Registered number: 00731250

RUNWOOD HOMES LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2017

COMPANY INFORMATION

Directors	G G Sanders K Davidson N Logeswaren M Robinson S J Sanders T Sanders M J Cooper S Smith J O Davidson (resigned 31 August 2017) J Fitzgerald (resigned 31 August 2017)
Company secretary	M J Cooper
Registered number	00731250
Registered office	Runwood House 107 London Road Hadleigh Essex SS7 2QL
Independent auditor	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors present their report and the financial statements for the year ended 30 September 2017.

DIRECTOR'S RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group'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 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 and disclose with reasonable accuracy at any time the financial position of the company and the Group 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.

Directors

The directors who served during the year were:

G G Sanders
K Davidson
N Logeswaren
M Robinson
S J Sanders
T Sanders
M J Cooper
S Smith
J O Davidson (resigned 31 August 2017)
J Fitzgerald (resigned 31 August 2017)

EMPLOYEE INVOLVEMENT

The group depends on the skills and commitments of its employees to do well.

Selection and development procedures are designed to ensure equal opportunities exist for all applicants and employees regardless of gender, marital status, race, age or disability, decisions being based on an individual's aptitude and ability.

Employees are kept well informed and encouraged to discuss matters of concern.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2017

DISABLED EMPLOYEES

The group's policy is to give fair consideration to applicants for employment made by disabled persons, having regards for their aptitudes and abilities. Employees who become disabled are retained in existing posts where possible.

Procedures relating to training, career development and promotion are adapted to ensure that employment policies outlined above are fully available equally for disabled and non- disabled employees.

DISABLED EMPLOYEES

The group's policy is to give fair consideration to applicants for employment made by disabled persons, having regards for their particular aptitudes and abilities. Employees who become disabled are retained in existing posts where possible.

Procedures relating to training, career development and promotion are adapted to ensure that the employment policies outlined above are fully available equally for disabled and non-disabled employees.

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.

AUDITOR

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

This report was approved by the board on 15TH MARCH 2018 and signed on its behalf.

M J Cooper
Director

GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2017

PRINCIPAL ACTIVITY

The principal activity of the group is to provide high quality residential and day care services for older people's needs and those living with dementia or having a requirement for nursing.

The Group has its own in-house property construction and maintenance facility, headed by a main board director and primarily supports the company's principal activity. It also owns a small number of investment properties including the group's head office.

DEVELOPMENT AND PERFORMANCE

At Runwood Homes our reputation is founded on the skill, motivation and commitment of all our staff. We are constantly investing in recruiting, training and retaining the best staff to deliver the highest standard of care to all clients.

During the year the group continued with its "Investor in People" best standards practice. Extensive training methods were updated to include an investment in new e.learning programs which are currently being rolled out across the organisation.

The Dementia Care Team, which was created three years ago, has continued to monitor, audit and report, as well as acting as advisers, in ensuring the highest quality of service is delivered in all homes when meeting best standards of care for those living with dementia.

The Group is passionate about providing the highest possible care for clients and has invested £11,912,926 (2016 : £21,669,966) in providing new and upgraded Homes. As a consequence of this expansion the number of residential beds increased from 4,585 to 4,687.

The turnover of the group grew by 10.8% to £130,103,993 in 2017 (2016 : £117,371,407).

The profit for the year before impairment was £13,746,075 (2016: £13,593,938).

The company continues to be at the forefront of the design and construction of superior residential homes, utilising resources and expertise both internal and external. The intention is to keep abreast and, wherever possible, ahead of market innovations in providing the best quality, modern homes for its care activities.

The Group undertakes a full valuation of all its properties every three years and for new properties acquired or built by the group, a valuation is completed in the year of purchase or upon completion of building work (where appropriate), after which time it then falls to be revalued in accordance with the Group policy

The net assets of the Group at the 30 September 2017 were £166,318,228 (2016 : £159,612,082).

Financing facilities have been agreed for a further five years with the group's bankers. The Group has continued with its policy of managing its interest rate exposure by entering into long term swap instruments.

The total bank loans and overdraft of the group at 30 September 2017 was £120,064,295 (2016: £119,998,910).

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2017

PRINCIPAL RISKS AND UNCERTAINTIES

Whilst Runwood Homes is considered to be a quality care provider, it recognises the need to maintain and improve quality standards on an on-going basis.

In addition to the internal constant care practices that the group adopts – they also have regular contact and dialogue with the Care Quality Commission and the Regulation and Quality Improvement Authority who provide an independent review of all Care Home providers.

The group works closely with the Care Quality Commission and the Regulation and Quality Improvement Authority in order to ensure we continue to provide the highest possible standard of care. We also welcome the constructive comments received through this channel to improve and benchmark our services against other providers in the sector.

The quality and condition of the accommodation provided for our clients is a key element in being able to provide the quality of service and also maintaining the underlying financial value of the organisation. Allowing standards to fall in this area is therefore considered to be a risk for the group.

Management objectives are focused on providing well-maintained, carefully designed, modern and up to date homes, which benefit from the latest design techniques including all features required to give residents safe, comfortable and welcoming accommodation, complying fully with all legal requirements.

The group continues to be at the forefront of the design and construction of superior residential homes, utilising resources and expertise both internal and external.

The group will continue to invest capital to maintain this high level of accommodation for our current and future clients comfort.

The Directors believe that these policies and objectives, which are enacted within firm financial budgetary controls, minimise the risk of poor service quality.

The economic climate is a constant risk factor facing the industry. Management operate a tight budgetary control on costs and have a clear focus on maintaining high occupancy levels in the homes.

