ashley house

Developing new horizons for Health and Social Care

ANNUAL REPORT AND ACCOUNTS 2014-2015

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Front cover: Strand Court, Grimsby.
See case study on page 8

Highlights

Significant resource invested in driving Extra Care business

£8.4m	£3.4m	£148.5m	£31.9m	£0.5m
Revenue (2014: £8.3m)	EBITDA loss before exceptionals and impairment (2014: £2.6m)	Extra Care Pipeline (2014: £106.8m)	Health Pipeline (2014: £41.6m)	Cash generated from operations (2014: £1.3m)

Operating highlights

Significant resource invested in driving Extra Care business

- Funding and Partnering Agreement now in place with a new strategic partner to develop out existing pipeline and drive new projects
- First Extra Care scheme in Grimsby delivered
- Pipeline of 19 schemes, on-site (2) or appointed (17) with £149m of revenue anticipated to be recognised.

Health market continuing to evolve

- Pipeline of 13 schemes, on-site (2) or appointed (11) with £32m of revenue anticipated to be recognised
- Three Health schemes to go to site this year
- Significant (non-cash) write down of the LIFT investment of £7,555,000 (2014: £1,722,000).

Financial highlights

Revenue flat and results in line with expectations

- Revenues in line with prior year at £8,384,000 (2014: £8,337,000)
- Gross loss of £216,000 (2014: gross profit £560,000)
- EBITDA before exceptionals and impairment showing a loss of £3,374,000 (2014: £2,597,000) in line with expectations
- Loss before tax £11,886,000 (2014: £4,707,000).

Continuing management of overheads and debt

- Administrative expenses flat at £3,357,000 (2014: £3,360,000)
- Cash generated from operations of £529,000 (2014: £1,281,000)
- Net debt increased to £2,027,000 at 30 April 2015 and £3,059,000 at 2 October 2015 (30 April 2014: £1,551,000).

REVIEW OF THE YEAR

Chairman's statement

Without underestimating challenges ahead, the outlook is positive and encouraging

The past twelve months have been both challenging and exciting as we have continued to invest significant resource in driving our efforts in the Extra Care business, building the platforms for growth and longer term revenue streams. Whilst I am disappointed to report another trading loss for the year to 30 April 2015 it is the Board's view that our considerable efforts to rebuild the business are poised to return the Company to profitability this year.

Funding

I am delighted that the Company has recently announced that it has chosen to sign a Funding and Partnering Agreement with Funding Affordable Homes ('FAH') and its property advisor SHA Housing Limited. FAH is a newly established investment company set up to serve investors who hold the same strong social and financial objectives as ourselves. The fit with our business is compelling. FAH has a mission to support the affordable homes sector. We have agreed to work together on the development and delivery of affordable Extra Care housing for older people. The schemes will be forward funded by FAH during construction and through to completion allowing us to develop the business without the difficulty of needing to grow external debt. This arrangement will give us a much needed boost to our current pipeline delivery.

During the last year we held discussions with many potential funding partners. We adopted a strategy of seeking lenders and funders closely aligned with our business model and social values. Many of these discussions were extremely positive and resulted in real interest in funding the projects we produce. I would like particularly to thank M&G Investment Management Limited with whom we had signed a Heads of Terms and who we would hope to work with in the future.

Results

As previously signalled, whilst significant value has been created in our Extra Care pipeline this year, the Company has been unable to recognise this within its results until such time as funding for the pipeline has been confirmed. As such the results for the year to 30 April 2015 were an EBITDA loss of £3,374,000 (2014: loss of £2,597,000). Revenue was in line with the prior year at £8,384,000 (2014: £8,337,000). However even with the additional investment in Extra Care it is positive to note only a limited increase in net debt to £2,027,000 (2014: £1,551,000).

We announced in July that the Company had received an approach to acquire its interest in the NHS LIFT Joint Ventures. This has yet to complete and is unlikely to do so in the structure first envisaged due to a number of complexities, although discussions continue using a different structure. However, following these discussions we have conducted a full impairment review of our LIFT investment and in the light of very low activity within the NHS estate arena, the Company has provided a significant (non-cash) write down in its value to £2,223,000 leading to a loss before taxation of £11,886,000 (2014: £4,707,000). We do however remain active participants in this area of business.

Current trading

Our pipeline of schemes continues to grow in both quality and quantity, dominated by Extra Care schemes. Good progress has been made during the year with four schemes on-site at the year end. In light of last week's funding announcement both of our flagship schemes at Harwich and Walton are progressing to plan and are expected to reach financial close this year, contributing approximately £21m of revenue over the next 24 months as they are built out.

Our Health business continues to be slow although there are signs of activity albeit on a much reduced level. We are currently contracted on a number of schemes, and projects for a GP surgery in Danbury and a Pathology Laboratory in Basildon are underway contributing £1.4m of revenue during the year to 30 April 2015. Both the scheme at Danbury and the next three Health schemes (subject to contract) are forward funded. We are proactively looking to do more in this area.

We are pleased to advise that during the year we were appointed as property partner for two organisations with tremendously valuable services.

One of these is HSN Care with whom we are developing a pipeline of housing designed specifically for profoundly disabled adults. We are now in advanced stages with three schemes (one on-site) with more to come. The other is a national charity called Hft which provides services for people with learning disabilities throughout England. Engagement with these clients significantly raises our profile in this area.

Board composition

Despite the significant activity carried out during the past year, we have succeeded in keeping our administrative overheads at the same level. This has been a real team effort during the year as we have put in place the appropriate resources to take advantage of the opportunities presented by the Extra Care market and I must pay tribute to, and thank all the staff for their effort, energy and enthusiasm during the year. I have been pleased with the impact of changes we have made to the Board. We currently have two Executive Directors with Jonathan Holmes moving from Chief Executive to Commercial Director last October and Tony Walters to Chief Executive from Finance Director. This move has freed Jonathan to concentrate on building the pipeline, and has seen both individuals develop personally and drive the business forward. This has resulted, we believe in real focus of our team's skills in key areas.

During the year we were delighted that John Moy accepted an invitation to join the Board as a Non-executive Director. John is a significant investor in Ashley House plc and is very supportive of the team's efforts greatly adding to the Board's deliberations during a time of change and uncertainty. Richard Darch stepped down from the Board during the year due to his increasing executive commitments with Capita Health Partners.

Extra Care

Since I joined the Board, confidence in our Extra Care business model has grown internally and more importantly with key stakeholders including commissioners. When we embarked on this journey it was an unproven concept with significant obstacles to overcome. We necessarily adopted a considered approach whilst deploying significant investment in driving our Extra Care business as an alternative to our traditional revenue streams.

The recent completion and occupation of our first scheme in Grimsby which provides purpose-built, accessible accommodation to more than 60 contented elderly residents, is testament to the Company's partnership based approach and now provides a showcase for what the Company can achieve in Extra Care. I was delighted to attend the formal opening last month and it was a privilege to hear some of the new residents' stories.

A key element in securing the funding package for these schemes has been to develop a pipeline of critical mass which continues to increase in size as Ashley House establishes itself as a leading development partner in this arena. This can be demonstrated by the recent win, through competitive tendering with North Yorkshire County Council, of a place on their Extra Care Housing Framework to design, fund, build, deliver and asset manage Extra Care accommodation in various locations in York and North Yorkshire. The framework will be used by other bodies seeking to commission services such as ours. This appointment is not guaranteed to bring us work but is an excellent external indicator of our growing stature.

It remains our belief that the market for Extra Care Housing is growing, driven by the housing and health issues associated with an aging population. This together with our unique offering of end to end service, and our historical record of delivering public infrastructure projects combined with our declared and proven social purpose are the key to winning competitive tenders.

In the immediate future, it is likely that our revenue streams will be variable, but more predictable as the emphasis swings towards the construction phase of pipeline delivery. As the scheme volumes increase this will have a smoothing effect on this volatility. Construction project delivery is a core competence of the business along with the management of cash resources. During the year we have necessarily adopted a prudent and cautious approach to the development of appointed schemes and winning bids. We will continue this approach, and in the light of announcements on scheme funding above, the Board concludes that at the time of signing of these financial statements, it is appropriate to do so on a going concern basis.

Outlook

The Board does not underestimate the challenges that lie ahead, however the general direction of travel is positive and very encouraging as we gear ourselves to deliver the pipeline schemes to financial close and ultimate delivery against the backdrop of our funding announcements. I must emphasise that we remain in the early stages but there is a renewed air of confidence that we can deliver sustained growth for the business.

Finally, I am acutely aware that our share price and the value of the Company has languished in recent times. I along with my fellow Board members together with the Ashley House team wish to record our thanks to you, the shareholders. Many of you are long term investors who have given us much needed support in uncertain times. Your forbearance, loyalty and tolerance are very much appreciated.

Christopher Lyons

Chairman
6 October 2015

REVIEW OF THE YEAR

Strategic report

Considerable investment has been made in building up our scheme pipeline

Principal activity

The principal activity of the Group is the supply of design, construction management, consultancy and asset management services, primarily working with providers of health and social care on infrastructure developments from project inception to completion of construction and beyond.

Business review

The consolidated statement of comprehensive income for the year is set out on page 15. A review of developments affecting the Group during the year and of its prospects for the future appears in the Chairman's statement on pages 2 and 3 and in this Strategic Report. The Group is required by the Companies Act 2006 to set out a fair review of the business of the Group during the financial year ended 30 April 2015 and the position of the Group at the end of the year along with principal risks and uncertainties facing the Group. This information is included within the Chairman's statement and in this Strategic Report.

Whilst the results for the year to 30 April and recent periods have been hugely disappointing, the numbers do not reflect the considerable investment both in time and effort and in financially building up the pipeline particularly in Extra Care. No income is recognised on schemes until financial close and all expenditure (other than land) is expensed immediately.

The two key objectives for this year have been to continue to grow the Extra Care pipeline and to establish an appropriate funding model to deliver it. Strong progress has been made on both. The announcement of our Funding and Partnering Agreement with Funding Affordable Homes ('FAH') a newly established investment company for the affordable homes sector, and its property advisor SHA Housing Limited, is therefore key, not just to cashflow and the ability to accelerate the pipeline by investing in further schemes, but to establishing a relationship with a like-minded partner. As a result of this the Board expects a return to profit in the next accounting period.

Subject to final due diligence and contract on each individual scheme, FAH will forward fund our schemes at Harwich and Walton and the pipeline of similar larger Extra Care schemes beyond. This partnership will provide us with the financial ability to develop out the existing pipeline and drive new projects.

Schemes

The continuing growth of our Extra Care pipeline with the ability now to deliver it, should provide the basis for real growth in the Company. At the end of June we were delighted that our first Extra Care scheme in Grimsby reached practical completion. This is a development of 60 flats providing much needed purpose-built accommodation for some of the most vulnerable older people in the country. Tenancies have been oversubscribed from day one. A case study showcasing this development is shown later in this annual report.

Our Health schemes continue albeit at a much lower rate than prior to 2011 due to the lack of investment in Government funding for their rentals. The Company is currently on-site on a GP surgery for 12,000 patients in Danbury, and a third pathology laboratory for Integrated Pathology Partnerships in Basildon. During the year an extension and refurbishment to GP premises in Hillingdon was completed. The outlook for Health is considered to be improving with some small signs of recovery in the market, but not as quickly as we or indeed many GPs and other health professionals would like. Nonetheless, we remain committed to the sector and will work to support our many clients.

Pipeline

The growth in the Company's pipeline continues to be dominated by Extra Care, which has increased significantly to £148.5m from £106.8m this time last year. The Health pipeline stands at £31.9m across 13 schemes. The table opposite shows the current pipeline along with the same information reported with the interim and annual accounts for the last two years. This demonstrates the significant rise in Extra Care along with a fairly flat progression for Health following the NHS reorganisation.

As a guide, revenues from on-site schemes will continue to flow for up to 18 months. The current schemes on-site have a weighted average life of approximately 12 months. Where the Company is appointed the timeframe to move to on-site is likely to be between 6 and 36 months. Revenues are only recognised from on-site schemes and on appointed schemes to the extent that the Company would recover its fees in the circumstances of the scheme not progressing. 'Scheme value to come' represents the likely investment value of the scheme less any revenue already recognised.

