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The Rehab Group

Directors' Report and Consolidated Financial Statements

Year Ended 31 December 2012

CONTENTS

DIRECTORS AND OTHER INFORMATION

Board of Directors

BW Kerr (RN) (Chairman)
A Heron (Vice Chairman)
HD Cashell (N)
P Cremin
D Doyle (R)
N Gildea (AN)
H Governey
L Hogan (ANR)

G Lambert
P Lydon
D Tallon
F Flannery (A)
J Smith

A – member of audit committee
R – member of remuneration committee
N – member of nominations committee

Secretary and Registered Office

K Poole
Roslyn Park
Sandymount
Dublin 4

Registered Number: 14800

Charity Number: CHY4940

Chief Executive

A Kerins

Solicitors

Ireland
McCann Fitzgerald
Riverside One
Sir John Rogerson's Quay
Dublin 2

UK
Withers Solicitors
16 Old Bailey
London EC4M 7EG

McClure Naismith
292 St Vincent Street
Glasgow
G25TQ

Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1

Bankers

Allied Irish Banks plc

Bank of Ireland

Barclays Bank plc

Royal Bank of Scotland

H.S.B.C.

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the group and parent company for the year ended 31 December 2012.

Directors' responsibilities for financial statements
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

Irish company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and the parent company and of the surplus or deficit of the group and parent company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting polices and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Irish Companies Acts 1963 to 2012 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Books of account
The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at Roslyn Park, Sandymount, Dublin 4.

Subsidiary companies
The information required by section 158 of the Companies Act, 1963 in respect of subsidiary companies is given at note 28 of the financial statements.

Principal activities
The Rehab Group is a not for profit organisation, which provides high quality education, training, development, employment, job creation and social care services for those experiencing social and economic exclusion.

In addition the Group engages in various fund-raising and commercial activities and lottery promotions in support of its main objective.

Business review and future developments
The results for the Group show a surplus for the year before exceptional item of €0.2m (2011 surplus: €2.0m). There were restructuring costs of over €0.9m in the year. The Group had net cash at year end of €17.6m versus net cash at 31 December 2011 of €18m. Net cash outflow before financing costs amounted to €0.6m versus an inflow of €1.1m in 2011.

The Rehab Group gave formal notice to the Trustees of its intention to cease its sponsorship of the defined benefit pension scheme in accordance with the scheme's rules. The Trustees have notified members of their decision to wind up the scheme with effect from 17 March 2013.

Following lengthy negotiations, a deed of compromise was signed with the company and the Trustees on 22 August 2013.

The business of the Group is quite diverse and complex however the directors believe there are opportunities for further growth and consolidation of services over the coming number of years both in Ireland and the UK.

DIRECTORS' REPORT - continued

Surplus and reserves	€'000
Group	
Balance at beginning of year	50,526
Surplus for the year after taxation	143
Exceptional curtailment gain in respect of pension scheme	51,909
Actuarial loss in respect of pension schemes	(27,133)
Revaluation of tangible assets	4
Foreign currency translation	312
Balance at end of year	75,761

Movement in reserves are disclosed in notes 18 and 19 to the accounts.

Principal risks and uncertainties
The current economic conditions are putting considerable pressure on all funders and this resulted in significant cuts in funding in 2012. We envisage further cuts in 2013. Management continue to work to improve and streamline structures for risk management, and the Group is committed to a culture of continuous improvement.

Key performance indicators
The directors of The Rehab Group manage the group's operations on a divisional basis. For this reason, the directors believe that analysis using key performance indicators for the group and the company is not necessary or appropriate for an understanding of the development, performance or position of the business of The Rehab Group.

The board received and formally approved a business plan and budget for 2013 at its meeting in December 2012.

The development, performance and position of the divisions of The Rehab Group, which includes the company, is discussed in the group's annual report which does not form part of this report.

Research and development
The Rehab Group continues to progress its research into best practice in the provision of its services. The drive to monitor and evaluate services has increased with information received from client feedback becoming an integral part of such evaluations.

Subsequent events
Other than as disclosed above, there have been no significant events affecting The Rehab Group since the year end.

DIRECTORS' REPORT - continued

Directors
The names of the persons who were directors at any time during the year ended 31 December 2012 are set out below. Unless indicated otherwise they served as directors for the entire year.

