

Kent Topco Limited

Annual Report and Financial Statements

Year Ended

30 September 2017

Company Number 08706064

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Kent Topco Limited

Company Information

| | |
|----------------------------|---|
| Directors | A M Sullivan H L Jones O Jourdanney V Bastide A Fayolle |
| Registered number | 08706064 |
| Registered office | 2 Millennium Gate Westmere Drive Crewe CW1 6XB |
| Independent auditor | BDO LLP 3 Hardman Street Manchester M3 3AT |

Kent Topco Limited

Contents

| | Page |
|--|---------|
| Group Strategic Report | 1 - 2 |
| Directors' Report | 3 - 5 |
| Directors' Responsibilities Statement | 6 |
| Independent Auditor's Report | 7 - 9 |
| Consolidated Statement of Comprehensive Income | 10 |
| Consolidated Statement of Financial Position | 11 |
| Company Statement of Financial Position | 12 |
| Consolidated Statement of Changes in Equity | 13 |
| Company Statement of Changes in Equity | 14 |
| Consolidated Statement of Cash Flows | 15 |
| Notes to the Financial Statements | 16 - 34 |

Kent Topco Limited

Group Strategic Report For the Year Ended 30 September 2017

Introduction

The directors have pleasure in presenting their Strategic Report together with the audited financial statements of the group for the year ended 30 September 2017.

This report has been prepared by the directors in accordance with the requirements of Section 414 of the Companies Act 2006. The group's independent auditor is required by law to report on whether the information given in the Strategic Report is consistent with the financial statements. The auditor's report is set out on pages 6 to 8.

Business review

The group has again delivered a strong set of results showing turnover of £23.3m (2016 - £22.5m), a growth of £0.7m and improvement in gross profit margin to 59% (2016 - 57%). Improvement in these key performance indicators have occurred for the fourth consecutive year. The group holds significant cash balances of £10.3m (2016 - £7.6m). This will be deployed to support the existing contracts and to exploit any opportunities to add additional capacity.

Most of the group's income is derived from the provision of Home Oxygen Services (HOS) and associated respiratory therapies to NHS patients in England and Wales. The year has seen further enforcement of our commitment to deliver outstanding healthcare to all our patients, continuing to number in excess of 25,000 in total.

The Board has agreed that the strategic objectives for the medium term will be to optimise the performance of the existing business and to add additional capacity in current and emerging capabilities so as to strengthen further our reputation as a broad-based respiratory expert.

Principal risks and uncertainties

The principal risks of the business and the steps taken to mitigate them are as follows:

- The group's activities are subject to KPIs set by customers. Management attention is focused on exceeding the minimum performance levels defined by these KPIs to ensure maintenance of the highest quality in the services the group provides to avoid the risk of losing business due to poor performance. Appropriate measurement and control systems are in place to deliver this.
- Increases in operating costs. The group's revenues are largely determined by reference to long term contracts and agreements with the NHS. Accordingly, any cost increases will result in a deterioration in the group's operating margins. Management pay close attention to all operating costs and have established relationships with key suppliers to ensure that the risk of unexpected cost increases are minimised.
- Liquidity risk. The group pays particular attention to the management of cash flow. Credit control performance is monitored and reported to the board on a regular basis and cash flow is measured against both the annual budget and short-term cash flow forecasts.
- Exchange rate fluctuations. A significant proportion of the group's annual capital expenditure is transacted in currencies other than sterling. To minimise the risk of movements in foreign exchange rates having an adverse impact on cash flows relative to its annual operating plan the company has the facility to enter into forward contracts to purchase the necessary currencies at predetermined exchange rates.