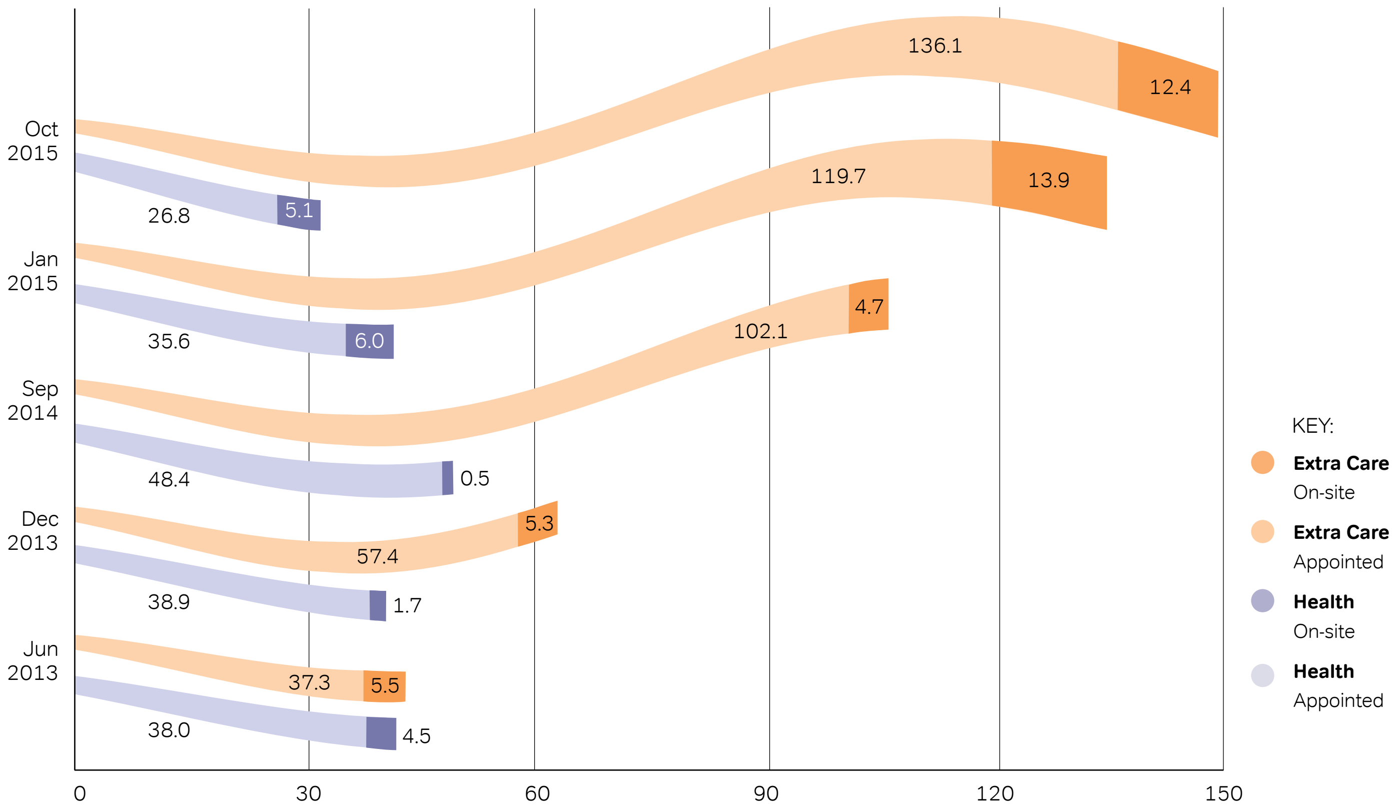
Financial risk management objectives and policies

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Board is responsible for co-ordinating the Group's risk management and focuses on actively securing the Group's short to medium-term cash flows. The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant financial risks to which the Group is exposed are described as follows.

Credit risk

The Group's principal financial assets are cash, trade receivables and amounts recoverable on contracts. The amount of trade

Scheme value to come (£m)



	October 2015		January 2015		September 2014		December 2013		June 2013	
	No. of Schemes	Scheme value to come	No. of Schemes	Scheme value to come	No. of Schemes	Scheme value to come	No. of Schemes	Scheme value to come	No. of Schemes	Scheme value to come
EXTRA CARE										
On-site	2	£12.4m	2	£13.9m	1	£4.7m	1	£5.3m	1	£5.5m
Appointed	17	£136.1m	16	£119.7m	15	£102.1m	11	£57.4m	7	£37.3m
Total EC	19	£148.5m	18	£133.6m	16	£106.8m	12	£62.7m	8	£42.8m
HEALTH										
On-site	2	£5.1m	2	£6.0m	1	£0.5m	3	£1.7m	3	£4.5m
Appointed	11	£26.8m	11	£35.6m	16	£48.4m	16	£38.9m	15	£38.0m
Total Health	13	£31.9m	13	£41.6m	17	£48.9m	19	£40.6m	18	£42.5m
TOTAL	**32**	**£180.4m**	**31**	**£175.2m**	**33**	**£155.7m**	**31**	**£103.3m**	**26**	**£85.3m**

receivables presented in the balance sheet is net of any allowance for doubtful trade receivables, as estimated by the directors. Amounts recoverable on contracts are presented net of provisions deemed necessary by the directors. The Group's largest customer in the year is set out in Note 1 to the financial statements. The Group employs a strict credit vetting policy based on track record payment history and externally available credit data.

Interest rate risk

The Group finances its operations principally through retained earnings, project-specific borrowings and general bank borrowings, as set out in Note 15 to the financial statements. The interest rates applicable to these borrowings, where variable in nature, expose the Group to interest rate risk. The Group seeks to minimise such risk by entering into fixed interest rate arrangements where it is financially viable to do so. The Group does not undertake interest rate hedging on its general borrowings and only considers undertaking interest rate hedging for project-specific term loans. The Group operates a policy of seeking to optimise deposit interest earned, paying due regard to credit risk and ensuring the business has sufficient available cash to operate effectively.

Liquidity risk

The Group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs by investing cash assets safely and profitably. The nature of the Group's business is such that it is exposed to risks associated with cash flow timings, particularly the receipt of design and development fees. The liquidity of the Group is monitored by senior management and reported to the Chief Executive and Commercial Director daily.

REVIEW OF THE YEAR

Strategic report continued

Revenue recognition

The Group's revenue recognition policy set out in the principal accounting policies is central to the way the Group values the work it has carried out in each financial year. Amounts recoverable on contracts relate to projects that are ongoing as at the period end. Management's expectation is that these amounts will be invoiced net of any provision within the next financial year, at which point the Group expects to collect the balances in full.

Cash management

The forward funding of the first Grimsby Extra Care scheme brought a significant cash receipt which along with careful management of expenditure has seen our increase in net debt limited to £476,000. Overheads were flat with administrative expenses totalling £3,357,000 (2014: £3,360,000). The Group generated £529,000 (2014: £1,281,000) cash from operations and increased net debt to £2,027,000 (2014: £1,551,000) as shown in the table below. Since the year end the loan on the land at Scarborough has further reduced and the overdraft facility with Lloyds Bank has been extended to the end of December 2015. A further facility of up to £1,500,000 granted with a private organisation has been agreed with the expectation that the first drawdown of circa £500,000 will be made shortly. We are grateful to our lenders particularly Rockpool Investments, whose flexibility has allowed us to generate the pipeline of schemes which will now be delivered. Their support, along with our focus on cash management, has enabled us to do this without having to call on shareholders for further equity.

	30/04/2014 £000	30/04/2015 £000	Unaudited 02/10/2015 £000
Cash in bank	98	856	(262)
Scarborough	(1,049)	(883)	(797)
Loan	(600)	(2,000)	(2,000)
Net debt	**(1,551)**	**(2,027)**	**(3,059)**

Investments in joint ventures

On 24 July it was announced that we had received a proposal to acquire our interest in our NHS LIFT Joint Ventures. Due to the legal complexity of the asset, a deal has yet to be completed and is unlikely to be in the form initially proposed, although talks continue around an alternative structure. The review of the LIFT investment was undertaken with these discussions in mind and as previously advised the Company has provided a significant (non-cash) write down in its value. At the year end the exclusivity periods had an average of 9.5 years remaining. There has been relatively little new work coming from LIFT in the year and the directors considered that the value had therefore been impaired by a further £7,555,000 (2014: £1,722,000). This non-cash impairment has reduced the carrying value of the LIFT investment at the year end to £2,223,000 (2014: £9,778,000).

Social impact

Ashley House is proud of the social value its work creates. The improvements to people's health and lives that directly result from the Company's activities was demonstrated by the opening of the Extra Care scheme in Albion Street, Grimsby. Applications for the accommodation were oversubscribed. We are working with the Clinical Commissioning Group in North East Lincolnshire to track and measure the wider health and economic benefits from the scheme. However, the changes one of our schemes can enable can be ably identified in individuals' stories such as the man in his 60s who has moved in after spending eleven years in a state run nursing home. More detail is provided on page 7 of this annual report.

The Company continues to be an active member of the Social Stock Exchange ('SSX'). The SSX connects social impact businesses such as Ashley House with investors looking to generate social or environmental change as well as financial return from their investment. The Company strongly believes that social impact and financial prosperity can and should go hand in hand. Membership of the SSX also demonstrates our social credibility through third party accreditation which is key when entering into partnerships with local government clients. The Company was delighted to be nominated as Social Impact Company of the year for the second year running at the Small Cap Awards which seek to recognise outstanding achievement in the quoted UK Small-Cap market. The Company will shortly publish its third annual social impact report, which is independently verified. This will be accessible on the Company's website in due course. We met our new funding partner, FAH through the Social Stock Exchange and believe there can be no greater example of how its mission of matching capital and businesses, both committed to delivering financial and social returns, has been achieved.

Summary

Whilst the reported performance of the business in the last few years has been very disappointing, strong value is being created in Extra Care and the financing of these schemes will enable the pipeline to start to flow. The Board continues to be of the strong belief that delivering Extra Care is the correct strategy for the business supplemented by our traditional work in the Health market. As the delivery of our pipeline accelerates, this value will start to be realised in the results of the Company.

Antony Walters
Chief Executive
Date: 6 October 2015

Jonathan Holmes
Commercial Director

REVIEW OF THE YEAR

Our social impact

Ashley House prides itself as a Social Developer

Ashley House is a Social Developer, delivering health buildings and affordable housing for people with care needs.

Our social purpose is embedded in everything we do and continues to drive our ambition to improve access to better services and environments in the health and social care sectors. We help to improve outcomes across the country by providing expertise to support clients (predominantly the public sector, charities and social enterprises) in achieving the most cost-effective health and community care property solutions.

Significant improvements to people's lives from our activities can be illustrated with the Extra Care scheme at Strand Court in Grimsby, an area of social deprivation. See the case study on pages 8 and 9. Three examples from the assessment of the Council's admissions panel for appropriate residents are shown to the right.

Strand Court was officially opened by The Worshipful Mayor of the Borough of North East Lincolnshire, Councillor Cliff Barber on 15 September 2015, seen pictured, talking to one of the new residents

Case study 1

An older person with some level of care needs was housed away from her local area and was suffering from depression and isolation.

The lady has now moved in and is enjoying meals in the restaurant. It has been agreed with the restaurant staff that as she needs to watch her weight she has only one piece of cake a day, but that she gets it in halves once at lunch and once at tea time. She is often seen socialising and has made some new friends. She has reduced the time she spends at a local day centre as she prefers to be in her new home at Strand Court.

Case study 2

A lady in her 70s who suffers with mild dementia was living in respite in a care home following her husband's death.

Previously she had been staying with her son but complicated family dynamics meant she came into respite confused and upset. As soon as she saw Strand Court, she was very excited about moving in. The lady is now part of a group of people who meet in the lounge area every day. She eats regularly in the restaurant and is always cheerful. Through regular socialisation her speech has improved and she has made a number of new friendships.

Case study 3

Man in his mid 60s, has spent the last 11 years in a care home following a stroke.