BW Kerr	(Chairman)
A Heron	(Vice Chairman)
B Keogh	(resigned 5 September 2012)
HD Cashell	
P Cremin	
D Doyle	
F Flannery	
N Gildea	
H Governey	
L Hogan	
G Lambert	
P Lydon	
ME Marren	(deceased 8 March 2013)
J Smith	
D Tallon	

Auditors
The auditors, PricewaterhouseCoopers, will be re-appointed in accordance with section 160(2) of the Companies Act, 1963.

On behalf of the board

30 September 2013

pwc

INDEPENDENT AUDITORS' REPORT THE MEMBERS OF THE REHAB GROUP

We have audited the group and parent company financial statements of the Rehab Group for the year ended 31 December 2012 which comprise the Group consolidated Income and Expenditure account, the Group Statement of Total Recognised Gains and Losses, the Group consolidated Balance Sheet of the Group, the parent company Balance Sheet, the Group consolidated Cash Flow Statement, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent 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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 in accordance with Generally Accepted Accounting Practice in Ireland of the state of the group's and of the parent company's affairs as at 31 December 2012 and of the group's surplus and cash flows for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2012.

INDEPENDENT AUDITORS' REPORT THE MEMBERS OF THE REHAB GROUP - continued

Matters on which we are required to report by the Companies Acts 1963 to 2012

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the parent company.
- The Parent Company Balance Sheet is in agreement with the books of account.
- In our opinion the information given in the Directors' Report 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 provisions in the Companies Acts 1963 to 2012 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

John Dunne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

30 September 2013

ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES

The significant accounting policies and estimation techniques adopted by the Group and parent company are as follows:

Basis of preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2012 and the European Communities (Companies: Group Accounts) Regulations, 1992. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland.

The consolidated financial statements of The Rehab Group incorporate the results of The Rehab Group and all of its subsidiaries, and its share of the results of associate and joint venture undertakings for the year ended 31 December 2012. The results of subsidiaries are included from the effective date of acquisition. Acquisition accounting principles are followed in respect of all subsidiaries acquired.

Historical cost convention

The financial statements are prepared under the historical cost convention modified by the revaluation of certain land and buildings.

Tangible fixed assets

Land and buildings, with the exception of leasehold properties and leasehold improvements, are recorded at valuation less accumulated depreciation since the date of the previous valuation. Leasehold properties and leasehold improvements are recorded at cost less accumulated depreciation.

Plant and machinery, fixtures and fittings, computer equipment and motor vehicles are stated at cost less accumulated depreciation.

Depreciation

Buildings are depreciated on a straight line basis at a rate of 2 - 4% per annum on both cost (without deduction of capital based grants) and valuation.

All other assets are depreciated on a straight line basis at such rates as will write off the cost of these assets over the period of their expected useful lives.

Grants

i) Grants from public authorities, the European Social Fund, and other agencies both in Ireland and the United Kingdom, are credited to the income and expenditure account in the year to which they relate.

ii) Grants received towards capital expenditure are treated as deferred credits, which are credited to the income and expenditure account on the same basis as the related fixed assets are depreciated.

iii) Grants are recognised when their receipt can be foreseen with virtual certainty.

Revenue

Turnover comprises fees for the provision of care, employment and training services and income from the sale of goods and services supplied by the Group's commercial enterprises and from fundraising activities and the sale of lottery products in support of its main objective.

With the following exceptions all revenue items are credited to the income and expenditure account for the year to which they relate:

- Income from fundraising activities is recorded in the income and expenditure account when the cash is received or the amount receivable has been determined with certainty.
- Income from the Charitable Lottery Fund is recognised on a cash receipts basis.

ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES - continued

Stocks

Stocks and work in progress have been valued at the lower of cost (which is comprised of suppliers' invoice price of materials) and net realisable value.

Net realisable value comprises the actual or estimated selling price (net of trade but before settlement discounts), less all costs to be incurred in marketing, selling and distribution.

Financial fixed assets

Investments in associated undertakings, where the Group has a long-term strategic interest, are recorded using the equity method of accounting. Under this method the Group's current year share of post-acquisition profits less losses is included in the income and expenditure account and added to the carrying value of the investments in the balance sheet.