The care homes require a high level of capital investment and relies on the on-going support of its banking partners to provide the finance necessary to support operational and expansion activities. An interruption or withdrawal of support from our financing partners would present a very real risk to the continuing activities.

It has a long-term relationship with its bank and has recently renewed its entire financing facilities. The group will continue to foster and develop this relationship.

The interest associated with the above facilities carries a substantial expense. Whilst interest rates have remained stable and low for a prolonged period of time the group also recognise that any increase in rates would present a considerable financial burden for the group. To combat this risk the group has entered into a number of financial instruments, which fix the rates at the current level to protect the group against this risk.

This report was approved by the board on 15TH MARCH 2018 and signed on its behalf.

M J Cooper
Director

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RUNWOOD HOMES LIMITED

Opinion

We have audited the financial statements of Runwood Homes Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 September 2017, which comprise the Group Statement of comprehensive income, the Group and company Statements of financial position, the Group Statement of cash flows, the Group and company Statement of changes in equity and the related notes, 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).

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.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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's 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RUNWOOD HOMES 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group 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 Group strategic report and the 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 Group strategic report or the Directors' 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RUNWOOD HOMES LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, 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.

Auditors' 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Stacy Eden (Senior statutory auditor)

for and on behalf of
Crowe Clark Whitehill LLP

Statutory Auditor

St Bride's House
10 Salisbury Square
London
EC4Y 8EH
Date: 15/3/2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Note	2017 £	2016 £
Turnover	4	**130,103,993**	*117,371,407*
Cost of sales		**(84,731,732)**	*(75,132,892)*
Gross profit		**45,372,261**	*42,238,515*
Administrative expenses		**(25,283,781)**	*(22,641,674)*
Other operating income	5	**792,263**	*657,358*
Impairment on revaluation of properties		**-**	*(8,133,467)*
Exceptional other operating charges		**1,319**	*(3,466)*
Operating profit	6	**20,882,062**	*12,117,266*
Profit on disposal of subsidiaries		**16,737**	*-*
Interest payable and expenses	10	**(3,851,417)**	*(3,771,054)*
Other finance costs		**(48,000)**	*(4,000)*
Profit before taxation		**16,999,382**	*8,342,212*
Tax on profit	11	**(3,253,307)**	*(2,881,741)*
Profit for the financial year		**13,746,075**	*5,460,471*
Unrealised (deficit)/surplus on revaluation of tangible fixed assets		**(5,583,250)**	*16,371,045*
Actuarial losses on defined benefit pension scheme		**76,000**	*(2,199,000)*
Movement of deferred tax relating to pension surplus		**(70,890)**	*430,790*
Hedging gains/(losses)		**2,255,238**	*(1,483,656)*
Movement of deferred tax relating to revalued properties		**1,382,203**	*1,955,091*
Other comprehensive income for the year		**(1,940,699)**	*15,074,270*
Total comprehensive income for the year		**11,805,376**	*20,534,741*
Profit for the year attributable to:			
Owners of the parent company		**13,746,075**	*5,460,471*
		13,746,075	*5,460,471*
Total comprehensive income for the year attributable to:			
Owners of the parent company		**11,805,376**	*20,534,741*

The notes on pages 17 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	15		**90,000**		*100,000*
Tangible assets	16		**318,110,768**		*317,286,342*
			318,200,768		*317,386,342*
Current assets					
Debtors	18	**9,667,264**		*6,486,647*	
Cash at bank and in hand	19	**292,372**		*552,542*	
		9,959,636		*7,039,189*	
Creditors: amounts falling due within one year	20	**(25,071,903)**		*(20,760,795)*	
Net current liabilities			**(15,112,267)**		*(13,721,606)*
Total assets less current liabilities			**303,088,501**		*303,664,736*
Creditors: amounts falling due after more than one year	21		**(110,884,386)**		*(116,453,173)*
Provisions for liabilities					
Deferred taxation	25	**(24,217,587)**		*(25,585,071)*	
			(24,217,587)		*(25,585,071)*
Pension liability			**(1,668,300)**		*(2,014,410)*
Net assets			**166,318,228**		*159,612,082*
Capital and reserves					
Called up share capital	26		**50,000,000**		*50,000,000*
Revaluation reserve			**83,723,308**		*88,758,409*
Hedging reserve			**(1,359,790)**		*(3,615,028)*
Profit and loss account			**33,954,710**		*24,468,701*
			166,318,228		*159,612,082*

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

15TH MARCH 2018

M J Cooper
Director

The notes on pages 17 to 47 form part of these financial statements.

RUNWOOD HOMES LIMITED
REGISTERED NUMBER: 00731250

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Note		2017 £		2016 £
Fixed assets					
Intangible assets	15		**90,000**		-
Tangible assets	16		**320,599,769**		*316,739,502*
Investments	17		**60,002**		*10,560,103*
			320,749,771		*327,299,605*
Current assets					
Debtors	18	**9,764,746**		*7,178,499*	
Cash at bank and in hand	19	**177,048**		*139,565*	
		9,941,794		*7,318,064*	
Creditors: *amounts falling due within one year*	20	**(25,152,573)**		*(27,957,580)*	
Net current liabilities			**(15,210,779)**		*(20,639,516)*
Total assets less current liabilities			**305,538,992**		*306,660,089*
Creditors: amounts falling due after more than one year	21		**(110,884,386)**		*(116,453,172)*
Provisions for liabilities					
Deferred taxation	25	**(24,217,587)**		*(25,585,841)*	
			(24,217,587)		*(25,585,841)*
Pension liability			**(1,668,300)**		*(2,014,410)*
Net assets			**168,768,719**		*162,606,666*
Capital and reserves					
Called up share capital	26		**50,000,000**		*50,000,000*
Revaluation reserve			**70,969,668**		*76,004,769*
Hedging reserve			**(1,359,790)**		*(3,615,028)*
Profit and loss account carried forward			**49,158,841**		*40,216,925*
			168,768,719		*162,606,666*