It was felt that he would be capable of more independent living but may need a lot of support initially and his transition would have to be carefully managed. The panel agreed to offer him a place and felt that there is potential for a really significant quality of life improvement for him. Having moved into Strand Court, he is now looking much smarter and cleaner and he goes down for lunch in the restaurant every day.

Ashley House is proud to be a founding member of the Social Stock Exchange.

Ashley House's third Social Impact report will shortly be available on our website www.ashleyhouseplc.com/our-work/social/

REVIEW OF THE YEAR

Our offering

Expanding our reach into Extra Care has helped us to transform communities

Strand Court, Grimsby

Extra Care

Grimsby, North East Lincolnshire

Building size (m²): 5,000
Start date: Jan 2014
Completion date: Jun 2015

Working closely with the local integrated council and health team in North East Lincolnshire to create modern and secure homes with integrated care and support for local residents.

In North East Lincolnshire the Council and NHS work together to support older people. They selected Ashley House as their partner to provide new homes that help older people remain independent and healthy for as long as possible. A lot of people need extra help as they get older to do the everyday things such as cooking meals, cleaning themselves and their homes, taking their medicines and just getting out and about. These people still want to live in their own homes and make their own decisions about their lives.

This is Extra Care, where people live in their own purpose-built home and receive care and support depending on their needs. This type of service provision is being adopted nationally and is proven to improve health outcomes and drive independence in a secure and managed environment. It is also less costly than residential care homes.

Demand is increasing as people are living longer and as they get older they need more help. Commissioners in North East Lincolnshire have calculated that they will need 400 to 500 Extra Care flats for older people over the next five years.

inclusionhousing

NHS
North East Lincolnshire
Clinical Commissioning Group

Ashley House helped identify five areas that would benefit most from Extra Care. The first of these is in East Marsh, Grimsby which has many older people already receiving care and support in their own homes. As their needs increase, they need to consider more suitable accommodation, but many had a strong sense of community and wanted to remain in East Marsh.

What we did

Ashley House worked in close partnership with the Clinical Commissioning Group (CCG) and Council to identify and acquire a suitable site, secure planning and financing, and then build a mix of one and two-bedroom flats. The development has shared areas for the benefit of all residents such as a communal garden, dining area where food and drinks are available and a place to meet friends and get involved in activities. The flats have been designed to meet national design standards for older people's housing.

Each flat includes a kitchen, shower room and living area and can facilitate assistive technology where appropriate. The flats are homely in feel and furnished with the residents' own belongings and furniture. The new 5,000 square metre building houses a range of health and social welfare services for local people.

REVIEW OF THE YEAR

Our offering

Developing a wider range of schemes has increased our potential for growth

Points of interest

The CCG and Council work with us and our Registered Provider partner to assess and select residents through a Nominations Agreement. There is a weekly rent and service charge set in-line with what is charged locally and agreed with the local housing benefits officers to ensure prospective residents can afford it. The care and support services in the Extra Care scheme are commissioned separately by the CCG. Care is available 24 hours a day for those who need it, to help people to continue to live independently for as long as possible.

Jake Rollin, Assistant Director at North East Lincolnshire CCG said:

“Ashley House has enabled us to make a start on delivering our Extra Care Housing strategy for North East Lincolnshire, when other avenues had all disappeared. Ashley House has proved an excellent partner in helping to get over the various hurdles and bring our plans to fruition. We are now actively involved in planning the next schemes to be developed by Ashley House, in line with our Joint Venture agreement, to help us to continue reshaping our services for frail elderly people.”

Medical Centre

Danbury, Essex

Essex County Council

A new two-storey surgery set within a conservation area. The building will offer the practice’s 12,000 patients a fully-accessible surgery for the disabled, elderly and patients with young families.

Building size (m²):	1,200
Start date:	Mar 2015
Completion date:	Feb 2016
Project status:	On-site

The project was supported by The Charis Trust, a local charity looking to assist in the provision of a much needed replacement surgery for the local community.

“Our new premises have taken ten years to reach fruition and we are grateful for Ashley House’s support in making this happen.” **Lindsey Hunt**, **Practice Business Partner**.

Extra Care

Harwich, Essex

SEASON PART OF ONEHOUSING GROUP

Self-contained apartments over two buildings designed for the elderly, delivered in partnership with the local county council and a registered provider of homes, care and support in London and the South East.

Building sizes (m²):	
Extra Care	5,000
Learning Difficulties	1,000

Start date:	Sep 2015
Completion date:	Dec 2016
Project status:	On-site

We will deliver 58 stylish self-contained apartments over three floors to enable older people to continue to live independent lives. Communal facilities will include a residents’ lounge, restaurant and private courtyard garden.

Specialist Housing

Bricket Wood, Hertfordshire

HSN CARE

Working in partnership with HSN, a specialist in the disability sector, to develop twelve Enabled Living Service homes for adults with profound and multiple learning difficulties and complex needs.

Building size (m²):	600
Start date:	Sep 2015
Completion date:	Feb 2016
Project status:	On-site

The Kestrels is a development of three residential buildings designed to provide accommodation for four residents in each property.

The fit-for-purpose accommodation, will be spacious and all bedrooms will have wet rooms. State-of-the-art hoist systems will be installed throughout all bedroom and living areas.

Pathology Laboratory

Basildon, Essex

Pathology First

The construction of a new off-site pathology hub, to serve Basildon and Thurrock University Hospitals and Southend University Hospital NHS Foundation Trusts.

Building size (m²):	2,400
Start date:	Feb 2015
Completion date:	Nov 2015
Project status:	On-site

This investment into these upgraded/refurbished facilities for Pathology First will improve service efficiency, release on-site capacity and modernise pathology provision for the hospitals.

The Basildon Hub is the third pathology development by Ashley House, following on from the recently delivered schemes in Somerset.

CORPORATE GOVERNANCE

Board of directors

Christopher Lyons
Non-executive
Chairman

Christopher has extensive experience in strategic planning, corporate governance, banking and housing finance. His career spans 35 years, first with Abbey National, where he held senior executive positions in finance and operations creating and launching Cahoot, the internet bank. He then joined the executive Board of Minster Trust Limited, a fully regulated banking institution leading the development and launch of an affinity based internet banking proposition. Christopher has extensive Non-executive experience recently chairing, amongst others, the Boards of Otkritie Securities, London Strategic Housing and as deputy chairman of Network Housing Group where he also chaired the Audit and Risk Committee. He holds a Masters degree in Strategic Financial Management and is a visiting fellow at Kingston and Durham Business Schools. Christopher has also worked with the NHS Commissioning Board on authorising the recently formed national network of Commissioning Support Units. He currently chairs the advisory Board for the NHS Yorkshire and Humberside Commissioning Support Unit. Christopher is Chairman of Ashley House's Appointments Committee.

Stephen Minion
Non-executive
Deputy Chairman

Stephen is a chartered engineer with a long career in design and development of commercial property. Following the award of his degree in engineering he joined the London Borough of Harrow where he gained chartered engineer status. He moved to George Wimpey & Co and learnt his main "stock in trade" as a property developer before starting his own company in 1978. In 1991 he co-founded Ashley House where his specialist knowledge is invaluable in the delivery of the Company's core product and the development of new services. Stephen chairs the Company's Remuneration Committee and is a Board member of a number of associated companies.

Antony Walters
Chief Executive

Antony has a BA in accounting and qualified as a chartered accountant in 1992. He gained an Executive MBA by evening study from Warwick University in 2004. He joined Ashley House in 2010 as Finance Director having held various senior executive positions within the Lloyds Pharmacy group, including leading the corporate acquisitions, property and development teams. Antony spent 15 months in a pan European strategic development role based in Germany for Lloyds' parent company Celesio. Immediately prior to Ashley House, Antony was managing director of Sapphire Primary Care Developments Limited which Ashley House acquired from Lloyds Pharmacy in 2009. Antony was appointed Chief Executive in October 2014.

Jonathan Holmes
Commercial Director

Prior to joining Ashley House in 1998 Jonathan worked in sales and marketing with an emphasis on setting up new ventures. In the 1990s he worked in the City for Thomson Financial Services and latterly the capital markets and Eurobond regulator ISMA. Jonathan was Chief Executive of Ashley House until October 2014 when he became Commercial Director to allow him to focus on the Ashley House team's successful delivery of projects, from the earliest engagements with wider stakeholders through to the commercial structuring, development and building out of the projects that result. Jonathan is a passionate advocate of Ashley House's ability to use its status as a profit making plc to create social value well in excess of its size and has led Ashley House's involvement as a Founder Member of the Social Stock Exchange.

Andrew Willetts
Non-executive director

Andrew has a BA in history from Keble College, Oxford and qualified as a chartered accountant with what is now PricewaterhouseCoopers in 1991. He has held senior financial roles in the retail and wholesale sectors, including Waterstones and Hagemeyer (now part of the Rexel group). He joined Lloyds Pharmacy in 2003, becoming Finance Director in 2007 and he is now healthcare solutions director, with responsibility for the delivery of pharmacy services and pharmaceutical supply into NHS hospitals and other public and private sector organisations. He had Lloyds Pharmacy Board responsibility for Sapphire Primary Care Developments until its sale to Ashley House. Andrew is Chairman of Ashley House's Audit & Risk Committee.

John Moy
Non-executive director

John has advised and invested in fast-growing companies for over 20 years including a period sitting on the panel of Non-executive directors appointed by 3i plc to their investee companies. In his industrial career he was both a Chartered Engineer and Chartered Management Accountant and was Factory Manager and Financial Controller for Mars Limited and a UK and Northern Europe Finance Director for Motorola Inc. He was the Finance Director of the successful management buy-in of RHP Bearings. John provides strategic financial management skills and experience to the Board.

Committees

Christopher Lyons, Stephen Minion and Andrew Willetts are members of the three Board committees being the Audit & Risk Committee; the Remuneration Committee and the Appointments Committee. John Moy is a member of the Audit & Risk Committee.

CORPORATE GOVERNANCE

Report of the directors

The directors present their annual report on the affairs of the Group together with the audited financial statements for the year ended 30 April 2015.

Dividends

No dividend has been paid or proposed in the year or the prior year.

Directors

The membership of the Board during the year is set out below. Except as noted, the directors served throughout the year.

C P Lyons	(Non-executive Chairman)	
S G Minion	(Non-executive Deputy Chairman)	
J Holmes	(Executive director)	
A J Walters	(Executive director)	
R Darch	(Non-executive director)	Executive director until 4 August 2014, resigned 1 May 2015
J L Moy	(Non-executive director)	Appointed 19 December 2014
A J Willetts	(Non-executive director)	

J L Moy, being newly appointed, offers himself for election and A J Walters and A J Willetts retire by rotation and, being eligible, offer themselves for re-election.

Directors' and officers' liability insurance

The Group has, as permitted by Section 236 of the Companies Act 2006, maintained insurance cover on behalf of the directors and Company Secretary indemnifying them against certain liabilities which may be incurred by them in relation to the Group.

Supplier payment policy

The Group and Company policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment, and to abide by the terms of payment. Trade payables at the year end amount to 39 days (2014: 46 days) of average supplies for the year.

Employee involvement

The Group keeps its employees informed of matters affecting them as employees through regular briefings. Ashley House plc holds Investors in People status.

Disabled persons

It is the Group's policy to give full and fair consideration to applications for employment made by disabled persons having regard to their aptitudes and abilities. The Group also uses reasonable endeavours to provide continuing employment for employees who are disabled whilst the Group employs them and, where appropriate, provides facilities for training and re-training for career development and promotion.

Going concern

After making enquiries and reviewing forecasts, the directors have, at the time of approving the financial statements, concluded that it is appropriate to continue to adopt the going concern basis in preparing these financial statements.

Cash flows are derived from construction management and asset management services as well as project-specific design and development fees. The principal risks associated with the Group's cash flows are set out in the principal accounting policies.

The pipeline of future projects is monitored constantly and necessary resource is matched to the requirements and with reference to the degree of progress and certainty of the individual projects.

The Group holds an overdraft facility of £500,000 with Lloyds Banking Group. The facility is repayable on demand and is secured by a floating charge over the Group's assets.

The Group holds a £2,000,000 development finance loan with Novus Lending Limited, a company administered by Rockpool Investments LLP. The facility is fully drawn and is secured by a charge over certain of the Group's assets, and a second charge over the land owned by AH Scarborough Health Park Limited. The loan is repayable on 6 August 2016 (£740,000) and 23 November 2016 (£1,260,000).