The group's share of turnover and results of joint ventures, which are entities in which the group holds an interest on a long-term basis and which are jointly controlled by the group and one or more other ventures under a contractual arrangement, are equity accounted from the dates on which the joint venture agreements are finalised.

Interests in subsidiary undertakings are stated in the company's balance sheet at cost, less provision for any permanent diminution in value.

Accounting for partnership interests

These financial statements include the results of TBG Learning Limited, and its share of the results of the Rehab Jobfit LLP. In accordance with FRS 9, the group has included its share of assets, liabilities and profits from the 51% share held in Rehab Jobfit LLP. Rehab Jobfit LLP is a limited liability partnership between The Rehab Group, TBG'Learning Limited, and interserve PFI 2009 Limited. The partnership is jointly controlled by both parties. The Rehab Group has a 51% interest in the profits, assets and liabilities of the partnership. This interest has been assigned to TBG Learning Limited by The Rehab Group. TBG Learning Limited has been appointed to the partnership as a corporate member. The partnership remains under the joint control of The Rehab Group and Interserve PFI 2009 Limited. There is no restriction on the distribution of the partnership's profits and reserves.

Goodwill

Goodwill, representing purchased goodwill, being the difference of the cost of acquisition of new subsidiaries, joint ventures and associates over the fair value of the net tangible assets acquired, is capitalised as an intangible asset and amortised over a certain period. The period chosen is the directors' best estimate of the goodwill's useful life. Goodwill on acquisitions prior to the introduction of FRS 10 "Goodwill and Intangible Assets" was eliminated against reserves.

Leases

Where tangible assets are financed by leasing agreements which give rights approximating to ownership ("finance leases") they are treated as if they had been purchased outright at the present values of the minimum lease payments and the corresponding leasing liabilities are shown in the balance sheet as finance leases.

Depreciation on leased assets is calculated on a straight line basis over the estimated useful lives of the individual assets. Interest arising on finance leases is charged to the income and expenditure account in proportion to the amounts outstanding under the leases.

All operating lease rentals are charged to the income and expenditure account on a straight line basis.

ACCOUNTING POLICIES AND ESTIMATION TECHNIQUES - continued

Pensions
The Rehab Group operates defined contribution and defined benefit pension schemes. The pension entitlements are secured by contributions by the Rehab Group to separately administered pension funds. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and remuneration. A defined contribution plan is a pension plan under which the Rehab Group and employees pay a fixed percentage of the employees salary as a contribution into a separate fund. Under such plans, the Rehab Group has no further payment obligations once the contributions have been paid.

The costs arising in respect of the Rehab Group's defined contribution schemes are charged to the income and expenditure account in the period in which they are incurred.

The amount recognised in the balance sheet of the Rehab Group in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The pension scheme liabilities relating to defined benefit pension schemes are measured by professionally qualified actuaries on the basis of the projected unit credit method using actuarial assumptions based on market expectations at the balance sheet date.

The operating charge arising in respect of the Rehab Group's defined benefit pension scheme is recognised in the income and expenditure account of the Rehab Group in the period. It includes current service costs representing the increase in the present value of the scheme liabilities expected to arise from employee service in the current period, and past service costs arising in the current period as a result of the introduction of or improvement to, retirement benefits earned from past service and these are recorded as an expense in the income and expenditure account.

The amount recognised as a finance cost in the income and expenditure account of the Rehab Group in the period represents the expected return on the pension scheme assets less the interest cost related to the increase in the present value of the scheme liabilities as a result of the passage of time.

Any gains or losses arising from the curtailment or settlement of employee retirement benefits are recognised immediately in the income and expenditure account of the Rehab Group.

Actuarial gains or losses arising in the period because events have not coincided with the actuarial assumptions made for the last valuation period or because the actuarial assumptions have changed are recorded in the Statement of Total Recognised Gains and Losses of the Rehab Group.

Within subsidiary companies the contributions to the defined benefit scheme are charged to the income and expenditure account in the period in which they are incurred as the assets relating to specific employees cannot be separately identified within the scheme.

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at the balance sheet date and revenues, costs and non-monetary assets at the exchange rates ruling at the dates of the transactions.

