care and Support Limited	ordinary share capital	100 %	Residential care
Integra Care Management Limited	ordinary share capital	100 %	Supported living services
Integra Care Homes Limited	ordinary share capital	100 %	Supported living services
Community Care Solutions Limited	ordinary share capital	100 %	Supported living services
Social Care Solutions Limited	ordinary share capital	100 %	Supported living services
Lifeways SIL Limited	ordinary share capital	100 %	Residential care
Autism Care (North West) Limited	ordinary share capital	100 %	Residential care
Autism Care (UK) Limited	ordinary share capital	100 %	Residential care
Autism Care UK (2) Limited	ordinary share capital	100 %	Residential care
Autism Care Properties (2) Limited	ordinary share capital	100 %	Property management
Autism Care (Properties) Limited	ordinary share capital	100 %	Property management
Autism Care UK (3) Limited	ordinary share capital	100 %	Residential care
Autism Care UK (4) Limited	ordinary share capital	100 %	Residential care
Burgess Care Limited	ordinary share capital	100 %	Residential care
Clearoutcome Limited	ordinary share capital	100 %	Non-trading
Living Ambitions Limited	ordinary share capital	100 %	Supported living services
Homebridge Two Limited	ordinary share capital	100 %	Property management
Keys Hill Park Limited	ordinary share capital	100 %	Residential care

9. Fixed asset investments (continued)

Name	Class of shares	Holding	Principal activity
SIL.2 Limited	ordinary share capital	100 %	Residential care
Brighton and Sussex Care Limited	ordinary A share capital ordinary B share capital ordinary C share capital	100 %	Residential care

The registered office of all fixed asset investments listed above is: 56 Southwark Bridge Road, London, SE1 0AS except for the companies which have annotation ^ is 1 More London Place, London, United Kingdom, SE1 1AF and the investment with annotation + is 2nd Floor, Suite 2a1, Metropolitan House, High Street, Inverness, IV1 1HT.

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

10. Debtors

Due after more than one year

Amounts due after more than one year before a full provision include £4,797,533 (2017 - £4,797,533) of unsecured 12% loan notes, accrued interest of £4,764,070 (2017 - £3,893,633).

The terms of the loan stock is that interest is to be accrued at the specified rate and the full amount of the loan plus accrued interest is to be repaid in cash on maturity in 2022.

	2018 £	2017 £
Due within one year		
Amounts owed by group undertakings	**22,065,233**	161,263,768
Other debtors	**755,982**	-
Deferred taxation (see note 14)	-	166,157
	22,821,215	161,429,925

Included in the amounts due within one year is £333,112,064 (2017 - £296,327,380) owed by group companies offset by a provision of £311,046,831 (2017 - £135,063,612). Amounts receivable from group undertakings are repayable on demand inclusive of interest accrued.

11. Creditors: Amounts falling due within one year

	2018 £	2017 £
Other loans (see note 13)	-	225,815
Amounts owed to group undertakings	**1,202,003**	1,269,158
Corporation tax	**158,864**	-
Accruals and deferred income	**750**	-
	1,361,617	1,494,973

Amounts payable to group undertakings are repayable on demand inclusive of interest accrued.

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

	2018 £	2017 £
Other loans (see note 13)	**341,407,406**	301,763,003
	341,407,406	301,763,003

13. Loans

Analysis of the maturity of loans is given below:

	2018 £	2017 £
Amounts falling due within one year		
Loan notes	-	225,815
	-	225,815
Amounts falling due 2-5 years		
Loan notes	**341,407,406**	-
	341,407,406	-
Amounts falling due after more than 5 years		
Loan notes	-	301,763,003
	-	301,763,003
	341,407,406	301,988,818

Included in the other loans is £39,319,000 (2017 - £32,274,729) Compounded interest, £292,271,793 (2017 - £260,182,398) of unsecured management and shareholder 12% loan notes and £9,816,603 (2017 - £9,531,691) of 12% Interest bearing bonds.

The terms of the unsecured loan stock is that interest is to be accrued at the specified rates above and the full amounts of the loans plus accrued interest is to be repaid in cash on maturity in the year 2022.

During the year additional unsecured 12% loan notes were issued for the value of £40,667,877 (2017 - £33,967,591). The terms of the unsecured loan stock are that interest is to be accrued at the specific rates above and the full amounts of the loans plus accrued interest is to be repaid in cash on maturity in the year 2022.

The Company has listed unsecured shareholder 12% loan notes with a value of £289,339,548 (2017 - £256,973,392) for trading on the TISE exchange based in Jersey (Channel Islands).