A further facility of up to £1,500,000 granted with a private organisation has been agreed with the expectation that the first drawdown of circa £500,000 will be made shortly.

CORPORATE GOVERNANCE

Report of the directors continued

Application of principles of good governance

Corporate governance

The Board supports the principles of good governance. The Group is committed to high standards of corporate governance and has adopted procedures to institute good governance insofar as they are practical and appropriate for a business of this size. The Board has a Remuneration Committee, an Audit & Risk Committee and an Appointments Committee, in each case comprising a majority of Non-executive directors and chaired by a Non-executive director.

Board effectiveness

The Group supports the concept of an effective Board leading and controlling the Group. The Board is responsible for approving Group policy and strategy. It meets regularly and has a schedule of matters specifically reserved to it for decision. Management supplies the Board with appropriate and timely information and the directors are free to seek any further information that they consider necessary. All directors have access to advice from the Company Secretary and independent professionals at the Group's expense.

Auditor and disclosure of information to auditor

In respect of each director of the Company, at the date when this report was approved, to the best of their knowledge and belief:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he might have reasonably been expected to take as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Auditor

Deloitte LLP has expressed willingness to continue in office. In accordance with Section 489(4) of the Companies Act 2006 a resolution to re-appoint Deloitte LLP will be proposed at the Annual General Meeting.

On behalf of the Board

Antony Walters

Chief Executive

Date: 6 October 2015

CORPORATE GOVERNANCE

Statement of directors' responsibilities

Directors' responsibilities for the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare parent company 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 accounts unless they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing the parent company 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 United Kingdom 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 will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that the directors:

- properly select and apply accounting policies;
- present information including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the Strategic report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Antony Walters

Chief Executive

Date: 6 October 2015

FINANCIAL STATEMENTS

Independent auditor's report

TO THE MEMBERS OF ASHLEY HOUSE PLC

We have audited the financial statements of Ashley House plc for the year ended 30 April 2015 which comprise the consolidated statement of comprehensive income, the Group and parent company balance sheets, the Group statement of changes in Group equity, the consolidated statement of cash flows, the principal accounting policies and the related notes 1 to 25. The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors' responsibilities set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 April 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic report and the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Remuneration Committee report to be audited 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.

David Bell, CA (Senior statutory auditor)

for and on behalf of Deloitte LLP Chartered Accountants and Statutory Auditor, London, United Kingdom.

Date: 6 October 2015

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 30 APRIL 2015

	Note	2015 £000	2014 £000
Revenue	1	**8,384**	8,337
Cost of sales		**(8,600)**	(7,777)
Gross (loss)/profit		**(216)**	560
Administrative expenses		**(3,357)**	(3,360)
Share of results of joint ventures	8	**199**	188
Depreciation and impairment	7,8	**(7,645)**	(1,793)
Exceptional items – restructuring	2	**—**	(230)
Operating expenses		**(10,803)**	(5,195)
Operating loss	3	**(11,019)**	(4,635)
Interest receivable		**1**	8
Interest payable		**(868)**	(80)
Loss before taxation		**(11,886)**	(4,707)
Loss before taxation		**(11,886)**	(4,707)
Depreciation and impairment		**7,645**	1,793
Exceptional items – restructuring		**—**	230
Depreciation, amortisation and taxation included in share of results of joint ventures		**—**	15
Interest receivable		**(1)**	(8)
Interest payable		**868**	80
EBITDA before exceptionals and impairment		**(3,374)**	(2,597)
Tax (charge)/credit	5	**(16)**	529
Loss after tax for the year attributable to equity holders of the parent		**(11,902)**	(4,178)
Basic and diluted loss per share	6	**(20.41)p**	(7.16)p
Basic loss per share on adjusted EBITDA*	6	**(5.81)p**	(3.55)p

All of the activities of the Group are classed as continuing.

* Adjusted EBITDA = EBITDA before exceptionals and impairment plus income tax (charge)/credit.

The accompanying accounting policies and notes form an integral part of these financial statements.

FINANCIAL STATEMENTS

Consolidated balance sheet

AT 30 APRIL 2015

	Note	2015 £000	2014 £000
Non-current assets			
Property, plant and equipment	7	**122**	90
Investments in joint ventures	8	**2,300**	9,990
Deferred tax asset	9	**1,400**	1,400
Other receivables	10	**807**	—
		4,629	11,480
Current assets			
Work in progress	11	**4,269**	2,781
Trade and other receivables	12	**3,055**	6,828
Cash and cash equivalents	13	**856**	98
		8,207	9,707
Total assets		**12,836**	21,187
Current liabilities			
Trade and other payables	14	**(6,255)**	(4,095)
Bank borrowings and overdrafts	15	**(883)**	(167)
Provisions	16	**(31)**	—
		(7,169)	(4,262)
Net current assets		**1,038**	5,445
Non-current liabilities			
Bank borrowings and overdrafts	15	**(2,000)**	(1,482)
Long term provisions	16	**(117)**	—
Total liabilities		**(9,286)**	(5,744)
Net assets		**3,550**	15,443
Equity			
Share capital	18	**583**	583
Share-based payment reserve	20	**22**	13
Special reserve	20	**3,491**	12,110
Retained earnings		**(546)**	2,737
Total equity		**3,550**	15,443

The financial statements were approved by the Board of directors and authorised for issue on 6 October 2015.

They were signed on its behalf by:

Antony Walters
Chief Executive

Company number: 02563627

The accompanying accounting policies and notes form an integral part of these financial statements.

FINANCIAL STATEMENTS

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 APRIL 2015

	Share capital £000	Special reserve £000	Share-based payment reserve £000	Retained earnings £000	Total £000
At 1 May 2014	583	12,110	13	2,737	15,443
Loss for the year	—	(8,619)	—	(3,283)	(11,902)
Share-based payment charge	—	—	9	—	9
At 30 April 2015	**583**	**3,491**	**22**	**(546)**	**3,550**

	Share capital £000	Share premium £000	Special reserve £000	Share-based payment reserve £000	Retained earnings £000	Total £000
At 1 May 2013	583	34,996	—	—	(15,971)	19,608
Cancellation of share premium						
Transfer of share premium to special reserve	—	(34,996)	34,996	—	—	—
Transfer of accumulated losses at 30 April 2013 to special reserve	—	—	(18,986)	—	18,986	—
(Loss)/profit for the period to date of capital restructure	—	—	(1,400)	—	60	(1,340)
Loss for the period post date of capital restructure	—	—	(2,500)	—	(338)	(2,838)
Share-based payment charge	—	—	—	13	—	13
At 30 April 2014	583	—	12,110	13	2,737	15,443

The accompanying accounting policies and notes form an integral part of these financial statements.

FINANCIAL STATEMENTS

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 APRIL 2015

	Note	2015 £000	2014 £000
Operating activities			
Loss for the year before taxation		**(11,886)**	(4,707)
Adjustments for:			
Share-based payment charge		**9**	13
Depreciation and impairment		**7,645**	1,793
Share of results of joint ventures		**(199)**	(188)
Dividends received from joint ventures		**334**	205
Interest received		**(1)**	(8)
Interest paid		**868**	80
Operating cash flows before movements in working capital		**(3,230)**	(2,812)
Increase in work in progress		**(1,515)**	(225)
Decrease in trade and other receivables		**2,966**	6,037
Increase/(decrease) in trade and other payables		**2,160**	(1,719)
Increase in provisions		**148**	—
Cash generated from operations		**529**	1,281
Income tax paid		**(16)**	(6)
Interest received		**1**	8
Interest paid		**(868)**	(80)
Net cash (used by)/generated from operating activities		**(354)**	1,203
Investing activities			
Purchase of property, plant and equipment		**(122)**	(11)
Net cash used by investing activities		**(122)**	(11)
Financing activities			
Proceeds from borrowings		**1,400**	600
Repayment of borrowings		**(166)**	(1,699)
Net cash generated from/(used by) financing activities		**1,234**	(1,099)
Net increase in cash and cash equivalents		**758**	93
Cash and cash equivalents at the beginning of the year		**98**	5
Cash and cash equivalents at the end of the year	13	**856**	98

The accompanying accounting policies and notes form an integral part of these financial statements.

FINANCIAL STATEMENTS

Notes to the financial statements

FOR THE YEAR ENDED 30 APRIL 2015

Basis of accounting

Ashley House plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given in the Company information on page 48. The nature of the Group's operations and its principal activities are set out in the Strategic report on pages 4 to 6.

The Group's financial statements consolidate those of the Company, its subsidiaries and its joint ventures (together referred to as the Group).

Statement of compliance

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Group's financial statements.

Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention, except for the revaluation of certain financial instruments, which are carried at fair value.

These financial statements are presented in pounds sterling as that is the functional currency of the parent company and the presentational currency of the Group as all the Group's cash flows are in that currency.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 4 to 6, which also describes the financial position of the Company, its cash flows, liquidity position and borrowings. The Strategic report also gives details of the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk.

The Group finances itself from cash resources, project-specific debt finance and borrowings from Lloyds Banking Group and other debt providers. As set out in Note 15 to the financial statements, the Group holds an overdraft and a loan with Lloyds Banking Group, and a loan with Novus Lending Limited.

Ashley House plc's Lloyds overdraft facility remains at £500,000 in line with the Group's borrowing requirements. This overdraft, which is repayable on demand, is in place until 31 December 2015.

AH Scarborough Health Park Limited holds a bank loan with Lloyds Banking Group totalling £883,000. The loan is secured by a first charge over the freehold land and buildings held by that company and a debenture over the Group's assets, and is being repaid over the period to February 2019.

On 6 February 2014 the Group agreed a £2,000,000 development finance facility with Novus Lending Limited, a company administered by Rockpool Investments LLP, with an initial drawdown of £600,000 taking place on the same day. Further drawdowns of £1,062,500 and £337,500 were made on 23 May 2014 and 8 July 2014 respectively, and as such the facility is fully drawn. The facility is repayable in two tranches with £740,000 being due for repayment on 6 August 2016 and £1,260,000 on 23 November 2016 and is secured by a charge over certain of the Group's assets, and a second charge over the land owned by AH Scarborough Health Park Limited.

The current economic conditions create uncertainty particularly over:

a) the level of new schemes required by the Company's social housing clients;

b) the level of new schemes required by the NHS;

c) the contribution earned to cover the cost base; and

d) the availability of finance within the sector.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, demonstrate that the Group expects to operate within the level of its current facilities. The nature of the Group's business is such that it is exposed to risks around the timing of cash inflows, in particular for design fees. Such payments are normally significant, occurring at the end of the design process when a scheme reaches financial close. The Group seeks to minimise its risk in this respect by agreeing progress payments during the design process where possible and by delivering design work in line with agreed timetables. Where the Group acts as principal in construction contracts, the projects' cashflows become regularised, usually with a positive net monthly cash flow. The Group has consistently demonstrated its ability to participate in projects within any constraints of available finance on a project by project basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

FINANCIAL STATEMENTS

Notes to the financial statements continued

FOR THE YEAR ENDED 30 APRIL 2015

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conforming with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, expenses and contingent liabilities. Information about the significant judgements, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is discussed below.

Estimates

Impairment

Impairment of intangible assets and investments is based on management's expectation for the related asset to continue to be revenue generating in the future. An impairment loss is recognised for the amount by which an asset or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and applies a suitable discount rate to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future gross profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause adjustments to the Group's assets within the next financial year. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment for market risk.

Revenue recognition

In determining revenue recognised management is required to make estimates of each contract's outcome and stage of completion. Management assesses the profitability of ongoing contracts at least monthly. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. The Group's revenue recognition policy is given below. A detailed review of income accrued on all schemes is performed regularly to ensure all balances are recoverable.

Taxation

To complete provisions for taxation, estimates have been applied. These estimates involve assessing the probability that deferred tax assets resulting from deductible temporary differences and tax losses can be utilised to offset taxable income (see Notes 5 and 9).

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 April each year.