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with in the income and expenditure account.

Monetary assets are monies held and amounts to be received in money; all other assets are non-monetary assets.

The balance sheets of foreign subsidiary undertakings, joint ventures and associates are translated into Euro using the closing rate method and profit and loss accounts are translated using the average rate for the period. Exchange differences arising from the translation of the opening net investment together with the difference between the profit and loss translated at the average rate and closing rate are dealt with as adjustments to reserves.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
Year Ended 31 December 2012

	Notes	2012 €'000	2011 €'000
Turnover including share of joint venture		183,039	184,721
Less: share of joint venture turnover		(4,722)	(5,045)
Group turnover	1	178,317	179,676
Operating (deficit)/surplus – parent and subsidiary undertakings	2	(181)	1,040
Operating surplus – associated and joint venture undertakings	10	1,727	1,904
Operating surplus after associates		1,546	2,944
Loss on sale of fixed assets		(1)	(39)
Surplus before finance costs		1,545	2,905
Net finance costs	5	(1,328)	(811)
Surplus before exceptional item		217	2,094
Exceptional items			
Net gain from curtailment of defined benefit scheme	4	51,909	-
Surplus for financial year before taxation		52,126	2,094
Taxation	6	(74)	(48)
Surplus for year attributable to the group		52,052	2,046

Turnover and surplus arose solely from continuing activities.

NOTE OF HISTORICAL COST SURPLUS
Year Ended 31 December 2012

	2012 €'000	2011 €'000
Surplus for the year	52,052	2,046
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	631	846
Historical surplus for the year	52,683	2,892

On behalf of the board

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 31 December 2012

	Notes	2012 €'000	2011 €'000
Surplus attributable to the group		52,052	2,046
Actuarial loss in respect of pension scheme	4(b)	(26,995)	(11,196)
Net share of actuarial loss in respect of associates pension scheme	10	(138)	(29)
Revaluation of tangible assets		4	4
Currency translation differences on foreign currency net investments	20	312	254
Total recognised gains/(losses) recognised since last annual report		25,235	(8,921)

CONSOLIDATED BALANCE SHEET
31 December 2012

	Notes	2012 €'000	2011 €'000
Fixed assets			
Intangible assets - goodwill	8	749	790
Intangible assets - negative goodwill	8	(477)	(505)
Tangible assets	9	118,789	117,497
Financial assets			
Investments:			
Investment in joint venture:			
Share of gross assets		5,911	6,246
Share of gross liabilities		(4,389)	(4,869)
		1,522	1,377
Investment in associates		63	86
	10	1,585	1,463
Total fixed assets		120,646	119,245
Current assets			
Stocks	11	1,065	1,131
Debtors	12	19,115	21,692
Cash at bank		37,064	38,416
		57,244	61,239
Creditors - Amounts falling due within one year	13	(39,100)	(38,417)
Net current assets		18,144	22,822
Total assets less current liabilities		138,790	142,067
Creditors - Amounts falling due after more than one year	14	(57,426)	(52,128)
Provisions for liabilities and charges	15	(5,603)	(6,563)
Defined benefit pension scheme - net deficit	4(b)	-	(32,850)
Net assets		75,761	50,526
Capital and reserves			
Donated asset reserve		330	330
Capital reserve	18	58,085	58,081
Revenue reserve	19	17,346	(7,885)
Total reserves		75,761	50,526

On behalf of the board

COMPANY BALANCE SHEET
31 December 2012

	Notes	2012 €'000	2011 €'000
Fixed assets			
Tangible assets	9	81,793	82,654
Financial assets	10	139	162
		81,932	82,816
Current assets			
Debtors	12	4,160	6,309
Cash at bank		9,862	10,551
		14,022	16,860
Creditors - Amounts falling due within one year	13	(4,538)	(4,301)
Net current assets		9,484	12,559
Total assets less current liabilities		91,416	95,375
Debtors - Amounts falling due after more than one year	12	5,491	3,849
Creditors - Amounts falling due after more than one year	14	(38,688)	(35,330)
Provisions for liabilities and charges	15	(2,951)	(1,914)
Net assets before pension deficit		55,268	61,980
Defined benefit pension scheme deficit	4(b)	-	(32,850)
Net assets		55,268	29,130
Capital and reserves			
Donated asset reserve		330	330
Capital reserve	18	51,971	51,971
Revenue reserve	19	2,967	(23,171)
Total reserves		55,268	29,130