Kent Topco Limited

Group Strategic Report (continued) For the Year Ended 30 September 2017

Financial key performance indicators

The board utilises a number of key performance indicators to enable a consistent method of analysing performance, in addition to allowing the directors to benchmark performance against similar businesses. The key performance indicators utilised by the board are as follows:

- Turnover
- EBITDA
- Cash flow
- Patient numbers
- Customer complaints
- Lost time accidents
- Contract KPIs

Future developments

It is the intention of the Directors that the group will continue to deliver its services at or above the minimum KPI levels stipulated by the Home Oxygen Services (HOS) and other contracts to which it is a party. At the same time the group will explore opportunities to add to its existing portfolio of services in adjacent therapies so as to both reduce reliance on the existing HOS contracts and to further the strategic objective of transitioning to a broad-based respiratory expert.

This report was approved by the board on

22 June 2018

and signed on its behalf.



H L Jones
Director

Kent Topco Limited

Directors' Report For the Year Ended 30 September 2017

The directors present their report together with the audited financial statements for the year ended 30 September 2017.

Principal activity

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

The principal activities of the group are the provision of Home Oxygen Services and associated respiratory therapies to NHS patients in England and Wales.

Business review

The business review can be found within the Strategic Report on page 1.

Results and dividends

The profit for the year, after taxation, amounted to £4,753,000 (2016 - £2,103,000).

During the year, dividends of £Nil were declared and paid to equity holders (2016 - £18,400,000).

Directors

The directors who served during the year were:

D J Quinn (resigned 12 January 2018)
A M Sullivan
H L Jones
A J Macfie (resigned 12 January 2018)
B T Long (resigned 2 May 2017)
A C W Troup (resigned 12 January 2018)

Appointed post year end:

O Jourdanney (appointed 12 January 2018)
V Bastide (appointed 12 January 2018)
A Fayolle (appointed 12 January 2018)

Financial instruments

The group's principal financial instruments comprise cash, trade debtors and creditors, loans and borrowings and certain other debtors and accruals. The main risks associated with these financial assets and liabilities are set out below:

Price risk

The group is exposed to changes in the market prices of its raw materials. To mitigate this risk the group has entered into long-term price agreements with the suppliers of those products and services which comprise the most significant elements of its operating cost base, most notably the provision of oxygen filling services.

Credit risk

Credit control performance is monitored and reported to the Board on a regular basis. The risk of non-payment by NHS or related public sector entities is considered small. Whenever possible new private customers are asked to complete a Direct Debit mandate so as to optimise the collectability of invoices.

Kent Topco Limited

Directors' Report (continued) For the Year Ended 30 September 2017

Employee involvement

The group values highly the opinion and welfare of its employees, and regular meetings are held to permit senior managers to engage with elected representatives of all areas of the business. The Employee Forum provides a valuable means of two-way communication between management and employees. The group also operates an Ideas and Innovation initiative whereby employees are financially rewarded for generating solutions which add value to the business.

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Foreign currency risk

The group is exposed to foreign currency risk on its operations, by virtue of entering into transactions in currencies other than the company's functional currency of Sterling. These transactions are relatively few in number and are related to the need to purchase goods from suppliers in Europe or North America. Any gains or losses arising from a change in the relevant exchange rates between the time of the placement of a purchase order and the subsequent payment of the supplier invoice are written off to the Statement of Comprehensive Income at the time of payment.

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 and the group'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 and the group's auditor is aware of that information.

Kent Topco Limited

Directors' Report (continued) For the Year Ended 30 September 2017

Subsequent events

On 12 January 2018 Kent Topco Limited was sold to Bastide Devco Limited (11038585) the ultimate parent company of which is Bastide Le Confort Medical S.A. (305635039), a company incorporated and registered at 12 Av. De la Dame, 30132 Caissargues, France.

On 12 January 2018 as part of this transaction, the investment held by Kent EBT (a subsidiary of Kent Topco Limited) in Kent Management Limited was sold to Bastide Devco Limited above market value.

On 14 May 2018 Baywater Healthcare UK Limited (a subsidiary of Kent Topco Limited) acquired 100% of the share capital in Intus Healthcare Limited, an online provider of therapeutic medical products and diagnostic studies for the treatment of sleep disordered breathing.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on **22 June 2018** and signed on its behalf.


H L Jones
Director

Kent Topco Limited

Directors' Responsibilities Statement

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and the group for that period.