The profit after tax of the parent company for the year was £13,202,752 (2016 - £5,462,493).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15TH MARCH 2018

M J Cooper
Director

The notes on pages 17 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Called up share capital	Revaluation reserve	Hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2016	50,000,000	88,758,409	(3,615,028)	24,468,701	159,612,082
Comprehensive income for the year					
Profit for the year	-	-	-	13,746,075	13,746,075
Actuarial gains on pension scheme	-	-	-	5,110	5,110
Deficit on revaluation of freehold property	-	(5,583,250)	-	-	(5,583,250)
Cash flow hedges- gains	-	-	2,255,238	-	2,255,238
Movement of deferred tax relating to revalued properties	-	1,382,203	-	-	1,382,203
Total comprehensive income for the year	-	(4,201,047)	2,255,238	13,751,185	11,805,376
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(5,100,000)	(5,100,000)
Transfer to/from profit and loss account	-	(834,054)	-	834,824	770
Total transactions with owners	-	(834,054)	-	(4,265,176)	(5,099,230)
At 30 September 2017	50,000,000	83,723,308	(1,359,790)	33,954,710	166,318,228

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Called up share capital	Revaluation reserve	Hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2015	50,000,000	71,213,008	(2,131,372)	26,995,705	146,077,341
Comprehensive income for the year					
Profit for the year	-	-	-	5,460,471	5,460,471
Actuarial losses on pension scheme	-	-	-	(1,768,210)	(1,768,210)
Surplus on revaluation of freehold property	-	16,371,045	-	-	16,371,045
Cash flow hedges- losses	-	-	(1,483,656)	-	(1,483,656)
Movement of deferred tax relating to revalued properties	-	1,955,091	-	-	1,955,091
Total comprehensive income for the year	-	18,326,136	(1,483,656)	3,692,261	20,534,741
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(7,000,000)	(7,000,000)
Transfer to/from profit and loss account	-	(780,735)	-	780,735	-
Total transactions with owners	-	(780,735)	-	(6,219,265)	(7,000,000)
At 30 September 2016	50,000,000	88,758,409	(3,615,028)	24,468,701	159,612,082

The notes on pages 17 to 47 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Called up share capital	Revaluation reserve	Hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2016	50,000,000	76,004,769	(3,615,028)	40,216,925	162,606,666
Comprehensive income for the year					
Profit for the year	-	-	-	13,202,752	13,202,752
Actuarial gains on pension scheme	-	-	-	5,110	5,110
Deficit on revaluation of freehold property	-	(5,583,250)	-	-	(5,583,250)
Cash flow hedges- gains	-	-	2,255,238	-	2,255,238
Movement of deferred tax relating to revalued properties	-	1,382,203	-	-	1,382,203
Total comprehensive income for the year	-	(4,201,047)	2,255,238	13,207,862	11,262,053
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(5,100,000)	(5,100,000)
Transfer to/from profit and loss account	-	(834,054)	-	834,054	-
Total transactions with owners	-	(834,054)	-	(4,265,946)	(5,100,000)
At 30 September 2017	50,000,000	70,969,668	(1,359,790)	49,158,841	168,768,719

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Called up share capital	Revaluation reserve	Hedging reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2015	50,000,000	58,459,368	(2,131,372)	42,741,907	149,069,903
Comprehensive income for the year					
Profit for the year	-	-	-	5,462,493	5,462,493
Actuarial losses on pension scheme	-	-	-	(1,768,210)	(1,768,210)
Surplus on revaluation of freehold property	-	16,371,045	-	-	16,371,045
Cash flow hedges- losses	-	-	(1,483,656)	-	(1,483,656)
Movement of deferred tax relating to revalued properties	-	1,955,091	-	-	1,955,091
Total comprehensive income for the year	-	18,326,136	(1,483,656)	3,694,283	20,536,763
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(7,000,000)	(7,000,000)
Transfer to/from profit and loss account	-	(780,735)	-	780,735	-
Total transactions with owners	-	(780,735)	-	(6,219,265)	(7,000,000)
At 30 September 2016	50,000,000	76,004,769	(3,615,028)	40,216,925	162,606,666

The notes on pages 17 to 47 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017	*2016*
	£	*£*
Cash flows from operating activities		
Profit for the financial year	**13,746,075**	*5,460,471*
Adjustments for:		
Depreciation of tangible assets	**2,551,941**	*2,907,100*
Loss on disposal of tangible assets	**(1,319)**	*3,346*
Interest paid	**3,851,417**	*3,771,055*
Taxation charge	**3,253,307**	*2,881,741*
(Increase)/decrease in debtors	**(3,180,617)**	*287,925*
Increase in creditors	**913,650**	*1,187,770*
Decrease in net pension assets/liabs	**(341,000)**	*(376,000)*
Net fair value losses recognised in P&L	**-**	*8,133,467*
Corporation tax paid	**(3,386,459)**	*(3,285,180)*
Net cash generated from operating activities	**17,406,995**	*20,971,695*
Cash flows from investing activities		
Purchase of intangible fixed assets	**-**	*(100,000)*
Purchase of tangible fixed assets	**(12,038,984)**	*(23,825,983)*
Sale of tangible fixed assets	**3,090,686**	*8,072*
HP interest paid	**-**	*(415)*
Net cash from investing activities	**(8,948,298)**	*(23,918,326)*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 £	*2016 £*
Cash flows from financing activities		
New secured loans	**27,819,290**	*13,900,075*
Repayment of loans	**(27,835,284)**	*-*
Repayment of finance leases	**-**	*(7,612)*
Dividends paid	**(5,100,000)**	*(7,000,000)*
Interest paid	**(3,851,417)**	*(3,770,640)*
Net cash used in financing activities	**(8,967,411)**	*3,121,823*
Net (decrease)/increase in cash and cash equivalents	**(508,714)**	*175,192*
Cash and cash equivalents at beginning of year	**(961,535)**	*(1,136,727)*
Cash and cash equivalents at the end of year	**(1,470,249)**	*(961,535)*
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**292,372**	*552,542*
Bank overdrafts	**(1,762,621)**	*(1,514,077)*
	(1,470,249)	*(961,535)*