Intra-group transactions, balances, income and expenses are eliminated fully on consolidation. Intra-group losses are eliminated except to the extent that they provide evidence of impairment of the asset transferred. Control is achieved where Ashley House plc has the power to directly or indirectly govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to bring the accounting policies used in line with those used by the Group.

The financial statements of joint ventures have been incorporated into the Group's consolidated financial statements using the equity accounting method.

Investment in joint ventures and associates

The Group accounts for investments in joint ventures and associates under the equity accounting method. Investments in joint ventures and associates are carried in the consolidated balance sheet at the Group's share of their net assets at the date of acquisition and of their post-acquisition retained profits or losses, less any distributions received. The resulting balance is reviewed for impairment at least annually. The consolidated statement of comprehensive income shows the Group's share of the joint ventures net profit or loss for the period under share of results from joint ventures.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, rebates and discounts. Revenue from long-term contracts is detailed below.

Construction contracts

Construction contract revenues are recognised in accordance with IAS 11 under the percentage of completion method. Where the outcome of a construction contract can be reliably estimated, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally assessed by management by taking into consideration all the information available at the balance sheet date. The Group's construction contracts usually define milestone payments for the project work to be carried out. The maximum amount of revenue to be recognised for each milestone is determined by estimating relative contract fair values of each project phase. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred and where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected total loss is recognised as an expense immediately.

Design and development fees

Design and development fees are recognised in accordance with IAS 18. Where the outcome of a design and development contract can be estimated reliably and it is probable that the contract will be profitable, revenue and cost are recognised as the service is provided. Where it is probable that total costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. In situations where the outcome cannot be estimated reliably, revenue is recognised only to the extent of costs incurred that are recoverable.

Asset management

Asset management fees relate to the provision of services to manage property assets. Revenue is recognised in accordance with IAS 18 as the service is provided.

Exceptional items

Exceptional items are defined as items of income and expenditure which are material and unusual in nature and which are considered to be of such significance that they require separate disclosure on the face of the consolidated statement of comprehensive income in accordance with IAS 1 (Revised 2007).

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment, other than freehold land, on the straight-line basis over their expected useful economic lives. The periods generally applicable are:

- office equipment, furniture and fixtures four years
- motor vehicles four years

The residual value and the useful life of each asset are reviewed at least at each financial year end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Leased assets

Leases where the third-party lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease. Associated costs, such as maintenance and insurance, are expensed as incurred. Lease incentives received are recognised in the statement of comprehensive income on a straight-line basis as an integral part of the total lease expense.

Leases where substantially all the risks and rewards of ownership are transferred to the lessee are classified as finance leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Impairment

Assets which have an indefinite useful life and are not subject to amortisation are tested for impairment at least annually. Other intangible assets and property, plant and equipment are reviewed for impairment whenever there is any indication that the carrying amount of the asset may not be recoverable. If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is assessed by discounting the estimated future cash flows that the asset is expected to generate. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, with the exception of goodwill where impairment cannot be reversed.

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Work in progress

Work in progress is valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completing the sale.

Financial instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are recognised initially at fair value plus transaction costs. Financial liabilities are recorded initially at fair value net of transaction costs.

Trade and other receivables

Trade and other receivables are initially recorded at fair value and subsequently measured at amortised cost as reduced by allowances for estimated irrecoverable amounts.

Financial liabilities and equity

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

Trade and other payables

Trade and other payables are not interest-bearing and are stated at their nominal value.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Interest-bearing borrowings

Interest-bearing borrowings are initially recognised at fair value less attributable costs. In subsequent years, the carrying amount is stated at amortised cost obtained using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Income taxes

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for on temporary differences using the liability method, with deferred tax liabilities generally being provided for in full and deferred tax assets being recognised to the extent that it is judged probable that future taxable profit will be available against which the temporary differences can be utilised and where the timing of such utilisation can be judged with reasonable accuracy.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board, at which level strategic decisions are made.

Share-based payments

The Company issues equity-settled share-based payments to the executive directors and certain senior managers in the form of share options. The Company has applied the requirements of Financial Reporting Standard (FRS) 20 Share-based payment. Equity-settled share-based payments are measured at fair value at the date of grant. Options are valued using a Monte Carlo simulation. The fair value determined at the grant date of the equity-settled, share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that are expected to vest, updated at each balance sheet date.

New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and had not yet been adopted by the EU:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IAS 16 and IAS 38 (amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
IAS 19 (amendments)	Defined Benefit Plans: Employee Contributions
IAS 27 (amendments)	Equity Method in Separate Financial Statements
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Annual Improvements to IFRSs: 2010-2012	Amendments to: IFRS2: Share-based Payments, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets.
Annual Improvements to IFRSs: 2011-2013	Amendments to: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property.
Annual Improvements to IFRSs: 2012-2014 Cycle	Amendments to: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 will impact both the measurement and disclosures of financial instruments and IFRS 15 may have an impact on revenue recognition and related disclosures. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 and IFRS 15 until a detailed review has been completed.

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FOR THE YEAR ENDED 30 APRIL 2015

1 Revenue and business segments

The Group operates entirely in design, construction management and management services in the United Kingdom.

Business segments

Principal activities are as follows:

- design and construction management; and
- management services.

These divisions are the basis on which the Group reports its primary segment information.

Segment reporting is presented in respect of the Group's business segments. The reporting is based on the Group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses, cash, borrowings and current and deferred tax balances.

Segment information is presented below:

2015	Design and Construction management £000	Management services £000	Consolidated £000
Revenue	**7,792**	**592**	**8,384**
There are no inter-segment sales. All revenue is from external customers.			
Result			
Segment result	(457)	440	(17)
Unallocated corporate expenses			(3,357)
Loss from operations			(3,374)
Unallocated depreciation and impairment			(7,645)
Interest receivable			1
Interest payable			(868)
Loss before exceptional items and taxation			(11,886)
Exceptional items			—
Loss before taxation			(11,886)
Tax charge			(16)
Loss after tax			**(11,902)**

2015	Design and Construction management £000	Management services £000	Consolidated £000
Balance sheet			
Assets			
Segment assets	8,989	61	9,050
Unallocated corporate assets			3,786
Consolidated total assets			**12,836**
Liabilities			
Segment liabilities	(7,701)	(58)	(7,759)
Unallocated corporate liabilities			(1,527)
Consolidated total liabilities			**(9,286)**

1 Revenue and business segments (continued)

2014	Design and Construction management £000	Management services £000	Consolidated £000
Revenue	7,614	723	8,337
There are no inter-segment sales. All revenue is from external customers.			
Result			
Segment result	161	546	707
Unallocated corporate expenses			(3,319)
Loss from operations			(2,612)
Unallocated depreciation and impairment			(1,793)
Interest receivable			8
Interest payable			(80)
Loss before exceptional items and taxation			(4,477)
Exceptional items			(230)
Loss before taxation			(4,707)
Tax credit			529
Loss after tax			(4,178)

2014	Design and Construction management £000	Management services £000	Consolidated £000
Balance sheet			
Assets			
Segment assets	18,123	287	18,410
Unallocated corporate assets			2,777
Consolidated total assets			21,187
Liabilities			
Segment liabilities	(2,310)	(10)	(2,320)
Unallocated corporate liabilities			(3,424)
Consolidated total liabilities			(5,744)

During the year the Group's main customer was Coal Pension Properties Limited. During the year the Group made total sales to Coal Pension Properties Limited of £4,363,000 with £342,000 due at the year end. These sales represent 52% of total revenue and are included within Design and Construction management.

2 Exceptional items

	2015 £000	2014 £000
Exceptional items – restructuring	**—**	230

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FOR THE YEAR ENDED 30 APRIL 2015

3 Operating loss

	2015 £000	2014 £000
Operating loss is arrived at after charging:		
Rental of premises – operating leases	156	158
Staff costs (see Note 4)	2,576	2,704
Auditor's remuneration (see below)	83	87
Exceptional items (see Note 2)	—	230
Depreciation (see Note 7)	66	71
Loss on disposal of property, plant and equipment	24	—

	2015 £000	2014 £000
Auditor's remuneration:		
Fees payable for the audit of the Group's annual accounts	54	57
Fees payable for the audit of the Group's subsidiaries	11	11
Total audit fees	65	68
Taxation compliance	15	19
Other taxation advisory services	3	—
Total non-audit fees	18	19
Total fees	83	87

4 Directors and employees

Staff costs during the year for the Group were as follows:

	2015 £000	2014 £000
Wages and salaries	2,225	2,348
Social security costs	266	286
Pension costs – defined contribution scheme	85	70
	2,576	2,704

The average number of employees of the Group during the year ended 30 April 2015 was 42 (2014: 44). The number of employees of the Group at 30 April 2015 was 40 (2014: 41), including four remunerated directors (2014: five). The directors believe no further categorisation is appropriate.

Directors' emoluments amounted to £462,000 (2014: £607,000). Further details of emoluments paid to directors, including details of the highest paid director, are contained in the Remuneration Committee report on pages 39 to 40. The directors are deemed to be key management. Pension contributions of £15,000 were made in respect of the directors during the year ended 30 April 2015 (2014: £14,000).

5 Tax charge/(credit)

A reconciliation from the standard rate of corporation tax in the UK of 20% (2014: 23%) to the actual rate is as follows:

	2015 £000	2014 £000
Loss before tax	**(11,886)**	(4,707)
Loss multiplied by standard rate of corporation tax in the UK of 20% (2014: 23%)	**(2,378)**	(1,083)
Expenses not deductible for tax purposes	**1,515**	402
Depreciation in excess of capital allowances	**10**	5
Income tax paid	**16**	6
Effect of tax rate changes	**(158)**	141
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	**1,011**	—
Tax charge/(credit) for year	**16**	(529)

Comprising:		
Current income tax	**16**	6
Deferred tax	**—**	(535)
Total tax charge/(credit) for year	**16**	(529)

6 Earnings per ordinary share

The calculation of the basic earnings per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year.

	2015				2014			
	Adjusted EBITDA £000	**Loss £000**	**Weighted average number of shares**	**Per share amount pence**	Adjusted EBITDA £000	Loss £000	Weighted average number of shares	Per share amount pence
Basic and diluted loss per share		**(11,902)**	**58,319,755**	**(20.41)p**		(4,178)	58,319,755	(7.16)p
Loss per share based on adjusted EBITDA*	**(3,390)**		**58,319,755**	**(5.81)p**	(2,068)		58,319,755	(3.55)p

* Adjusted EBITDA = EBITDA before exceptionals and impairment plus income tax (charge)/credit.

No dividend was paid in the year ended 30 April 2015 (2014: £nil).

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FOR THE YEAR ENDED 30 APRIL 2015

7 Property, plant and equipment

The carrying amounts of property, plant and equipment for the periods presented in the Group's consolidated financial statements as at 30 April 2015 are reconciled as follows:

	Office equipment, furniture and fixtures £000	Motor vehicles £000	Total £000
Cost			
As at 1 May 2014	**224**	**52**	**276**
Additions	**122**	**—**	**122**
Disposals	**(166)**	**—**	**(166)**
As at 30 April 2015	**180**	**52**	**232**
Accumulated depreciation			
As at 1 May 2014	**162**	**24**	**186**
Charge for the year	**53**	**13**	**66**
Disposals	**(142)**	**—**	**(142)**
As at 30 April 2015	**73**	**37**	**110**
Carrying amount at 30 April 2015	**107**	**15**	**122**

	Office equipment, furniture and fixtures £000	Motor vehicles £000	Total £000
Cost			
As at 1 May 2013	660	52	712
Additions	—	11	11
Disposals	(436)	(11)	(447)
As at 30 April 2014	224	52	276
Accumulated depreciation			
As at 1 May 2013	537	25	562
Charge for the year	61	10	71
Disposals	(436)	(11)	(447)
As at 30 April 2014	162	24	186
Carrying amount at 30 April 2014	62	28	90

8 Joint ventures and associates

The Group has the following joint ventures and associates which are all incorporated in England and Wales:

	Proportion held
Infracare Group Limited	100% (A shares)
AHBB ELL Holdings Limited	100% (A shares)
AHBB LHIL Holdings Limited	100% (A shares)
IPC Plus Limited	50%
Wilco Plus Limited	50%
Best Practice (South of England) Limited	40%
Portsmouth Health Limited	33%
AHLP Pharmacy Limited	25%

Infracare Group Limited, AHBB ELL Holdings Limited, AHBB LHIL Holdings Limited

These companies operate in the NHS LIFT (Local Improvement Finance Trust) arena. The companies are public private partnerships which provide purpose-built premises for health and local authority services in England. The companies are jointly held and controlled with Amber Infrastructure Group (Amber). The Group owns 100% of the "A" shares in these companies, which gives control of development activities. Amber owns 100% of the "B" shares which gives control of investment activities and entitles them to protect existing income streams from underlying investments and gives them the right to future investment opportunities from the NHS LIFT pipeline of projects. These companies do not trade but hold interests in underlying NHS LIFT companies:

Infracare Group Limited	Bristol Infracare LIFT Limited
	Oxford Infracare LIFT Limited
	Dudley Infracare LIFT Limited
AHBB ELL Holdings Limited	East London LIFT Investments Limited
AHBB LHIL Holdings Limited	Lift Healthcare Investments Limited

Whilst geographically diverse, the above companies all provide identical services to their respective NHS bodies and are managed as one investment by the Group, and therefore form one Cash Generating Unit. These investments are presented below in aggregate as LIFTCos.