On behalf of the board

CONSOLIDATED CASH FLOW STATEMENT
Year Ended 31 December 2012

	Notes	2012 €'000	2011 €'000
Net cash inflow from operating activities	22	3,969	4,543
Returns on investments and servicing of finance			
Interest received	5	492	537
Interest paid	5	(549)	(641)
Net cash outflow from returns on investments and servicing of finance		(57)	(104)
Taxation			
Corporation tax paid		(48)	(72)
Capital expenditure			
Purchase of tangible fixed assets	9	(7,831)	(7,869)
Sale of fixed assets		7	1,311
Capital grants received	17	3,428	3,267
Net cash outflow from capital expenditure		(4,396)	(3,291)
Acquisitions and disposals			
Acquisition of investment/minority interest-joint ventures		(64)	-
Net cash outflow from acquisitions and disposals		(64)	-
Net cash (outflow)/inflow before financing		(596)	1,076
Financing			
Decrease of borrowings	24	(622)	(813)
Net cash outflow from financing		(622)	(813)
(Decrease)/increase in cash	24	(1,218)	263

NOTES TO THE FINANCIAL STATEMENTS

1 Group turnover

	2012 €'000	2011 €'000
Turnover is comprised of:		
Manufacturing products and retail	19,033	19,639
Training and employment activities	87,724	83,071
Day activity and care services	53,998	54,529
Fund-raising and lottery income	13,449	18,321
Charitable Lotteries Fund	4,113	4,116
	178,317	179,676
By geographical location:		
Republic of Ireland	118,363	128,273
United Kingdom	54,618	45,978
Other	5,336	5,425
	178,317	179,676

The Rehab Group (Holding Company) received €3,923,659 from The Charitable Lotteries Fund in 2012. This amount is included in the €4,113,434 shown above.

2 Operating (deficit)/surplus - parent and subsidiary undertakings

	2012 €'000	2011 €'000
Turnover	178,317	179,676
Staff costs (note 3)	(99,677)	(99,556)
Raw materials, consumables and prizes	(15,771)	(19,600)
Freight and duty	(313)	(848)
Operating lease	-	-
Charges:		
- Land and building	(3,850)	(3,581)
- Other	(3,375)	(3,139)
Other operating charges	(51,473)	(47,874)
Depreciation (note 9)	(6,808)	(6,948)
Amortisation of capital grants (note 17)	2,511	2,799
Amortisation of goodwill (note 8)	(62)	(57)
Other operating income	254	192
Decrease/increase in stocks of finished goods and WIP (note 11)	66	(24)
Operating (deficit)/surplus	(181)	1,040

The above surplus for the year has been arrived at after charging:

	2012	2011
Auditors' remuneration - group		
- Statutory audit of group and subsidiaries' accounts	299	299
- Other assurance services	38	10
- Tax advisory services	72	68
	409	377
Auditors' remuneration - company		
- Statutory audit	16	16
- Tax advisory services	21	18
	37	34

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Staff costs

The average number of persons employed by the group during the year 2012 was 3,410 (2011: 3,276).

	2012 €'000	2011 €'000
Surplus for the year has been arrived at after charging:		
Staff costs:		
- wages and salaries	84,511	85,465
- social welfare costs	7,868	7,924
- defined benefit pension scheme current service cost	2,640	2,288
- other pension costs	4,658	3,879
	99,677	99,556

4 Pensions

The Group operates a number of pension schemes for employees of a number of group companies. The pension schemes include both defined benefit and defined contribution schemes and the assets are all held in separate trustee administered funds. Details of the principal schemes are outlined below.

(a) Defined benefit schemes

In December 2012 the Rehab Group gave formal notice to the Trustees of their intention to cease its sponsorship of the Defined Benefit Scheme with an effective date of 31 December 2012, in accordance with the scheme rules. Given this decision the Trustees have informed members of their decision to commence wind up of the scheme with effect from 17th March 2013.