The notes on pages 17 to 47 form part of these financial statements.

1. General information

Runwood Homes Limited is a private limited company (limited by shares) incorporated in England and Wales (registration number 00731250).

The principal activity of the group is to provide high quality residential and day care services for older people's needs and those living with dementia or having a requirement for nursing.

The addresses of the registered office is: Runwood House, 107 London Road, Hadleigh, Essex, SS7 2QL.

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 judgment 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 01 October 2014.

2.3 Going concern

As required by FRS 102, when preparing financial statements, the Directors assess whether there are significant doubts about the Group's ability to continue as a going concern.

The Directors have carried out a detailed assessment of going concern as part of the financial reporting process, taking into consideration a number of matters including forecast cash flows, covenant compliance, and medium and long-term business plans.

On the basis of this assessment, the Directors have considered that it is appropriate to prepare the financial statements on a going concern basis.

2. Accounting policies (continued)

2.4 Turnover

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 Intangible assets

Goodwill

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

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.
All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.6 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives:

2. Accounting policies (continued)

2.6 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Land and buildings leasehold	- The remaining term of the lease
Plant & machinery	- 15%-20% reducing balance
Motor vehicles	- 25% reducing balance
Fixtures, fittings and equipment (including computers)	- 33% straight line to 15% reducing balance

Freehold buildings are depreciated over their estimated useful economic lives of 50 years. However, the residual values of each property are considered to be high due in part because each property is subject to a repair and maintenance programme and therefore they are unlikely to suffer from technological or economic obsolescence. Accordingly, the directors consider the depreciation charge for the year and on a cumulative basis to be immaterial.

In accordance with the requirements of FRS 102 s.17, as no depreciation is charged on freehold buildings, an impairment test is performed at the end of the accounting period. The residual value of freehold buildings is reassessed annually.

The Directors consider the values shown in the accounts to fairly reflect the current value of homes, as required by FRS 102 s.17. As required by FRS 102 s.17 a full revaluation is to be carried out with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. For new properties acquired or built by the group, a valuation is completed in the year of purchase or upon completion of building work (where appropriate), after which time it then falls to be revalued in accordance with the Group policy above.

All of the freehold and leasehold properties, exlcuding investment properties, are regularty revalued by a professional firm of Chartered Surveyors, which forms the basis of the directors' valuation.

2.7 Impariments

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of net realisable value and value in use, are recognised as impairments. Impairments of revalued assets, except those caused by clear consumption of economic benefit, are recognised in the statement of total recognised gains and losses until the carrying amount reaches depreciated historic cost. All other impairments are recognised in the profit and loss account.

2. Accounting policies (continued)

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. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

2.10 Investment properties

Investment properties are included in the Statement of Financial Position at fair value in accordance with FRS102 S.16 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company and the group.

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.

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 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, loans to related parties and investments in non-puttable ordinary shares.

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

2. Accounting policies (continued)

2.13 Financial instruments (continued)

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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. The company does apply hedge accounting for interest rate and foreign exchange derivatives.

2.14 Hedge accounting

The Group designates its derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Group determines and documents causes for hedge ineffectiveness.

Note 23 sets out details of the fair values of the derivative instruments used for hedging purposes.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

2.15 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.

2. Accounting policies (continued)

2.16 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 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.

2.18 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 01 October 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2. Accounting policies (continued)

2.19 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.

Defined benefit pension plan

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

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

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

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

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

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) the increase in net pension benefit liability arising from employee service during the period; and

b) the cost of plan introductions, benefit changes, curtailments and settlements.

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

2. Accounting policies (continued)

2.20 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.21 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.

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

A key critical judgement is the valuation of properties; this is the directors' estimate of the fair value of the properties and takes into account the external valuation performed by a qualified surveyor.

4. Turnover

An analysis of turnover by class of business is as follows:

	2017 £	*2016 £*
Care home trading	**130,022,737**	*117,362,684*
Investment property income	**81,256**	*8,723*
	130,103,993	*117,371,407*

All turnover arose within the United Kingdom.