In preparing these financial statements the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Kent Topco Limited

Independent Auditor's Report to the Members of Kent Topco Limited

Opinion

We have audited the financial statements of Kent Topco Limited ("the parent company") and its subsidiaries ("the group") for the year ended 30 September 2017 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the 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 group or the parent 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.

Kent Topco Limited

Independent Auditor's Report to the Members of Kent Topco Limited (continued)

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. 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.

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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

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

Kent Topco Limited

Independent Auditor's Report to the Members of Kent Topco Limited (continued)

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 group's and the Parent 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 group or the parent 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's 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.


Julien Rye (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Manchester
United Kingdom

26 June 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Kent Topco Limited

Consolidated Statement of Comprehensive Income For the Year Ended 30 September 2017

| | Note | 2017 £ | 2016 £000 |
|--|------|---------------|---------------|
| Turnover | 4 | 23,252 | 22,511 |
| Cost of sales | | (9,447) | (9,728) |
| Gross profit | | 13,805 | 12,783 |
| Administrative expenses | | (8,390) | (8,378) |
| Other exceptional expenses | 5 | - | (2,000) |
| Operating profit | 6 | 5,415 | 2,405 |
| Total operating profit | | 5,415 | 2,405 |
| Interest receivable and similar income | 10 | - | 7 |
| Profit before taxation | | 5,415 | 2,412 |
| Tax on profit | 11 | (662) | (309) |
| Profit for the financial year | | 4,753 | 2,103 |

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 16 to 34 form part of these financial statements.

Kent Topco Limited
Registered number: 08706064

Consolidated Statement of Financial Position
As at 30 September 2017

| | Note | 2017 £000 | 2017 £000 | 2016 £000 | 2016 £000 |
|--|------|---------------|----------------------|---------------|----------------------|
| Fixed assets | | | | | |
| Intangible assets | 13 | | (3,323) | | (4,380) |
| Tangible assets | 14 | | 13,485 | | 13,244 |
| Investments | 15 | | 20 | | 8 |
| | | | <u>10,182</u> | | <u>8,872</u> |
| Current assets | | | | | |
| Stocks | 16 | 527 | | 487 | |
| Debtors: amounts falling due within one year | 17 | 3,272 | | 3,569 | |
| Cash at bank and in hand | | 10,272 | | 7,550 | |
| | | <u>14,071</u> | | <u>11,606</u> | |
| Creditors: amounts falling due within one year | 18 | (3,989) | | (4,634) | |
| Net current assets | | | <u>10,082</u> | | <u>6,972</u> |
| Total assets less current liabilities | | | <u>20,264</u> | | <u>15,844</u> |
| Provisions for liabilities | | | | | |
| Deferred taxation | 20 | | (725) | | (1,058) |
| Net assets | | | <u><u>19,539</u></u> | | <u><u>14,786</u></u> |
| Capital and reserves | | | | | |
| Called up share capital | 21 | | 1,498 | | 1,498 |
| Share premium account | 22 | | 101 | | 101 |
| Profit and loss account | 22 | | 17,940 | | 13,187 |
| Total equity attributable to the owners of the parent company | | | <u><u>19,539</u></u> | | <u><u>14,786</u></u> |

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

22 June 2018.
H Jones

H L Jones
Director

The notes on pages 16 to 34 form part of these financial statements.