The Group's decision has given rise to a curtailment gain which has been offset by the settlement obligation that exists at the year end date. The net gain is calculated as follows:

	€'000
Curtailment gain	58,991
Settlement obligation	(7,082)
	51,909

In 2012, the company operated defined benefit pension schemes with assets held in a separately administered fund. Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 January 2011 and is available for inspection by the scheme members but not for public inspection.

The pension contributions for the year were €4,763,570(2011: €4,751,000) of which €nil (2011: €Nil) was payable at the year end.

Employees accruing service benefits in 2012 contributed 8% of pensionable salary. These payments were in addition to employer contributions outlined above.

(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures

A full actuarial valuation was carried out at 31 December 2012.

The effective date of the Rehab Group's cessation of the scheme was 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Pensions - continued

(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures - continued

The amounts recognised in the balance sheet at 31 December 2012 and 31 December 2011 were measured in accordance with the requirements of Financial Reporting Standard 17 and were as follows:

	31 December 2012 €'000	31 December 2011 €'000
Total market value of assets	67,270	56,664
Present value of scheme liabilities	(67,270)	(89,514)
Net deficit in the scheme	-	(32,850)
Related deferred tax liability	-	-
Net pension deficit	-	(32,850)

The following amounts have been recognised in the performance statements for the year ended 31 December 2012 and 31 December 2011 under the requirements of FRS 17.

	2012 €'000	2011 €'000
Operating surplus		
Current service cost	2,640	2,288
Past service cost	-	-
	2,640	2,288
Other finance expense		
Expected rate of return on pension scheme assets	3,524	3,834
Interest on pension scheme liabilities	(4,795)	(4,541)
	(1,271)	(707)
Curtailment gain	58,991	-
Statement of recognised gains and losses		
Actual return less expected return on pension scheme assets	2,928	(6,534)
Experience gains and losses arising on the scheme liabilities	(1,751)	2,245
Changes in assumptions underlying the present value of the scheme liabilities	(28,172)	(6,907)
Actuarial loss recognised in the statement of total recognised gains and losses	(26,995)	(11,196)

The cumulative actuarial loss recognised in the statement of total recognised gains and losses recorded by the Group up to and including the financial year ended 31 December 2012 is €52.9m.

The actual return on plan assets was:

	2012 €'000	2011 €'000
Actual return on plan assets	6,453	(2,700)

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Pensions - continued

(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures - continued

	Pension assets €'000	Pension liabilities €'000	Pension deficit €'000
Movement in scheme assets and liabilities - 2012			
At 31 December 2011	56,664	(89,514)	(32,850)
Current service cost	-	(2,640)	(2,640)
Interest on scheme liabilities	-	(4,795)	(4,795)
Expected return on scheme assets	3,524	-	3,524
Actual less expected return on scheme assets	2,929	-	2,929
Actuarial loss	-	(29,923)	(29,923)
Plan participants' contributions	840	(840)	-
Benefit payments	(1,322)	1,322	-
Premiums paid	(129)	129	-
Employer contributions	4,764	-	4,764
Plan curtailments	-	58,991	58,991
At 31 December 2012	67,270	(67,270)	-

The best estimate of employer contributions expected to be paid to the scheme in the next financial year is €1.14m.

	Pension assets €'000	Pension liabilities €'000	Pension deficit €'000
Movement in scheme assets and liabilities - 2011			
At 31 December 2010	55,368	(78,778)	(23,410)
Current service cost	-	(2,288)	(2,288)
Interest on scheme liabilities	-	(4,541)	(4,541)
Expected return on scheme assets	3,834	-	3,834
Actual less expected return on scheme assets	(6,534)	-	(6,534)
Actuarial loss	-	(4,662)	(4,662)
Plan participants' contributions	913	(913)	-
Benefit payments	(1,540)	1,540	-
Premiums paid	(128)	128	-
Employer contributions	4,751	-	4,751
At 31 December 2011	56,664	(89,514)	(32,850)

All of the scheme liabilities above arise from schemes that are wholly or partly funded.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Pensions - continued

(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures - continued

Risks and rewards arising from the assets
At 31 December 2012 the scheme assets were invested in a diversified portfolio that consisted primarily of cash funds with some equities, bonds and properties. The profile of the assets has changed to more liquid assets in preparation for the wind up of the defined benefit schemes. The fair value of the scheme assets as a percent of total scheme assets are set out below:

	2012 %	2011 %
(as a percentage of total scheme assets)		
Equities	2.69	70.92
Bonds	0.60	26.10
Property	1.84	2.10
Other - mainly consisting of cash	94.87	0.88

Scheme assets do not include any of the Rehab Group's own financial instruments, or any property occupied by The Rehab Group.