5. Other operating income

	2017 £	*2016 £*
Other operating income	**249,646**	*657,358*
Sundry income	**542,617**	*-*
	792,263	*657,358*

6. Operating profit

The operating profit is stated after charging:

	2017 £	*2016 £*
Depreciation of tangible fixed assets	**2,541,941**	*2,907,100*
Impairment of tangible fixed assets	**-**	*8,133,467*
Amortisation of intangible assets	**10,000**	*-*
Other operating lease rentals	**2,435,192**	*2,945,094*

7. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	**55,000**	*52,250*
Fees payable to the Group's auditor and its associates in respect of:		
The audit of accounts of subsidiaries of the company	**15,000**	*14,250*
Taxation compliance services	**13,000**	*12,000*
Pension scheme audit	**17,065**	*16,650*
FRS 102 transition	**-**	*8,000*
	45,065	*50,900*

8. Employees

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

	2017 £	2016 £
Wages and salaries	**72,192,381**	*64,872,292*
Social security costs	**5,549,055**	*4,580,648*
Cost of defined contribution scheme	**1,556,111**	*1,412,406*
	79,297,547	*70,865,346*

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

	2017 No.	2016 No.
Office & Management	**192**	*204*
Residential care	**4,633**	*4,282*
Building	**2**	*2*
	4,827	*4,488*

9. Directors' remuneration

	2017	2016
	£	£
Directors' emoluments	4,466,643	3,452,511
Company contributions to defined contribution pension schemes	20,096	20,729
	4,486,739	3,473,240

During the year retirement benefits were accruing to 5 directors *(2016 - 5)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £2,220,000 *(2016 - £1,606,095)*.

10. Interest payable and similar charges

	2017	2016
	£	£
Bank interest payable	3,851,417	3,770,639
Finance leases and hire purchase contracts	-	415
	3,851,417	3,771,054

	2017	2016
	£	£
Interest income on pension scheme assets	129,000	181,000
Net interest on net defined benefit liability	(177,000)	(185,000)
	(48,000)	(4,000)

11. Taxation

	2017 £	*2016 £*
Corporation tax		
Current tax on profits for the year	**3,190,652**	*3,205,821*
Adjustments in respect of previous periods	**50,290**	*(134,365)*
	3,240,942	*3,071,456*
Total current tax	**3,240,942**	*3,071,456*
Deferred tax		
Origination and reversal of timing differences	**56,809**	*(55,735)*
Prior year charge	**(44,444)**	*(133,980)*
Total deferred tax	**12,365**	*(189,715)*
Taxation on profit on ordinary activities	**3,253,307**	*2,881,741*

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 20% *(2016 - 20.5%)*. The differences are explained below:

	2017 £	*2016 £*
Profit on ordinary activities before tax	**16,999,382**	*8,342,212*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20.5%)	**3,313,268**	*1,668,442*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**109,885**	*(31,369)*
Capital allowances for year in excess of depreciation	**(166,184)**	*(55,129)*
Adjustments to tax charge in respect of prior periods	**50,290**	*(137,181)*
Impairment	**-**	*1,626,693*
Other differences leading to an increase (decrease) in the tax charge	**(66,317)**	*-*
Deferred tax	**12,365**	*(189,715)*
Total tax charge for the year	**3,253,307**	*2,881,741*

11. Taxation (continued)

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

	2017	2016
	£	£
Dividends	**5,100,000**	*7,000,000*

13. Exceptional items

	2017	2016
	£	£
Loss/(gain) on disposal of tangible assets	**(1,319)**	*3,466*

14. Parent company profit for the year

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.

15. Intangible assets

Group

	Goodwill £
Cost	
At 1 October 2016	**100,000**
At 30 September 2017	**100,000**
Amortisation	
Charge for the year	**10,000**
At 30 September 2017	**10,000**
Net book value	
At 30 September 2017	**90,000**
At 30 September 2016	*100,000*

15. *Intangible assets (continued)*

Company

	Goodwill £
Cost	
At 1 October 2016	-
Additions	100,000
At 30 September 2017	100,000
Amortisation	
Charge for the year	10,000
At 30 September 2017	10,000
Net book value	
At 30 September 2017	90,000
At 30 September 2016	-

16. Tangible fixed assets

Group

	Freehold property £	L/Term Leasehold Property £	S/Term Leasehold Property £	Plant & machinery £	Motor vehicles £
Cost or valuation					
At 1 October 2016	284,886,411	24,359,710	17,069,877	123,513	390,935
Additions	9,181,962	126,055	-	-	136,149
Disposals	(2,373,215)	(257,931)	-	(123,513)	(214,250)
Revaluations	(5,583,250)	-	-	-	-
At 30 September 2017	286,111,908	24,227,834	17,069,877	-	312,834
Depreciation					
At 1 October 2016	7,225,591	3,841,233	3,162,536	107,292	285,892
Charge for the year on owned assets	-	236,715	822,305	-	46,161
Disposals	-	-	-	(107,292)	(152,922)
At 30 September 2017	7,225,591	4,077,948	3,984,841	-	179,131
Net book value					
At 30 September 2017	278,886,317	20,149,886	13,085,036	-	133,703
At 30 September 2016	*277,660,820*	*20,518,477*	*13,907,341*	*16,221*	*105,043*

16. Tangible fixed assets (continued)

	Fixtures & fittings £	Total £
Cost or valuation		
At 1 October 2016	14,252,330	341,082,776
Additions	2,594,818	12,038,984
Disposals	(404,053)	(3,372,962)
Revaluations	-	(5,583,250)
At 30 September 2017	16,443,095	344,165,548
Depreciation		
At 1 October 2016	9,173,890	23,796,434
Charge for the year on owned assets	1,436,760	2,541,941
Disposals	(23,381)	(283,595)
At 30 September 2017	10,587,269	26,054,780
Net book value		
At 30 September 2017	5,855,826	318,110,768
At 30 September 2016	*5,078,440*	*317,286,342*

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2017 £	*2016 £*
Group		
Cost	186,824,961	*179,756,882*
Accumulated depreciation	(2,272,844)	*(2,012,723)*
Net book value	184,552,117	*177,744,159*