The Group jointly controls IPC Plus Limited and Wilco Plus Limited with groups of General Practitioners. These entities are engaged in providing clinical services in West Sussex and Wiltshire respectively.

The Group also owns a share in Best Practice (South of England) Limited which provides a healthspace facility for use by local healthcare practitioners in Hampshire. The company is owned with two General Practitioners.

The Group also owns a share in Portsmouth Health Limited which provides clinical services in Hampshire. The company is owned with a group of General Practitioners and management.

Impairment

The Group conducted an impairment review of its investments in joint ventures at 30 April 2015.

The carrying value of the LIFTCo investment was assessed against the discounted future cash flows expected to be generated by that asset. The expected future cash flows are taken from the Board's latest projections which cover the period to 30 April 2018, extrapolated to cover the remaining life of the arrangement. The Board has assumed that cash flows remain flat from 2019 onwards. The expected future cash flows are discounted using the Group's weighted average cost of capital of 13.9% (2014: 13.8%). The expected future cash flows consider the following factors: management's expectations, based on historic experience and current knowledge of the marketplace; both industry specific and national expected growth rates; continued political uncertainty in the UK health sector.

As a result of these considerations, the asset has been impaired by £7,555,000. The Board has assessed that, whilst it anticipates the LIFT arrangements may still have value at the end of their exclusivity periods, it is prudent to revise the useful economic life to 9.5 years, the average remaining period of exclusivity. The recoverable amount of the LIFTCo investment is held at value in use.

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8 Joint ventures and associates (continued)

Investments in joint ventures

	2015 £000	2014 £000
LIFTCos	**2,223**	9,778
Other joint ventures	**77**	212
	2,300	9,990
Movement in joint ventures in the reporting period:		
Balance at 1 May	**9,990**	11,737
Share of total comprehensive income	**199**	188
Impairment charge	**(7,555)**	(1,722)
Reclassification from debtors	**—**	(8)
Dividends received	**(334)**	(205)
Balance at 30 April	**2,300**	9,990
Share of comprehensive income from joint ventures:		
LIFTCos	**—**	—
Other joint ventures	**199**	188
	199	188

Summarised statement of financial position

	2015 £000 LIFTCos	2014 £000 LIFTCos
Non-current assets	**283,365**	272,936
Cash and cash equivalents	**33,873**	35,803
Other current assets	**52,899**	42,958
Total current assets	**86,772**	78,761
Total assets	**370,137**	351,697
Current liabilities	**(19,317)**	(24,552)
Non-current liabilities	**(349,968)**	(330,947)
Total liabilities	**(369,285)**	(355,499)
Net assets/(liabilities)	**852**	(3,802)

8 Joint ventures and associates (continued)

Summarised statement of total comprehensive income

	2015 £000 LIFTCos	2014 £000 LIFTCos
Revenue	**10,267**	22,523
Interest income	**3,515**	1,032
Interest expense	**(8,387)**	(11,791)
Profit before tax	**1,024**	1,748
Income tax expense	**(116)**	(311)
Profit after tax	**908**	1,437
Total comprehensive income	**908**	1,437

Reconciliation of share of net assets/(liabilities) to carrying amount

	2015 £000 LIFTCos	2014 £000 LIFTCos
Group share of net assets/(liabilities)	**852**	(3,803)
Assets/(liabilities) relating to “B” shareholding	**(852)**	3,803
Cost of investment less cumulative impairment	**2,223**	9,778
Carrying amount of investment in joint venture	**2,223**	9,778

9 Deferred tax

	2015 £000	2014 £000
Deferred tax asset – Corporation tax losses		
As at 1 May	**1,400**	865
Deferred tax asset recognised	**—**	535
As at 30 April	**1,400**	1,400

At the balance sheet date, the Group has unused tax losses of £12,358,000 (2014: £8,410,000) available for offset against future profits. A deferred tax asset has been recognised in respect of £7,000,000 (2014: £6,799,000) of the parent company’s trading losses, which the Company expects to recover against future taxable profits. No deferred tax asset has been recognised in respect of tax losses in both the parent company and its subsidiary companies totalling £5,358,000 (2014: £1,611,000).

10 Other receivables

	2015 £000	2014 £000
Amounts due from associated companies	**807**	—

In July 2015 Ashley House plc sold its interest in Best Practice (South of England) Limited (‘Best Practice’) to Portsmouth Health Limited for consideration of £1. All amounts due to Ashley House from Best Practice have been incorporated in a formalised loan, for which Portsmouth Health Limited is guarantor. The loan is interest free for the first four years, and management expects it to be repaid within this timeframe. Amounts outstanding after four years will attract interest at 4% per annum above HSBC base rate. Amounts due from Best Practice totalled £1,213,000 at 30 April 2015, and have been reclassified to non-current receivables. The future cashflows expected to be received from this asset have been discounted to present value at the Group’s weighted average cost of capital of 13.90%. The resultant discount of £406,000 is included within interest payable.

11 Work in progress

	2015 £000	2014 £000
Work in progress	**4,296**	2,781

Work in progress is land held at the lower of cost and net realisable value at the balance sheet date. The cost of work in progress recognised as an expense during the year was £nil. Work in progress with a carrying amount of £3,690,000 has been pledged as security against the Group’s borrowings (see Note 15).

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FOR THE YEAR ENDED 30 APRIL 2015

12 Trade and other receivables

	2015 £000	2014 £000
Trade receivables	**665**	285
Amounts recoverable on contracts	**1,511**	5,110
Retentions held on contracts	**356**	248
VAT recoverable	**125**	81
Prepayments and other debtors	**398**	1,104
	3,055	6,828

Trade receivables

Trade and other receivables at the balance sheet date comprise amounts receivable from design and construction management and management services. The directors consider that the carrying amount of trade and other receivables approximates to their fair value due to their short-term nature. The average credit period taken is 23 days (2014: 10 days).

The following table provides analysis of trade receivables that were past due at 30 April 2015 but not impaired. Management believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers. The payment position of past due trade receivables is regularly reviewed and actively managed.

Trade receivables past their due date are summarised as follows:

	2015 £000	2014 £000
Past due up to 30 days	**32**	21
Past due 31–90 days	**—**	29
Past due over 90 days	**27**	95
Trade receivables past due	**59**	145

13 Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	**856**	98

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Total cash and cash equivalents are used for the statement of Group cash flows. The carrying amount of these assets approximates to their fair value.

The cash balances held by the Group at the bank are held within current accounts and earn interest of 0.25% (2014: 0.25%) per annum below the Lloyds Bank base rate, which at 30 April 2015 was 0.50% (2014: 0.50%).

14 Trade and other payables

	2015 £000	2014 £000
Trade payables	**1,167**	1,280
Taxation and social security payables	**72**	86
Other payables	**702**	696
Deferred income	**2,203**	151
Retentions held on contracts	**364**	306
Accrued expenses	**1,747**	1,576
	6,255	4,095

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 39 days (2014: 46 days).

The directors consider that the carrying amount of trade payables approximates to their fair value due to their short-term non-interest bearing nature.

15 Bank borrowings and overdrafts

	2015 £000	2014 £000
Current		
Loan – AH Scarborough Health Park Limited	**883**	167
Total current borrowings	**883**	167
Non-current		
Loan – Ashley House plc	**2,000**	600
Loan – AH Scarborough Health Park Limited	**—**	882
Total non-current borrowings	**2,000**	1,482
Total borrowings	**2,883**	1,649

The Group has available to it a £500,000 overdraft facility provided by Lloyds Banking Group. The facility was not utilised at either 30 April 2015 or 30 April 2014. Interest on the facility is chargeable at a variable rate of 6.00% (2014: 5.00%) per annum over the bank's base rate, which at 30 April 2015 was 0.50%. The facility is repayable on demand and is secured by a floating charge over the Group's assets.

AH Scarborough Health Park Limited, a wholly-owned subsidiary company, has borrowings of £883,000 (2014: £1,049,000) relating to a term loan with Lloyds Banking Group. Interest on the facility is chargeable at a variable rate of 4.00% (2014: 4.00%) per annum over the bank's base rate, which at 30 April 2015 was 0.50%. The loan is currently being repaid over the period to February 2019 but is technically due on demand and therefore has been reclassified to current liabilities. Security comprises a first charge over the 3.7 acre site, held in work in progress at a fair value of £2,476,000, and a guarantee from Ashley House plc.

Ashley House plc holds a £2,000,000 development finance loan with Novus Lending Limited, a company administered by Rockpool Investments LLP. The loan is fully drawn and the facility is in place until 6 August 2016 (£740,000) and 23 November 2016 (£1,260,000) and is secured by a charge over certain of the Group's assets, and a second charge over the land owned by AH Scarborough Health Park Limited.

16 Provisions

	2015 £000	2014 £000
Onerous lease provision	**148**	—
	148	—

	2015 £000	2014 £000
Current	**31**	—
Non-current	**117**	—
	148	—

Onerous lease provisions are recognised in respect of leases held for properties which are not occupied or utilised. At 30 April 2015 the Group held one such lease (2014: none) with an unexpired lease term of 7 years. The provision for onerous lease costs represents management's best estimate of the present value of future lease payments that the Group is obliged to make under non-cancellable leases.

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17 Financial instruments

Capital management

The business model operated by the Group is not particularly capital intensive. Construction projects are not typically owned and therefore there is little timing difference between payment and income during the construction phase. Design and development income is not normally receivable until the scheme achieves financial close and therefore brings with it a working capital requirement for the design work and overheads required to reach this position.

The Group seeks to be flexible when designing solutions for its customers, and therefore schemes, particularly those in the Group's new markets, can involve payment in full from the investor only when the project is complete. In order to manage the impact such developments have on the Group's working capital, the Group will arrange development finance for such projects where it is commercially viable to do so. Ashley House plc holds a £2,000,000 development facility with Novus Lending Limited which is fully drawn and is in place until 6 August 2016 (£740,000) and 23 November 2016 (£1,260,000).

Ashley House plc holds a £500,000 overdraft facility with Lloyds Banking Group, which is secured by a floating charge over the Group's assets.

Categories of financial instruments

Financial liabilities and assets included in the balance sheet relate to the following IAS 39 categories:

	2015			2014		
	Other financial liabilities £000	Non-financial liabilities £000	Total for balance sheet heading £000	Other financial liabilities £000	Non-financial liabilities £000	Total for balance sheet heading £000
Balance sheet headings – liabilities						
Trade payables	1,167	—	1,167	1,280	—	1,280
Accrued expenses	1,747	—	1,747	1,576	—	1,576
Retentions held on contracts	—	364	364	—	306	306
Deferred income	—	2,203	2,203	—	124	124
Other payables	702	—	702	723	—	696
Taxation and social security payables	—	72	72	—	86	86
Borrowings	2,883	—	2,883	1,649	—	1,649
Provisions	148	—	148	—	—	—
Total	6,647	2,639	9,286	5,228	516	5,744

	2015			2014		
	Loans and receivables £000	Non-financial assets £000	Total for balance sheet heading £000	Loans and receivables £000	Non-financial assets £000	Total for balance sheet heading £000
Balance sheet headings – assets						
Amounts due from associated companies	807	—	807	—	—	—
Cash and cash equivalents	856	—	856	98	—	98
Trade receivables	665	—	665	285	—	285
Amounts recoverable on contracts	1,511	—	1,511	5,110	—	5,110
Retentions held on contracts	—	356	356	—	248	248
VAT recoverable	—	125	125	—	81	81
Prepayments and other debtors	—	398	398	—	1,104	1,104
Total	3,839	879	4,718	5,493	1,433	6,926

All of the Group's financial assets and liabilities are held at amortised cost. The directors are of the opinion that there is no material difference between the book value and the fair value of any of the Group's assets or liabilities.