Kent Topco Limited
Registered number: 08706064

Company Statement of Financial position
As at 30 September 2017

| | Note | 2017 £000 | 2017 £000 | 2016 £000 | 2016 £000 |
|--|------|--------------|--------------|--------------|--------------|
| Current assets | | | | | |
| Debtors: amounts falling due within one year | 17 | 1,756 | | 213 | |
| Cash at bank and in hand | | 4 | | 4 | |
| | | <u>1,760</u> | | <u>217</u> | |
| Creditors: amounts falling due within one year | 18 | - | | (555) | |
| Net current assets/(liabilities) | | | 1,760 | | (338) |
| Net assets/(liabilities) | | | 1,760 | | (338) |
| Capital and reserves | | | | | |
| Called up share capital | 21 | | 1,498 | | 1,498 |
| Share premium account | 22 | | 101 | | 101 |
| Profit and loss account brought forward | | (1,937) | | (929) | |
| Profit for the year | | 2,098 | | 17,392 | |
| Dividends paid | | - | | (18,400) | |
| | | <u></u> | <u></u> | <u></u> | <u></u> |
| Profit and loss account carried forward | | | 161 | | (1,937) |
| Total equity/(deficit) attributable to the owners of the parent company | | | 1,760 | | (338) |

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

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

H Jones
22 June 2018.
H L Jones
Director

The notes on pages 16 to 34 form part of these financial statements.

Kent Topco Limited

Consolidated Statement of Changes in Equity For the Year Ended 30 September 2017

| | Called up share capital £000 | Share premium account £000 | Profit and loss account £000 | Total equity £000 |
|---|------------------------------------|-------------------------------------|------------------------------------|----------------------|
| At 1 October 2015 | 1,498 | 101 | 29,484 | 31,083 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 2,103 | 2,103 |
| Total comprehensive income for the year | - | - | 2,103 | 2,103 |
| Contributions by and distributions to owners | | | | |
| Dividends: Equity capital | - | - | (18,400) | (18,400) |
| Total transactions with owners | - | - | (18,400) | (18,400) |
| At 1 October 2016 | 1,498 | 101 | 13,187 | 14,786 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 4,753 | 4,753 |
| Total comprehensive income for the year | - | - | 4,753 | 4,753 |
| At 30 September 2017 | 1,498 | 101 | 17,940 | 19,539 |

The notes on pages 16 to 34 form part of these financial statements.

Kent Topco Limited

Company Statement of Changes in Equity For the Year Ended 30 September 2017

| | Called up share capital £000 | Share premium account £000 | Profit and loss account £000 | Total equity £000 |
|---|------------------------------------|-------------------------------------|------------------------------------|----------------------|
| At 1 October 2015 | 1,498 | 101 | (929) | 670 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 17,392 | 17,392 |
| | - | - | 17,392 | 17,392 |
| Total comprehensive income for the year | | | | |
| Contributions by and distributions to owners | | | | |
| Dividends: Equity capital | - | - | (18,400) | (18,400) |
| | - | - | (18,400) | (18,400) |
| Total transactions with owners | | | | |
| At 1 October 2016 | 1,498 | 101 | (1,937) | (338) |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 2,098 | 2,098 |
| | - | - | 2,098 | 2,098 |
| Total comprehensive income for the year | | | | |
| At 30 September 2017 | 1,498 | 101 | 161 | 1,760 |

The notes on pages 16 to 34 form part of these financial statements.

Kent Topco Limited

Consolidated Statement of Cash Flows For the Year Ended 30 September 2017

| | 2017 £000 | 2016 £000 |
|---|----------------|-----------------|
| Cash flows from operating activities | | |
| Profit for the financial year | 4,753 | 2,103 |
| Adjustments for: | | |
| Amortisation of intangible assets | (1,057) | (1,347) |
| Depreciation of tangible assets | 2,970 | 2,857 |
| Gain/(Loss) on disposal of tangible assets | (30) | 69 |
| Interest received | - | (7) |
| Taxation charge | 662 | 307 |
| (Increase)/decrease in stocks | (40) | 1 |
| Decrease in debtors | 297 | 44 |
| (Decrease) in creditors | (948) | (299) |
| Increase in provisions | - | 360 |
| Corporation tax (paid) | (692) | (943) |
| Interest paid | - | 7 |
| Net cash generated from operating activities | 5,915 | 3,152 |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (3,376) | (5,004) |
| Sale of tangible fixed assets | 195 | - |
| Purchase of fixed asset investments | (24) | - |
| Sale of fixed asset investments | 12 | - |
| Net cash from investing activities | (3,193) | (5,004) |
| Cash flows used in financing activities | | |
| Dividends paid | - | (18,400) |
| Net cash used in financing activities | - | (18,400) |
| Net increase/(decrease) in cash and cash equivalents | 2,722 | (20,252) |
| Cash and cash equivalents at beginning of year | 7,550 | 27,802 |
| Cash and cash equivalents at the end of year | 10,272 | 7,550 |
| Cash and cash equivalents at the end of year comprise: | | |
| Cash at bank and in hand | 10,272 | 7,550 |

The notes on pages 16 to 34 form part of these financial statements.