16. Tangible fixed assets (continued)

Company

	Freehold property £	L/Term Leasehold Property £	S/Term Leasehold Property £	Motor vehicles £	Fixtures & fittings £
Cost or valuation					
At 1 October 2016	284,981,947	23,683,851	17,022,726	390,935	12,900,427
Additions	9,181,962	126,055	-	136,149	2,522,004
Disposals	-	-	-	(214,250)	-
Revaluations	(5,583,250)	-	-	-	-
At 30 September 2017	288,580,659	23,809,906	17,022,726	312,834	15,422,431
Depreciation					
At 1 October 2016	7,225,591	3,408,838	3,115,385	285,892	8,294,046
Charge for the year on owned assets	-	236,715	822,305	46,161	1,367,161
Disposals	-	-	-	(152,922)	-
At 30 September 2017	7,225,591	3,645,553	3,937,690	179,131	9,661,207
Net book value					
At 30 September 2017	281,355,068	20,164,353	13,085,036	133,703	5,761,224
At 30 September 2016	*277,756,356*	*20,275,013*	*13,907,341*	*105,043*	*4,606,381*

16. Tangible fixed assets (continued)

	Computer equipment £	Total £
Cost or valuation		
At 1 October 2016	344,181	339,324,067
Additions	72,814	12,038,984
Disposals	-	(214,250)
Revaluations	-	(5,583,250)
At 30 September 2017	416,995	345,565,551
Depreciation		
At 1 October 2016	254,813	22,584,565
Charge for the year on owned assets	61,797	2,534,139
Disposals	-	(152,922)
At 30 September 2017	316,610	24,965,782
Net book value		
At 30 September 2017	100,385	320,599,769
At 30 September 2016	*89,368*	*316,739,502*

16. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2017	*2016*
	£	*£*
Company		
Cost	**186,824,961**	*177,516,945*
Accumulated depreciation	**(2,272,844)**	*(2,012,723)*
Net book value	**184,552,117**	*175,504,222*

17. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
Runwood Homes (Waltham) Limited	Ordinary	100 %	Non- trading
Kathryn Homes Limited	Ordinary	100 %	Non - trading
AAG Homes Limited (formerly Countrywide Care Homes (4) Limited)	Ordinary	100 %	Care home provider

During the year Runwood Homes Limited disposed of Runwood Properties Limited and Lasserton Limited to Sanders Senior Living Limited who is now the immediate and ultimate parent undertaking.

Registered office for all entities is the same as disclosed in Note 1.

17. Fixed asset investments (continued)

Company

	Investment in subsidiaries £
Cost or valuation	
At 1 October 2016	**10,560,103**
Disposals	**(10,500,101)**
At 30 September 2017	**60,002**
Net book value	
At 30 September 2017	**60,002**
At 30 September 2016	*10,560,103*

18. Debtors

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Due after more than one year				
Other debtors	**3,000,000**	*300,000*	**3,000,000**	-
	3,000,000	*300,000*	**3,000,000**	-
Due within one year				
Trade debtors	**4,586,594**	*3,675,312*	**4,586,594**	*3,251,493*
Amounts owed by group undertakings	**-**	*-*	**97,482**	*1,383,312*
Other debtors	**1,113,743**	*926,578*	**1,113,743**	*920,091*
Prepayments and accrued income	**966,927**	*1,584,757*	**966,927**	*1,623,603*
	9,667,264	*6,486,647*	**9,764,746**	*7,178,499*

19. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	292,372	552,542	177,048	139,565
Less: bank overdrafts	(1,762,621)	(1,514,077)	(1,762,621)	(1,514,077)
	(1,470,249)	(961,535)	(1,585,573)	(1,374,512)

20. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	1,762,621	1,514,077	1,762,621	1,514,077
Bank loans	8,874,252	7,315,800	8,874,252	7,315,800
Trade creditors	1,799,834	1,635,838	1,799,834	1,552,776
Amounts owed to group undertakings	-	-	100,689	7,544,561
Corporation tax	920,666	1,053,819	900,645	1,043,652
Other taxation and social security	1,488,776	1,348,437	1,488,776	1,348,437
Other creditors	2,287,687	1,360,616	2,287,689	1,359,805
Accruals and deferred income	7,858,193	5,465,319	7,858,193	5,211,583
Financial instruments	79,874	1,066,889	79,874	1,066,889
	25,071,903	20,760,795	25,152,573	27,957,580

The bank loan and overdrafts are secured on freehold properties included in the tangible assets of the Group and by cross guarantee of subsidiary companies.

The bank loans have repayment terms of between 1 and 5 years, and interest is charged at rates between 2.00% and 2.50% above LIBOR rate. However monthly repayments are made using terms up of 15 years from original drawn down based on the anticipation of both the Directors and the Group's bankers that loans will be re-lent as they mature.

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

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Bank loans	**109,604,470**	*111,169,034*	**109,604,470**	*111,169,033*
Accruals and deferred income	**-**	*2,736,000*	**-**	*2,736,000*
Financial instruments (after 1 yr)	**1,279,916**	*2,548,139*	**1,279,916**	*2,548,139*
	110,884,386	*116,453,173*	**110,884,386**	*116,453,172*

22. Loans

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Amounts falling due within one year				
Bank loans	**8,874,252**	*7,315,800*	**8,874,252**	*7,315,800*
Amounts falling due 1-2 years				
Bank loans	**8,874,252**	*7,315,800*	**8,874,252**	*7,315,800*
Amounts falling due 2-5 years				
Bank loans	**100,730,218**	*103,853,234*	**100,730,218**	*103,853,234*
	118,478,722	*118,484,834*	**118,478,722**	*118,484,834*

23. Financial instruments

	Group 2017 £	*Group 2016 £*	**Company 2017 £**	*Company 2016 £*
Financial assets				
Financial assets measured at fair value through profit or loss	**292,372**	*552,542*	**177,048**	*139,565*
Financial assets that are debt instruments measured at amortised cost	**8,700,337**	*4,901,891*	**8,797,820**	*5,554,898*
	8,992,709	*5,454,433*	**8,974,868**	*5,694,463*
Financial liabilities				
Derivatives that are designated and effective as hedging instruments carried at fair value	**(1,359,790)**	*(3,615,028)*	**(1,359,790)**	*(3,615,028)*
Financial liabilities measured at amortised cost	**(128,776,354)**	*(129,568,475)*	**(128,877,045)**	*(136,775,425)*
	(130,136,144)	*(133,183,503)*	**(130,236,835)**	*(140,390,453)*

Financial assets measured at fair value through profit or loss comprise of bank and cash balances.