Expected rate of return	2012 %	2011 %
Expected long-term rate of return on assets overall	-	6.00
Consists of:		
- Equities	-	7.50
- Bonds	-	4.40
- Property	-	6.50
- Other	-	3.00

The main actuarial assumptions used in the valuation were:

	31 December 2012	31 December 2011
Rate of increase in salaries	2.00%	2.00%
Rate of increase in pensions in payment	2.00%	2.00%
Discount rate	3.90%	5.20%
Inflation assumption	2.00%	2.00%

Assumptions regarding future mortality are based on advice from published statistics and experience.

The assumed life expectations of retirement at age 65

			2012	2011
1	Retiring today	(member age 65)	23.30	23.10
2	Retiring in 20 years	(member age 45 today)	25.80	25.60

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Pensions - continued

(b) Financial Reporting Standard 17 'Retirement Benefits' disclosures - continued

Experience gains and losses for the year ended 31 December 2012	31 December 2012 €'000	31 December 2011 €'000	31 December 2010 €'000	31 December 2009 €'000	31 December 2008 €'000
Present value of the defined benefit obligation	(67,270)	(89,514)	(78,778)	(70,133)	(69,535)
Fair value of plan assets	67,270	56,664	55,368	47,352	38,562
Net pension deficit	-	(32,850)	(23,410)	(22,781)	(30,973)
Difference between the expected and actual return on scheme assets	2,929	(6,534)	1,595	2,554	(19,287)
Percentage of scheme assets	4%	(11.53%)	2.88%	5.39%	(50%)
Experience gains and losses on scheme liabilities	(1,751)	2,245	4,605	(1,232)	(5,756)
Percentage of the present value of the scheme liabilities	(3%)	(2.50%)	(5.85%)	1.76%	8.3%
Total recognised in statement of total recognised gains and losses	(26,995)	(11,196)	(436)	8,790	(19,956)
Percentage of the present value of the scheme liabilities	40%	12.51%	0.55%	12.5%	28.7%

(c) Defined Contribution Schemes
For certain Group employees, the pension entitlements are secured by defined contribution schemes. The defined contribution pension charge for the year was €2,326,000 (2011: €2,215,000).

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Finance costs

	2012 €'000	2011 €'000
This interest was in respect of:		
Interest receivable	492	537
Interest payable:		
Borrowings wholly repayable within five years	(528)	(617)
Borrowings not wholly repayable within five years	(21)	(24)
	(57)	(104)
Other finance costs re pension scheme:		
Interest on scheme liabilities	(4,795)	(4,541)
Expected return on scheme assets	3,524	3,834
	(1,271)	(707)
Total charge	(1,328)	(811)

6 Taxation

	2012 €'000	2011 €'000
Republic of Ireland		
- Current year	-	-
- Adjustments recognised in respect of prior periods	-	-
	-	-
Corporation tax		
- Overseas corporation tax on profit in the current year	(74)	(48)

The Group's operations are substantially not for profit and accordingly avail of the Charities exemption from corporation tax. The remainder of operations which are subject to corporation tax have, where possible, utilised tax losses brought forward to derive a nil charge for tax. The charge above relates to the activities of the Polish branch of Rehab Enterprises Limited.

7 Company surplus for the financial year

In accordance with Section 148(8) of the Companies Act, 1963 and Section 7(1A) of the Companies (Amendment) Act, 1986, the company is availing of the exemption from presenting its individual revenue account to the Annual General Meeting and from filing it with the Registrar of Companies. The company's deficit for the year before exceptional item is €5,720,000 (2011: surplus of €1,043,000).