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

1. General information

Kent Topco Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the Company Information page. The nature of the group's operations and its principal activities are outlined in the Directors' Report.

2. Accounting policies

2.1 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 group management to exercise judgement in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

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

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

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 October 2014.

2.3 Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

2. Accounting policies (continued)

2.4 Revenue

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

Rendering of services

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

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

2.5 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.6 Intangible assets

Negative goodwill

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

2.7 Tangible fixed assets

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

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

| | |
|-------------------------------|------------------|
| L/Term leasehold property | - 10 to 20 years |
| Plant and machinery | - 2 to 25 years |
| Fixtures and fittings | - 2 to 5 years |
| Office and computer equipment | - 3 to 5 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

2. Accounting policies (continued)

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

2.13 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

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

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

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

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

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

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

2. Accounting policies (continued)

2.15 Foreign currency translation

Functional and presentation currency

The group's functional and presentational currency is GBP. All amounts in these financial statements have been rounded to the nearest thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.16 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.17 Operating leases: the group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

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

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

2. Accounting policies (continued)

2.18 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the group in independently administered funds.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, 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 and the group operate and generate income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

2.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the group but are presented separately due to their size or incidence.

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 14)**
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as the regulatory environment and any changes it may encompass, technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Debtors are provided against when there is objective evidence that the debt will not be recoverable.
- Stock provisions are made when damaged and obsolete stock is identified. Quarterly stock counts are performed which provides management with timely information to identify the requirement to make such provisions.

4. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group.

All turnover arose within the United Kingdom.

5. Other exceptional costs

| | 2017 £000 | 2016 £000 |
|----------------------|--------------|--------------|
| Air Products payment | - | 2,000 |

In December 2015 a payment was made to Air Products, the previous owners of the subsidiary undertaking's trade of £1,113,000 in recognition of additional consideration due as per the APA clause relating to subsequent shareholder dividends. A further and final payment of £887,000 was made in April 2016 relating to the same APA clause.

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

6. Operating profit

The operating profit is stated after charging/(crediting):

| | 2017 £000 | 2016 £000 |
|---|-------------------|-------------------|
| Depreciation of tangible fixed assets | 2,970 | 2,857 |
| Amortisation of intangible assets, including goodwill | (1,057) | (1,347) |
| Exchange differences | 125 | (11) |
| Operating lease rentals | 1,010 | 926 |
| Defined contribution pension cost | 272 | 305 |
| (Profit)/loss on disposal of tangible assets | (30) | 69 |
| | <u> </u> | <u> </u> |

7. Auditor's remuneration

| | 2017 £000 | 2016 £000 |
|---|-------------------|-------------------|
| Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements | 4 | 7 |
| | <u> </u> | <u> </u> |
| Fees payable to the group's auditor and its associates in respect of: | | |
| Subsidiary annual accounts | 16 | 14 |
| Taxation compliance services | 7 | 7 |
| All taxation advisory services not included above | - | 15 |
| | <u> </u> | <u> </u> |

8. Staff costs

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

| | Group 2017 £000 | Group 2016 £000 |
|-------------------------------------|-----------------------|-----------------------|
| Wages and salaries | 6,502 | 6,944 |
| Social security costs | 650 | 681 |
| Cost of defined contribution scheme | 272 | 305 |
| | <u> </u> | <u> </u> |
| | <u>7,424</u> | <u>7,930</u> |

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

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

| | Group 2017 No. | Group 2016 No. |
|----------------|----------------------|----------------------|
| Operations | 134 | 127 |
| Administration | 93 | 92 |
| | <u>227</u> | <u>219</u> |

The Company has no employees other than the directors, who did not receive any remuneration (2016 - £NIL)

9. Directors' remuneration

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Directors' emoluments | 330 | 738 |
| Group contributions to defined contribution pension schemes | 10 | 46 |
| | <u>340</u> | <u>784</u> |

During the year retirement benefits were accruing to 1 directors (2016 - 2) in respect of defined contribution pension schemes.