14. Deferred taxation

	2018 £
At beginning of year	**166,157**
Charged to profit or loss	**(166,157)**
At end of year	**-**

14. Deferred taxation (continued)

The deferred tax asset is made up as follows:

	2018	2017
	£	£
Changes to tax rate	-	(25,225)
Origination and reversal of timing differences	-	191,382
	-	166,157

15. Share capital

	2018 £	2017 £
957,501 (2017 - 957,501) Ordinary shares shares of £1.00 each	**957,501**	957,501

16. Events after the reporting date

On 30 November 2018, OPE Lifeways Investment Limited ("OPE Lifeways"), an indirect owner of the majority economic interests of the Group, made a further injection of capital to support working capital and covenant compliance.

On 12 September 2019, the Group, of which the Company is a member, completed a renegotiation of the Group's banking and shareholder facilities. The key terms of the Group's bank loans (as disclosed in note 18 of the consolidated financial statements of Listrac Holdings Limited and note 15 of Listrac Bidco Limited) have been amended as follows:

• Facility A (£16.0m) expires in August 2022, with repayments due in instalments from June 2021. Interest payable ranges from LIBOR plus 675 bps to LIBOR plus 500 bps (with cash interest ranging from LIBOR plus 100 bps to LIBOR plus 500 bps);
• Facility B (£132.9m) expires in November 2022, with a single bullet payment due at that date. Interest payable ranges from LIBOR plus 700 bps to LIBOR plus 525 bps (with cash interest ranging from LIBOR plus 100 bps to LIBOR plus 525 bps);
• The Revolving Credit Facility (£10.0m) expires in November 2022. Interest payable ranges from LIBOR plus 700 bps to LIBOR plus 525 bps (with cash interest ranging from LIBOR plus 100 bps to LIBOR plus 525 bps);
• The Acquisition Facility (£7.7m) expires in November 2022. Interest payable ranges from LIBOR plus 700 bps to LIBOR plus 525 bps (with cash interest ranging from LIBOR plus 100 bps to LIBOR plus 525 bps);
• Financial covenants have been amended, with a leverage and cashflow covenant applying from August 2020 and February 2021 respectively. A minimum liquidity covenant applies from the date of new facilities.

In addition, the Group's majority shareholder, through OPE Lifeways, has provided additional committed facilities of £12m, at interest rates (non cash) of 1,200 bps.

At the time of signing of these financial statements, the United Kingdom is intending to leave the European Union on the 31 October 2019 under a 'No-deal' Brexit. The directors have assessed the impact of a 'No-deal' Brexit and consider that it is unlikely to have any material impact on the Group.

17. Related party transactions

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

During the year ended 31 August 2018, 12 per cent. interest bearing bonds of £0.01 each ("PIK Notes") were issued to OMERS Administration Corporation ("OMERS AC") for the value of £32,366,156 (2017 - £33,967,591) to settle amounts owed in respect of accrued shareholder loan note interest of the same value.

OMERS AC is the indirect owner of the majority of the participating (economic) shares of Listrac Holdings Limited and as at 31 August 2018 held PIK notes totalling £117,106,188 (2017 - £84,740,032) and 12 per cent Fixed Rate Unsecured Non-QCB Investor Loan Notes ("Loan Notes") totalling £172,233,359 (2017 - £172,233,359) and was owed accrued interest of £39,687,380 (2017 - £36,870,800), which aggregate to a total liability of £329,026,927 (2017 - £293,844,192). Interest expensed in the Income Statement on loan notes held by Omers AC amounted to £35,182,735 (2017 - £31,458,514).

Mr P Marriner, a director of Listrac Finance Limited until 15 March 2019, owns loan stock, totalling £3,828,376 (2017 - £3,828,376) as at 31 August 2018 with £3,320,136 (2017 - £2,554,224).of associated accrued interest comprising a total liability of £7,148,512 (2017 - 6,382,600). Interest expensed in the Income Statement on loan notes held by P Marriner amounted to £765,912 (2017 - £683,810).

Other personnel of the Group who do not hold positions as board of directors held loan stocks as at 31 August 2018 and 31 August 2017.

18. Controlling party

The Company's immediate parent company is Listrac Holdings Limited, a company registered in Jersey (Channel Islands).

The smallest and largest group which includes the Company and for which group financial statements are prepared is Listrac Holdings Limited, a company incorporated in Jersey, Channel Islands. The address of Listrac Holdings Limited is 44 The Esplanade, St Helier, Jersey, JE4 9WG. Copies of the group financial statements of Listrac Holdings Limited may be obtained from 56 Southwark Bridge Road, London, SE1 0AS United Kingdom.

The Company is a portfolio company of OMERS Administration Corporation ("OMERS") as administrator of the OMERS pension plans and trustee of the pension funds.