Financial assets that are debt instruments measured at amortised cost comprise of trade debtors, other debtors, intercompany debtors and prepayments and accrued income.

Derivatives that are designated and effective as hedging instruments carried at fair value and comprise financial instruments.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, accruals and deferred income and bank loans.

24. Cashflow hedges

The group has entered into a cash flow hedge in order to minimise its interest rate risk on the long term bank loans.

The group has taken out bank loans which are repayable in full on 27 March 2030. The Group has entered into interest rate swap agreements to hedge the interest rate risk arising from the ancipated future interest rates, which are designated as cash flow hedges. The hedged cash flows are expected to occur and to affect profit or loss in financial year 2018.

Gains/(losses) of £2,255,238 (2016: £(1,483,656)) were recognised in other comprehensive income.

	Interest		Notional value		Fair Value	
	2017	2016	2017	2016	2017	2016
	%	%	£	£	£	£
Less than one year	2.68	2.68	40,000,000	40,000,000	79,874	1,066,889
1 to 2 years	-	-	-	-	-	-
2 to 5 years	2.05	1.99	72,000,000	76,800,000	1,279,916	2,548,139

The interest rate swaps settle on a monthly basis. The floating rate on the interest rate swaps is one month LIBOR BBA. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The hedged cash flows are expected to occur and to affect profit and loss over the period to maturity of the interest rate swaps.

25. Deferred taxation

Group

	2017	*2016*
	£	£
At beginning of year	**(25,585,071)**	*(27,729,877)*
Charged to profit or loss	**1,367,484**	*2,144,806*
At end of year	**(24,217,587)**	*(25,585,071)*

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25. Deferred taxation (continued)

Company

	2017 £	*2016* £
At beginning of year	**(25,585,841)**	*(27,733,848)*
Charged to profit or loss	**1,368,254**	*2,148,007*
At end of year	**(24,217,587)**	*(25,585,841)*

	Group 2017 £	*Group 2016* £	**Company 2017** £	*Company 2016* £
Accelerated capital allowances	**(3,460,491)**	*(3,442,380)*	**(3,460,491)**	*(3,442,380)*
Deferred tax arising on property revaluations	**(20,757,096)**	*(22,139,299)*	**(20,757,096)**	*(22,139,299)*
Other short term timing differences	**-**	*(3,392)*	**-**	*(4,162)*
	(24,217,587)	*(25,585,071)*	**(24,217,587)**	*(25,585,841)*

26. Share capital

	2017 £	*2016* £
Shares classified as equity		
Allotted, called up and fully paid		
49,999,999 Ordinary - Class A shares of £1 each	**49,999,999**	*49,999,999*
1 Ordinary - Class B share of £1	**1**	*1*
	50,000,000	*50,000,000*

27. Contingent liabilities

There is a cross guarantee given to Barclays Bank PLC in respect of group borrowings which total £118,433,052 (2016 - £118,449,046).

28. Pension commitments

The company contributes to defined contribution pension schemes for certain directors and employees. The assets of the schemes are administered by trustees in a fund independent from those of the company.

The pension costs represent contributions payable by the company to these funds and amounted to £1,279,491 (2016: £1,029,974). No amounts were payable to the funds at the year end (2016: £Nil).

The Group operates a Defined benefit pension scheme.

The most recent full actuarial valuation of the existing pension schemes using the projected unit basis was on 1 October 2015 and was carried out by a qualified independent actuary. The actuarial valuation's for all three defined benefit schemes were updated to 30 September 2017 by a qualified independent actuary for the purposes of FRS102 s.28. .

At that date the ongoing fund value for County Homes GS Retirement Benefits Scheme was £2,761,399 which represents 77% of the benefits payable and Country Homes GS No 2 Retirement Benefits Scheme was £2,310,793 which represents 19% of the benefits payable. Both calculations assume a pension age of 65.

An additional scheme was created in 2012, GS Nottinghamshire Retirement Benefits Scheme. The most recent full actuarial valuation of the pension scheme using the projected unit basis was on 1 October 2015 and was carried out by a qualified independent actuary. At that date the ongoing fund value for GS Nottinghamshire Retirement Benefits Scheme was £4,610,106 which represents 4% of the benefits payable. The actuarial valuation's for all three defined benefit schemes were updated to 30 September 2017 by a qualified independent actuary for the purposes of FRS102 s.28.

The total contributions made in respect of the year amounted to £1,204,000 (2016 : £1,025000) of which employer contributions totalled £1,180,000 (2016 : £854,000) and employees' contributions totalled £24,000 (2016 : £171,000).