The highest paid director received emoluments of £144,000 (2016 - £308,000).

The value of the group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2016 - £16,000).

10. Interest receivable

| | 2017 £000 | 2016 £000 |
|---------------------------|--------------|--------------|
| Other interest receivable | - | 7 |

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

11. Taxation

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Corporation tax | | |
| Current tax on profits for the year | 1,066 | 818 |
| Adjustments in respect of previous periods | (71) | 45 |
| Total current tax | 995 | 863 |
| Deferred tax | | |
| Origination and reversal of timing differences | (302) | (186) |
| Adjustment for prior year | (31) | (148) |
| Effect of tax rate change on opening balance | - | (220) |
| Total deferred tax | (333) | (554) |
| Taxation on profit | 662 | 309 |

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.5% (2016 - 20%). The differences are explained below:

| | 2017 £000 | 2016 £000 |
|---|--------------|--------------|
| Profit before tax | 5,415 | 2,412 |
| Profit multiplied by standard rate of corporation tax in the UK of 19.5% (2016 - 20%) | 1,056 | 482 |
| Effects of: | | |
| Fixed asset differences | (123) | 7 |
| Income not taxable for tax purposes | (224) | (269) |
| Expenses not deductible for tax purposes | 13 | 479 |
| Adjustments to tax charge in respect of prior periods | (73) | (186) |
| Adjustments to tax charge in respect of prior periods - deferred tax | (31) | (148) |
| Adjust closing deferred tax to average rate of 20.00% | - | (56) |
| Adjusting deferred tax to average rate | 44 | - |
| Total tax charge for the year | 662 | 309 |

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 19% to 17% (effective from 1 April 2020) has been substantively enacted. This will impact the company's future tax charge accordingly. The deferred tax liability at 30 September 2017 has been calculated based on the rates of tax substantively enacted at the date of the Statement of Financial Position.

12. Dividends

| | 2017 £000 | 2016 £000 |
|----------------|--------------|--------------|
| Dividends paid | - | 18,400 |

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

13. Intangible assets

Group

| | Negative goodwill £000 |
|-----------------------|---------------------------|
| Cost | |
| At 1 October 2016 | (10,477) |
| At 30 September 2017 | <u>(10,477)</u> |
| Amortisation | |
| At 1 October 2016 | 6,097 |
| Credit for the year | 1,057 |
| At 30 September 2017 | <u>7,154</u> |
| Net book value | |
| At 30 September 2017 | <u><u>(3,323)</u></u> |
| At 30 September 2016 | <u><u>(4,380)</u></u> |

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

14. Tangible fixed assets

Group

| | L/Term leasehold property £000 | Plant and machinery £000 | Fixtures and fittings £000 | Office and computer equipment £000 | Total £000 |
|--------------------------|---|--------------------------------|----------------------------------|---|---------------|
| Cost or valuation | | | | | |
| At 1 October 2016 | 78 | 19,847 | 126 | 571 | 20,622 |
| Additions | 27 | 3,099 | - | 250 | 3,376 |
| Disposals | - | (223) | - | - | (223) |
| At 30 September 2017 | 105 | 22,723 | 126 | 821 | 23,775 |
| Depreciation | | | | | |
| At 1 October 2016 | 77 | 6,934 | 80 | 287 | 7,378 |
| Charge for the year | 23 | 2,735 | 28 | 184 | 2,970 |
| Disposals | - | (58) | - | - | (58) |
| At 30 September 2017 | 100 | 9,611 | 108 | 471 | 10,290 |
| Net book value | | | | | |
| At 30 September 2017 | 5 | 13,112 | 18 | 350 | 13,485 |
| At 30 September 2016 | 1 | 12,913 | 46 | 284 | 13,244 |