17 Financial instruments (continued)

Financial risk management

The Group's financial instruments comprise cash resources and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest fluctuation risk.

The Group operates solely in pounds sterling and therefore has no exchange rate risk.

The Board reviews and determines policies for managing each of these risks and they are summarised below. These policies have been consistently applied throughout the period.

Credit risk

Credit risk is the risk that the counterparty will fail to discharge its obligation.

The Group's principal financial assets are bank balances and trade and other receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is attributable to its trade receivables of £665,000 (2014: £285,000) and amounts recoverable on contracts balances of £1,511,000 (2014: £5,110,000). The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and management's assessment of the current economic environment.

The Group's main customer during the year is set out in Note 1.

New customers are subject to a credit assessment before entering into transactions, using external credit reference agencies where available, obtaining trade references and by reviewing their current financial position, past experience and other factors. Credit limits are reviewed on an ongoing basis and are subject to senior management overview. The payment position of past due trade receivables is regularly reviewed and actively managed. No collateral is held by the Group in relation to its financial assets.

Liquidity risk

Amounts recoverable on contracts relate to projects ongoing as at 30 April 2015. Some of the balances have not yet been invoiced in the post-balance sheet period. Management believes that the balances are recoverable based on their ongoing review of the current status of each project and the current financial status of each customer.

The Group obtains sufficient liquidity at all times by efficient cash management and by ensuring that only creditworthy customers are engaged with.

The table below analyses the Group's financial liabilities into relevant maturity groupings based upon the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows, inclusive of expected interest payments.

At 30 April 2015	Up to 1 year £000	1–2 years £000	2–5 years £000	More than 5 years £000	Total £000	Total discount £000	Carrying value £000
Non-derivative financial liabilities							
Borrowings	**1,083**	**2,091**	**—**	**—**	**3,174**	**(291)**	**2,883**
Trade and other payables	**3,616**	**—**	**—**	**—**	**3,616**	**—**	**3,616**
Provisions	**33**	**33**	**100**	**54**	**220**	**(72)**	**148**
	4,732	**2,124**	**100**	**54**	**7,010**	**(363)**	**6,647**
Discount	**(202)**	**(97)**	**(36)**	**(28)**	**(363)**		
Carrying value	**4,530**	**2,027**	**64**	**26**	**6,647**		

At 30 April 2014	Up to 1 year £000	1–2 years £000	2–5 years £000	More than 5 years £000	Total £000	Total discount £000	Carrying value £000
Non-derivative financial liabilities							
Borrowings	264	256	1,376	—	1,896	(247)	1,649
Trade and other payables	3,579	—	—	—	3,579	—	3,579
	3,843	256	1,376	—	5,475	(247)	5,228
Discount	(97)	(81)	(69)	—	(247)		
Carrying value	3,746	175	1,307	—	5,228		

FINANCIAL STATEMENTS

Notes to the financial statements continued

FOR THE YEAR ENDED 30 APRIL 2015

17 Financial instruments (continued)

At 30 April 2015	Up to 1 year £000	1–2 years £000	2–5 years £000	More than 5 years £000	Total £000	Total discount £000	Carrying value £000
Non-derivative financial assets							
Amount due from associated companies	—	115	1,098	—	1,213	(406)	807
Cash and cash equivalents	856	—	—	—	856	—	856
Trade receivables	665	—	—	—	665	—	665
Amounts recoverable on contracts	1,511	—	—	—	1,511	—	1,511
	3,032	115	1,098	—	4,245	(406)	3,839
Discount	—	(26)	(380)	—	(406)		
Carrying value	3,032	89	718	—	3,839		

As at 30 April 2014 the Group had no discounted financial assets.

Interest rate risk

Details of the Group's overdraft and loan liabilities, security given and interest rate exposure are set out in Note 15.

The Group is therefore exposed to fluctuations in the bank base rates. The Group seeks to minimise such risk by entering into fixed interest rate arrangements where it is financially viable to do so. The Group does not undertake interest rate hedging on its general borrowings and only considers undertaking interest rate hedging for project-specific term loans.

18 Share capital

	2015 £000	2014 £000
Allotted, called up and fully paid		
58,319,755 (2014: 58,319,755) ordinary shares of 1 pence each	583	583

The ordinary shares have full voting rights and are entitled to receipt of dividends.

	Number of shares
At 1 May 2013, 30 April 2014 and 30 April 2015	58,319,755

Share options

The Company operates an equity-settled share option scheme under which it has granted share options to its executive directors and certain senior managers. Those outstanding at 30 April 2015 are set out below:

J Holmes	1,100,000
A J Walters	1,000,000
Senior management	1,125,000
Total	3,225,000

The options were granted in September 2013 and have an exercise price of 15p. The options will not become exercisable unless and until the Company's share price equals or exceeds 37p for a period of at least 20 consecutive workings days on or before 20 May 2016, and upon exercise is at or above the 37p threshold. The share price as at 30 April 2015 was 3.88p.

A fair value of each option was calculated as 1.14p, using a Monte Carlo simulation. The key assumptions used in this calculation were an expected life of 2.64 years; a risk free rate of return of 0.65%; and expected share price volatility of 25% based upon the historical median 50-day volatility of the share price over a period commensurate with the expected life of the options.

The Company recognised expenses of £9,000 (2014: £13,000) related to equity-settled share based payment schemes.

19 Share premium

	2015 £000	2014 £000
At 1 May	—	34,996
Cancelled by special resolution	—	(34,996)
At 30 April	—	—

At the Company's Annual General Meeting, held on 29 July 2013, a special resolution proposing the cancellation of the share premium account was passed by the Company's members. This resolution was heard in court in October 2013, being passed and becoming effective upon conclusion of the last hearing on 23 October 2013.

Upon adoption of the resolution, the Company's share premium and retained earnings were transferred to a special reserve (see Note 20), against which any future losses will be offset. Details are set out in the consolidated statement of changes in equity.

20 Other reserves

	Special reserve £000	Share-based payment reserve £000
At 1 May 2014	12,110	13
Transfer of losses of Ashley House plc for year ended 30 April 2015	(8,619)	—
Share-based payment charge	—	9
At 30 April 2015	**3,491**	**22**

	Special reserve £000	Share-based payment reserve £000
At 1 May 2013	—	—
Transfer of share premium to special reserve	34,996	—
Transfer of accumulated losses of Ashley House plc at 30 April 2013	(18,986)	—
Transfer of losses of Ashley House plc for year ended 30 April 2014	(3,900)	—
Share-based payment charge	—	13
At 30 April 2014	12,110	13

During the year a special resolution was passed in court allowing the Company's retained earnings to be transferred from the share premium account to the special reserve (see Note 19).

21 Capital commitments

The Group did not have any capital commitments at 30 April 2015 or 30 April 2014.

22 Operating lease arrangements

The Group as lessee

At the balance sheet date the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 £000	2014 £000
Less than one year	**101**	139
Between one and five years	**89**	282
Five years or more	**72**	174
	262	595

Lease payments recognised as an expense during the year amount to £156,000 (2014: £158,000).

The Group has operating lease commitments for certain offices. The Group also holds a ten year lease in respect of accommodation at medical facilities in Tyne & Wear. This lease expires in December 2023 with annual rental payable of £20,000. The accommodation will be sublet and the directors are confident that lease costs will be fully recouped over the duration of the lease.

Operating lease agreements do not contain any contingent rent clauses. None of the operating lease agreements contain renewal or purchase options or any restrictions. The leases may be renewed when due.

Ashley House plc acts a lease guarantor on behalf of Best Practice (South of England) Limited, an associate company, for a 25 year lease it holds in respect of medical facilities at a property in Hampshire. Annual rental payable under this lease, which expires in March 2037, is £189,500. The accommodation is sublet to various medical practitioners and the directors are confident that lease costs will be fully recouped over the duration of the lease.

FINANCIAL STATEMENTS

Notes to the financial statements continued

FOR THE YEAR ENDED 30 APRIL 2015

23 Contingent liabilities

Under the terms of a loan facility held with Lloyds Banking Group to AH Scarborough Health Park Limited for £883,000 (2014: £1,049,000) (see Note 15), the Group provided a corporate guarantee for a principal amount of £1,800,000 plus interest and other costs, secured on the land.

24 Related party transactions

During the year the Group and Company traded with the following related parties:

Transactions

	Sale of goods and services		Purchase of goods and services	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Joint ventures	**1,525**	1,152	**—**	—
Other related parties	**9**	634	**—**	92

The Group earned income of £9,000 (2014: £634,000) from companies owned by Invescare Limited. Investors in Invescare Limited include Stephen Minion, Non-executive Deputy Chairman of Ashley House plc. Stephen also sits on the board of Invescare. Neither Stephen nor any other director of Ashley House plc, alone or in combination, owns more than 20% of Invescare Limited.

All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

Balances

	Amounts owed by related parties		Amounts owed to related parties	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Joint ventures	**70**	188	**—**	—
Joint ventures – loans	**807**	793	**655**	655
Other related parties	**2**	89	**—**	13

Details of directors' remuneration, who are the key management personnel of the Group, can be found in Note 4 and the Remuneration Committee report.

25 Control

Ashley House plc, a company registered in England and Wales, is the ultimate parent company of the Group.

FINANCIAL STATEMENTS

Remuneration Committee report

Unaudited information

Remuneration Committee statement

The Group's policy on Executive directors' remuneration is to:

- attract and retain high quality executives by paying competitive remuneration packages relevant to each director's role, experience and the external market. The packages include contributions to private medical insurance; and
- give incentive to directors to maximise shareholder value through a long-term reward approach, mainly through the award of shares, which are not exercisable immediately, against key performance indicators.

The Remuneration Committee has only needed to meet once during the year to confirm director pay and conditions following the change in responsibilities of the Executive directors. The Committee will reconsider remuneration for Executive directors in line with the Board's approval of the business plan for 2015–2018 over the coming months.

Service agreements

No director has a service agreement with a notice period that exceeds three months.

Audited information

Directors' remuneration

		Salaries, fees and benefits 2015 £	Group pension contributions 2015 £	Total 2015 £	Salaries, fees and benefits 2014 £	Group pension contributions 2014 £	Total 2014 £
J Holmes		181,025	7,151	188,176	202,453	6,667	209,120
A J Walters		165,946	6,548	172,494	147,435	4,833	152,268
R Darch	(Executive Director until 4 August 2014)	26,519	—	26,519	145,000	—	145,000
D J M Hartshorne	(resigned 29 July 2013)	—	—	—	35,470	1,182	36,652
Executive		373,490	13,699	387,189	530,358	12,682	543,040
C P Lyons	(appointed 27 August 2013)	40,000	—	40,000	26,667	—	26,667
S G Minion		32,418	1,200	33,618	35,113	1,000	36,113
R Darch	(Executive Director until 4 August 2014)	16,398	—	16,398	—	—	—
A J Willetts		—	—	—	—	—	—
J L Moy	(appointed 19 December 2014)	—	—	—	—	—	—
Sir W Wells	(resigned 27 August 2013)	—	—	—	15,000	—	15,000
Non-executive		88,816	1,200	90,016	76,780	1,000	77,780
		462,306	14,899	477,205	607,138	13,682	620,820

S G Minion and related parties were paid an additional £71,000 for consultancy services provided for the year to 30 April 2015 (2014: £87,000).

The total employer's National Insurance for directors was £58,284 (2014: £76,953).