Reconciliation of present value of plan liabilities:

	2017 £	*2016* *£*
Reconciliation of present value of plan liabilities		
At the beginning of the year	**(7,831,000)**	*(5,101,000)*
Current service cost	**(791,000)**	*(474,000)*
Interest cost	**(177,000)**	*(185,000)*
Actuarial gains/losses	**(71,000)**	*(2,829,000)*
Contributions	**(24,000)**	*(171,000)*
Benefits paid	**1,142,000**	*790,000*
Derecognition of surplus	-	*139,000*
At the end of the year	**(7,752,000)**	*(7,831,000)*

28. Pension commitments (continued)

	2017 £	*2016 £*
At the beginning of the year	**5,816,590**	*4,478,800*
Interest income	**129,000**	*181,000*
Actuarial gains/losses	**147,000**	*630,000*
Contributions	**1,204,000**	*1,025,000*
Benefits paid	**(1,142,000)**	*(790,000)*
Deferred tax on actuarial gain/loss	**(70,890)**	*291,790*
At the end of the year	**6,083,700**	*5,816,590*

	2017 £	*2016 £*
Fair value of plan assets (after deferred tax)	**6,083,700**	*5,816,590*
Present value of plan liabilities	**(7,752,000)**	*(7,831,000)*
Net pension scheme liability	**(1,668,300)**	*(2,014,410)*

The amounts recognised in profit or loss are as follows:

	2017 £	*2016 £*
Current service cost	**-**	*(474,000)*
Interest on obligation	**(177,000)**	*(185,000)*
Interest income on plan assets	**129,000**	*181,000*
Total	**(48,000)**	*(478,000)*

The cumulative amount of actuarial gains and losses recognised in the Consolidated statement of comprehensive income was £NIL *(2016 - £NIL)*.

The Group expects to contribute £1,529,376 to its Defined benefit pension scheme in 2018.

28. Pension commitments (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2017	2016
Equities	**47%**	*46%*
Corporate bonds	**25%**	*37%*
Gifts	**25%**	*16%*
Cash	**3%**	*1%*

The return on planned assets was:

	2017	2016
Interest income	**129,000**	*181,000*
Return on plan assets less interest income	**147,000**	*630,000*
	276,000	*811,000*

Principal actuarial assumptions at the Statement of financial position date (expressed as weighted averages):

	2017 %	2016 %
Discount rate	**2.6**	*2.36*
Expected return on scheme assets as at 30 September	**3.33**	*3.33*
Future salary increases	**2.93**	*2.83*
Future pension increases	**3.23**	*3.23*
Inflation assumption	**3.36**	*3.23*
Mortality rates		
- for a male aged 65 now	**20.46**	*20.40*
- at 65 for a male aged 45 now	**21.90**	*21.80*
- for a female aged 65 now	**22.43**	*22.40*
- at 65 for a female member aged 45 now	**24.03**	*23.90*

The expected return on assets is obtained by considering the expected return on risk free investments (primarily government bonds), the historic level of the risk premium associated with other asset classes and the expectations for future returns of each asset class. The expected return for each asset class is then weighted based on the underlying distribution of assets at 30 September 2017. It is important to note that the discount rate is set with reference to the yields available on AA corporate bonds and is determined independently of the expected return on assets.

Taking into account the underlying distribution of the assets, the long term expected return on assets is 3.2% p.a. as at 30 September 2017. This expected return on assets is after a deduction for expenses.

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28. Pension commitments (continued)

Amounts for the current and previous four periods are as follows:

	2017	2016	2015	2014	2013
	£	£	£	£	£
Defined benefit obligation	**(7,752,000)**	*(7,831,000)*	*(5,101,000)*	*(4,239,000)*	*(3,259,000)*
Scheme assets	**5,742,000**	*5,404,000*	*4,358,000*	*3,575,000*	*2,674,000*
Surplus	**(2,010,000)**	*(2,427,000)*	*(743,000)*	*(664,000)*	*(585,000)*
Experience adjustments on scheme liabilities	**367,000**	*316,000*	*28,000*	*(166,000)*	*(305,000)*
Experience adjustments on scheme assets	**(147,000)**	*(630,000)*	*(29,000)*	*22,000*	*11,000*
	220,000	**(314,000)**	**(1,000)**	**(144,000)**	**(294,000)**

29. Commitments under operating leases

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

	Group 2017	Group 2016	Company 2017	Company 2016
	£	£	£	£
Not later than 1 year	**2,334,763**	*2,325,036*	**2,334,763**	*2,325,036*
Later than 1 year and not later than 5 years	**9,339,050**	*9,269,570*	**9,339,050**	*9,269,570*
Later than 5 years	**41,339,111**	*43,082,237*	**41,339,111**	*43,082,237*
	53,012,924	*54,676,843*	**53,012,924**	*54,676,843*

30. Related party transactions

A) Directors' Loan Accounts
Included in other creditors are the following amounts:

	2017 Group	2017 Company	2016 Group	2016 Company
G Sanders	**124,619**	**124,619**	**357,009**	**357,009**

Amounts due from Director N Logeswaran at the year end £700,000 (2016: £700,000). Amounts due in respect of the Director loan are interest free.

B) Included in debtors is an amount of £3,276,737 due from Runwood Properties Limited and £5,045 (2016- Nil) due from Lasserton Limited. Both are companies with common directors with Runwood Homes Limited.

Under the provision of FRS 102, the company is exempt from disclosing transactions with other members of the group on the grounds that 100% of the voting rights are controlled within the group.

C) During the year Runwood Homes Limited disposed of Lasserton Limited and Runwood Properties Limited to Sanders Senior Living Limited a company controlled by G Sanders.

D) During the year, the Directors acquired a fixed assets of £57,377 (2016- £39,460) from Runwood Homes Ltd.

31. Controlling party

The Group's ultimate controlling party is Gordon Sanders, who holds 100% of the share capital in Runwood Homes Limited.