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

15. Fixed asset investments

Group

| | Other Investments £000 |
|--------------------------------|------------------------------|
| Cost and net book value | |
| At 1 October 2016 | 8 |
| Additions | 24 |
| Disposals | (12) |
| At 30 September 2017 | <u>20</u> |
| Net book value | |
| At 30 September 2017 | <u>20</u> |
| At 30 September 2016 | <u>8</u> |

Other investments relate to the nominal value of shares held in Kent Management Limited, a company outside of the consolidated group.

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the company:

| Name | Class of shares | Holding | Principal activity |
|--------------------|--------------------|---------|--------------------------------|
| Kent EBT Limited | Ordinary | 100 % | Holding company for EBT shares |
| Kent Midco Limited | Ordinary | 100 % | Holding company |

Indirect Subsidiary undertakings

The following were indirect subsidiary undertakings of the company:

| Name | Class of shares | Holding | Principal activity |
|-----------------------------------|--------------------|---------|--|
| Baywater Healthcare UK Limited | Ordinary | 100 % | Provision of Home Oxygen Services to NHS patients |

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

15. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 30 September 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| | Aggregate of share capital and reserves £000 | Profit/(loss) £000 |
|--------------------------------|--|-----------------------|
| Kent EBT Limited | - | - |
| Kent Midco Limited | 3,431 | 2 |
| Baywater Healthcare UK Limited | 14,348 | 4,752 |
| | <u>17,779</u> | <u>4,754</u> |

The registered office of the above subsidiary undertakings is 2 Millennium Gate, Westmere Drive, Crewe, CW1 6XB.

16. Stocks

| | Group 2017 £000 | Group 2016 £000 | Company 2017 £000 | Company 2016 £000 |
|-------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Finished goods and goods for resale | <u>527</u> | <u>487</u> | <u>-</u> | <u>-</u> |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in cost of sales during the year as an expense was £980,000 (2016 - £852,000)

17. Debtors: Amounts falling due within one year

| | Group 2017 £000 | Group 2016 £000 | Company 2017 £000 | Company 2016 £000 |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Trade debtors | 2,970 | 2,879 | - | - |
| Amounts owed by group undertakings | - | - | 1,756 | 41 |
| Other debtors | - | 172 | - | 172 |
| Prepayments and accrued income | 302 | 518 | - | - |
| | <u>3,272</u> | <u>3,569</u> | <u>1,756</u> | <u>213</u> |

Amounts owed by group undertakings are interest free and due on demand.

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

18. Creditors: Amounts falling due within one year

| | Group 2017 £000 | Group 2016 £000 | Company 2017 £000 | Company 2016 £000 |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Trade creditors | 1,591 | 1,961 | - | 16 |
| Amounts owed to group undertakings | - | - | - | 539 |
| Corporation tax | 589 | 286 | - | - |
| Other taxation and social security | 560 | 479 | - | - |
| Accruals and deferred income | 1,249 | 1,908 | - | - |
| | <u>3,989</u> | <u>4,634</u> | <u>-</u> | <u>555</u> |

Amounts owed to group undertakings are interest free and due on demand.

19. Financial instruments

| | Group 2017 £000 | Group 2016 £000 | Company 2017 £000 | Company 2016 £000 |
|---|-----------------------|-----------------------|-------------------------|-------------------------|
| Financial assets | | | | |
| Financial assets that are debt instruments measured at amortised cost | <u>13,242</u> | <u>10,601</u> | <u>1,760</u> | <u>217</u> |
| Financial liabilities | | | | |
| Financial liabilities measured at amortised cost | <u>(2,840)</u> | <u>(3,869)</u> | <u>-</u> | <u>(555)</u> |

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors (excluding taxation), amounts owed by group undertakings and cash at bank and in hand.