Remuneration Committee report continued

Directors' interests

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary share capital of Ashley House plc at 30 April 2015 according to the register of directors' interests:

	Number of shares of 1 pence held at 30 April 2015	Acquired during year	Number of shares of 1 pence held at 30 April 2014
R Darch	**38,000**	—	38,000
J Holmes	**2,088,736**	257,000	1,831,736
C P Lyons	**176,500**	125,000	51,500
S G Minion	**4,062,825**	150,000	3,912,825
J L Moy*	**4,000,000**	N/a	N/a
A J Walters	**579,000**	300,000	279,000

* J L Moy was appointed to the Board on 19 December 2014 at which point his shareholding was 4,000,000.

Interests in share options

The Company operates an equity-settled share option scheme under which it has granted share options to its executive directors and certain senior managers. The options granted are cancelled in the event of the option holder leaving the Company. The options held by directors at 30 April 2015 are set out below:

J Holmes	1,100,000
A J Walters	1,000,000

The options, which have an exercise price of 15p, will not become exercisable unless and until the Company's share price equals or exceeds 37p for a period of at least 20 consecutive workings days on or before 20 May 2016, and upon exercise is at or above the 37p threshold.

Market value of shares

Between 1 May 2014 and 30 April 2015 the shares traded in the range 3.75 pence to 11.75 pence. At 30 April 2015 the share price was 3.88 pence per share (2014: 11.75 pence per share).

Highest paid director

The Companies Act 2006 requires certain disclosures about the remuneration of the highest paid director taking into account emoluments, gains on exercise of share options and amounts receivable under long-term incentive schemes. On this basis, the highest paid director in the year was J Holmes and details of his remuneration are disclosed on page 39.

Stephen Minion

Chairman of the Remuneration Committee

Date: 6 October 2015

FINANCIAL STATEMENTS

Company balance sheet

AT 30 APRIL 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	2	**122**	90
Investments	3	**2,224**	9,779
Deferred tax asset	4	**1,400**	1,400
Other debtors	5	**807**	—
		4,553	11,269
Current assets			
Work in progress	6	**1,595**	80
Debtors	7	**5,476**	11,183
Cash at bank and in hand		**852**	96
		7,923	11,359
Creditors: amounts falling due within one year	8	**(6,232)**	(9,322)
Provisions	9	**(31)**	—
Net current assets		**1,660**	2,037
Creditors: amounts falling due in more than one year	10	**(2,000)**	(600)
Long term provisions	9	**(117)**	—
Total liabilities		**(8,380)**	(9,922)
Net assets		**4,096**	12,706
Capital and reserves			
Called up share capital	11	**583**	583
Share-based payment reserve	12	**22**	13
Special reserve	12	**3,491**	12,110
Profit and loss account	12	**—**	—
Shareholders' funds		**4,096**	12,706

The financial statements were approved by the Board of directors and authorised for issue on 6 October 2015.

They were signed on its behalf by:

Antony Walters
Chief Executive

Company number: 02563627

The accompanying accounting policies and notes form an integral part of these financial statements.

FINANCIAL STATEMENTS

Company principal accounting policies

FOR THE YEAR ENDED 30 APRIL 2015

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (UK GAAP) and under the historical cost convention and remain unchanged from the prior year. The principal accounting policies of the Company are set out below.

Turnover

Turnover comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Turnover is shown net of value added tax, rebates and discounts. The policy for turnover from long-term contracts is detailed below.

Construction contracts

Where the outcome of a contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally assessed by management by taking into consideration all the available information at the balance sheet date. The long-term contracts usually define milestone payments for the project work to be carried out. The maximum amount of revenue to be recognised for each milestone is determined by estimating relative contract fair values of each project phase. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred and where it is probable that they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Design fees and development fees

Where the outcome of a design and development contract can be estimated reliably and it is probable that the contract will be profitable, revenue and cost are recognised as the service is provided. Where it is probable that total costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. In situations where the outcome cannot be estimated reliably, revenue is recognised only to the extent of costs incurred that are recoverable.

The Company regularly reviews the recoverability of the amounts recognised but yet to be received. Where the Company does not believe the amount will be recovered in full, an immediate provision is made to reduce the accrued balance to the amount expected to be recovered.

Asset management

Asset management fees relate to the provision of services to manage the property assets. Revenue is recognised as the service is provided.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets, other than freehold land, on the straight-line basis over their expected useful economic lives. The periods generally applicable are:

- office equipment, furniture and fixtures — four years
- motor vehicles — four years

During the year, the Directors re-assessed and corrected the composition of tangible assets. The comparative period (year ended April 2014) have been restated to ensure presentation on a comparable basis with year ended April 2015. Whilst this adjustment impacts brought forward balances, there is no impact on net book value.

Investments

Investments in subsidiaries are included at cost, less any provision for amounts written off to the profit and loss account.

Work in progress

Work in progress is stated at the lower of cost and net realisable value.

Cash flow statement

The Company's results are included in the Group's consolidated financial statements. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) Cash Flow Statements.

Deferred taxation

Deferred tax is accounted for on temporary differences using the liability method, with deferred tax liabilities generally being provided for in full and deferred tax assets being recognised to the extent that it is judged probable that future taxable profit will be available against which the temporary differences can be utilised, and where the timing of such utilisation can be judged with reasonable accuracy.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

FINANCIAL STATEMENTS

Notes to the Company financial statements

FOR THE YEAR ENDED 30 APRIL 2015

1 Loss for the financial year

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Company's loss for the year after tax was £8,619,000 (2014: £3,900,000).

Details of directors' remuneration and employee costs are set out in Note 4 to the Group financial statements and in the Remuneration Committee report.

2 Tangible assets

	Restated Office equipment, furniture and fixtures £000	Restated Motor vehicles £000	Total £000
Cost			
At 1 May 2014	224	52	276
Additions	122	—	122
Disposals	(166)	—	(166)
At 30 April 2015	**180**	**52**	**232**
Depreciation			
At 1 May 2014	162	24	186
Charge for the year	53	13	66
Disposals	(142)	—	(142)
At 30 April 2015	**73**	**37**	**110**
Carrying amount at 30 April 2015	**107**	**15**	**122**
Carrying amount at 30 April 2014	62	28	90

3 Investments

	Subsidiary undertakings and joint ventures £000
At 1 May 2014	9,779
Impairment charge in the year	(7,555)
Carrying amount at 30 April 2015	**2,224**

The directors have considered the carrying value of the Company's investments as part of the impairment review of the associated intangible assets in the Group.

The Company has investments in the following subsidiaries and joint ventures, which are all incorporated in the United Kingdom, which principally affected the profits of the Group. To avoid statements of excessive length, details of investments which are not significant have been omitted.

	Nature of work	Class of share capital held	Proportion held
Subsidiaries			
Ashley House Clinical Services Limited	Management services	Ordinary shares of £1 each	100%
AH Scarborough Health Park Limited	Property development	Ordinary shares of £1 each	100%
Ashley House (Capital Projects) Limited	Property development	Ordinary shares of £1 each	100%
Joint ventures			
Ashley House plc			
AHLP Pharmacy Limited	Pharmacy	Ordinary shares of £1 each	25%
Ashley House Clinical Services Limited			
Best Practice (South of England) Limited	Management services	Ordinary shares of £1 each	40%
Portsmouth Health Limited	Management services	Ordinary shares of £1 each	33%
IPC Plus Limited	Management services	Ordinary shares of £1 each	50%
Wilco Plus Limited	Management services	Ordinary shares of £1 each	50%

Infracare Group Limited, AHBB ELL Holdings Limited, AHBB LHIL Holdings Limited

Details of this investment are given in Note 8 of the consolidated financial statements of the Group.

4 Deferred tax

The Company has recognised a deferred tax asset in respect of unused tax losses. Details are included in Note 9 of the consolidated financial statements of the Group.

5 Other debtors

	2015 £000	2014 £000
Amounts due from associated companies	**807**	—

In July 2015 Ashley House plc agreed to sell its interest in Best Practice (South of England) Limited ('Best Practice') to Portsmouth Health Limited for consideration of £1. All amounts due to Ashley House from Best Practice have been incorporated in a formalised loan for which Portsmouth Health Limited is guarantor. The loan is interest free for the first four years, and management expects it to be repaid within this timeframe. Amounts outstanding after four years will attract interest at 4% per annum above HSBC base rate. Amounts due from Best Practice totalled £1,213,000 at 30 April 2015, and have been reclassified to non-current receivables. The future cashflows expected to be received from this asset have been discounted to present value at the Group's weighted average cost of capital of 13.90%. The resultant discount of £406,000 is included within interest payable.

FINANCIAL STATEMENTS

Notes to the Company financial statements continued

FOR THE YEAR ENDED 30 APRIL 2015

6 Work in progress

	2015 £000	2014 £000
Land	**1,595**	80

7 Debtors

	2015 £000	2014 £000
Trade debtors	**496**	285
Amounts owed by Group undertakings	**2,455**	5,236
Amounts recoverable on contracts	**2,209**	5,341
Prepayments and other debtors	**316**	321
	5,476	11,183

Amounts owed by Group undertakings due in more than one year were £nil (2014: £nil).

8 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Trade creditors	**1,167**	1,265
Amounts owed to Group undertakings	**11**	5,978
Sundry creditors, VAT and taxation payables	**741**	90
Accrued expenses	**2,110**	1,868
Deferred income	**2,203**	121
	6,232	9,322

The Company has available to it an overdraft facility of £500,000 provided by Lloyds Banking Group. Interest on the facility is chargeable at a variable rate of 6.00% (2014: 5.00%) per annum over the bank's base rate, which at 30 April 2015 was 0.50%. The facility is repayable on demand and is secured by a floating charge over the Group's assets.

9 Provisions

	2015 £000	2014 £000
Onerous lease provision	**148**	—
	148	—

	2015 £000	2014 £000
Current	**31**	—
Non-current	**117**	—
	148	—

Onerous lease provisions are recognised in respect of leases held for properties which are not occupied or utilised. At 30 April 2015 the Group held one such lease (2014: none) with an unexpired lease term of 7 years. The provision for onerous lease costs represents management's best estimate of the present value of future lease payments that the Group is obliged to make under non-cancellable leases.

10 Creditors: amounts falling due in more than one year

	2015 £000	2014 £000
Other loans	**2,000**	600

11 Share capital

Details of the Company's share capital, options and warrants are included in Note 18 of the consolidated financial statements of the Group.

12 Reserves

	Share-based payment reserve £000	Special reserve £000	Profit and loss account £000	Total £000
At 1 May 2014	13	12,110	—	12,123
Loss for the year	—	—	(8,619)	(8,619)
Transfer of losses for the year ended 30 April 2015	—	(8,619)	8,619	—
Share-based payment charge	9	—	—	9
At 30 April 2015	**22**	**3,491**	**—**	**3,513**

No dividends were paid by the Company for either the year ended 30 April 2015 or the year ended 30 April 2014.

For more information about the nature and extent of the share-based payment arrangements, please see the accounting policies in the Group's financial statements.

13 Capital commitments

The Company did not have any capital commitments at 30 April 2015 or 30 April 2014.

14 Commitments under operating leases

Operating lease payments amounting to £114,000 (2014: £119,000) are due within one year. The leases to which these amounts relate expire as follows:

Land and buildings	**2015 £000**	2014 £000
In one year or less	**61**	9
Between one and five years	**20**	77
In five years or more	**33**	33
	114	119

15 Contingent liabilities

The Company's contingent liabilities are set out in Note 23 of the consolidated financial statements of the Group.

16 Related party transactions

The Company's related party transactions are set out in Note 24 of the consolidated financial statements of the Group. The Company is exempt under FRS 8 Related Party Disclosures from disclosing transactions with other Group undertakings on the grounds that the Company is included in its own published consolidated financial statements.

FINANCIAL STATEMENTS

Company information

Company registration number

02563627

Registered office

Unit 1
Barnes Wallis Court
Wellington Road
Cressex Business Park
High Wycombe HP12 3PS

Directors

C P Lyons	Non-executive Chairman
S G Minion	Non-executive Deputy Chairman
A J Walters	Chief Executive
J Holmes	Commercial Director
J L Moy	Non-executive director
A J Willetts	Non-executive director

Secretary

S Ronaldson

Nominated Adviser and Broker

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Slough
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Solicitors

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