Financial liabilities measured at amortised cost comprise trade and other creditors (excluding taxation) and accruals.

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

20. Deferred taxation

Group

| | 2017 £000 | 2016 £000 |
|----------------------------|--------------|--------------|
| At beginning of year | 1,058 | 1,612 |
| Credited to profit or loss | (333) | (554) |
| At end of year | 725 | 1,058 |

At end of year

| | Group 2017 £000 | Group 2016 £000 |
|--------------------------------|-----------------------|-----------------------|
| Fixed asset timing differences | 733 | 1,097 |
| Short term timing differences | (8) | (39) |
| | 725 | 1,058 |

21. Share capital

| | 2017 £000 | 2016 £000 |
|--|--------------|--------------|
| Allotted, called up and fully paid | | |
| 413,000 Ordinary shares of £1 each | 413 | 413 |
| 84,400 A Ordinary shares of £1 each | 84 | 84 |
| 1,014,600 B1 Ordinary shares of £0.90 each | 913 | 913 |
| 88,000 B2 Ordinary shares of £1 each | 88 | 88 |
| | 1,498 | 1,498 |

All shareholders are entitled to receive notice of and attend and speak at any general meeting of the company. The holders of A and B have 1 vote each and on a poll shall have one vote for every share held. The holders of ordinary shares have 1.1 vote each and on a poll shall have 1.1 vote for every share held.

For as long as Souter Kent Limited is the registered holder of B1 shares (a) the B1 shares shall carry 49% of the voting rights attached to all shares and (b) all other shares shall for these purposes be treated as one class and shall carry 51% of the voting rights attaching to all of the shares.

Rights to dividends and distribution on winding up rank pari passu.

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

22. Reserves

The group and company's capital and reserves are as follows:

Share capital

Called up share capital represents the nominal value of the shares issued.

Share premium account

The share premium account includes the premium on issue of equity shares, net of any issue costs.

Profit and loss account

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

23. Capital commitments

At 30 September 2017 the group had capital commitments as follows:

| | Group 2017 £000 | Group 2016 £000 |
|---|-----------------------|-----------------------|
| Contracted for but not provided in these financial statements | 132 | 438 |

24. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £272,000 (2016 - £305,000). Contributions totalling £36,000 (2016 - £35,000) were payable to the fund at the reporting date and are included in creditors.

25. Commitments under operating leases

At 30 September 2017 the group had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2017 £000 | Group 2016 £000 |
|--|-----------------------|-----------------------|
| Not later than 1 year | 961 | 930 |
| Later than 1 year and not later than 5 years | 1,558 | 1,668 |
| Later than 5 years | 544 | 100 |

Kent Topco Limited

Notes to the Financial Statements For the Year Ended 30 September 2017

26. Related party transactions

The group has taken advantage of the exemption available under section 33.1A of FRS 102 not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent and are included in the consolidated accounts.

On aggregate fees of £220,000 (2016 - £235,000) were incurred during the period to Kent DS LP and Souter Kent Limited, both shareholders, for board cost, monitoring costs and salaries. The balance owing at the year end is £68,000 (2016 - £64,000).

27. Controlling party

At 30 September 2017, the controlling party was considered to be the directors' of Kent Topco Limited acting in concert.

28. Subsequent events

On 12 January 2018 Kent Topco Limited was sold to Bastide Devco Limited (11038585) the ultimate parent company of which is Bastide Le Confort Medical S.A. (305635039), a company incorporated and registered at 12 Av. De la Dame, 30132 Caissargues, France.

On 12 January 2018 as part of this transaction, the investment held by Kent EBT (a subsidiary of Kent Topco Limited) in Kent Management Limited was sold to Bastide Devco Limited above market value.

On 14 May 2018 Baywater Healthcare UK Limited (a subsidiary of Kent Topco Limited) acquired 100% of the share capital in Intus Healthcare Limited, an online provider of therapeutic medical products and diagnostic studies for the treatment of sleep disordered breathing.