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Intangible assets

	Goodwill on Acorn acquisition €'000	Goodwill on joint venture €'000	Negative goodwill €'000	Total 2012 €'000	Total 2011 €'000
At beginning of year	-	790	(505)	285	356
Currency adjustments	-		(15)	(15)	(14)
Goodwill on joint venture	-	-	-	-	-
Additions	64	-	-	64	-
Amortised during year	(6)	(99)	43	(62)	(57)
At end of year	58	691	(477)	272	285

In 2001 the Group took control of the Chaseley Trust by virtue of the fact that Rehab Holdings Limited controls the composition of the majority of its Trustees. This goodwill is amortised over 25 years as it arose primarily on a property acquired.

In December 2009 Rehab Enterprises transferred its glass and can recycling business into a new joint venture with another recycling company Glassco Recycling Limited. The joint venture company is called Rehab Glassco Limited and Rehab Enterprises holds 51% of its issued share capital. The directors have decided to amortize the goodwill arising on this transaction over 10 years.

In 2012 the Group acquired 100% of the shares of Acorn Training Consultants Ltd through its subsidiary TBG Learning Limited. The directors have decided to amortise the goodwill arising on this transaction over 10 years.

	Goodwill on acquisition Of Acorn Training Consultants Ltd '000
Fair value of share capital acquired	202
Consideration (including deferred consideration)	266
Goodwill arising	64

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Tangible assets

	Land and buildings €'000	Plant and machinery €'000	Fixtures and fittings €'000	Computer equipment €'000	Motor vehicles €'000	Total €'000
Group						
Cost or valuation						
At 1 January 2012						
- valuation	102,171	-	-	-	-	102,171
- cost	18,630	12,890	11,114	10,339	5,762	58,735
	120,801	12,890	11,114	10,339	5,762	160,906
Reclassified	-	75	58	-	(650)	(517)
Translation adjustment	266	75	102	102	9	554
Additions	5,589	425	382	1,236	199	7,831
Disposals	-	(16)	(71)	(221)	(293)	(601)
At 31 December 2012	126,656	13,449	11,585	11,456	5,027	168,173
- valuation	102,171	-	-	-	-	102,171
- cost	24,485	13,449	11,585	11,456	5,027	66,002
	126,656	13,449	11,585	11,456	5,027	168,173
Accumulated depreciation						
At 1 January 2012	8,285	12,074	9,614	8,251	5,185	43,409
Translation adjustment	50	61	82	80	5	278
Charge for the year (note 2)	4,571	343	563	1,042	289	6,808
Disposals	-	(16)	(71)	(221)	(286)	(594)
Reclassified	-	77	58	-	(652)	(517)
At 31 December 2012	12,906	12,539	10,246	9,152	4,541	49,384
Net book amounts						
At 1 January 2012	112,516	816	1,500	2,088	577	117,497
At 31 December 2012	113,750	910	1,339	2,304	486	118,789

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Tangible assets - continued

Group - continued

Included above are the following amounts in respect of assets held under finance leases.

	2012 €'000	2011 €'000
Net book amount	-	-
Depreciation charge for year	-	-

The estimated useful lives of fixed assets by reference to which depreciation is calculated are as follows:

Freehold and leasehold buildings	25 - 50 years
Plant and machinery	3 - 10 years
Fixtures and fittings	3 - 10 years
Motor vehicles	5 - 7 years
Computer equipment	3 - 5 years

The properties included in freehold land and buildings were valued in Ireland by Lisney, 24 St Stephens Green, Dublin 2 at 31 December 2010 on the basis of existing use value. These valuations are included above.

	2012 €'000	2011 €'000
If these buildings had not been revalued, they would have been shown at the following amounts:		
Cost	96,007	90,152
Accumulated depreciation	(30,004)	(26,015)
Net book amount	66,003	64,137

Certain freehold and leasehold land and buildings are charged as security for the company's bank advances and loans.

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Tangible assets - continued

	Land and buildings €'000	Plant and machinery €'000	Motor vehicles €'000	Fixtures and fittings €'000	Computer equipment €'000	Total €'000
Company						
Cost or valuation						
At 1 January 2012						
- valuation	84,514	-	-	-	-	84,514
- cost	3,074	149	62	326	1,913	5,524
	87,588	149	62	326	1,913	90,038
Reclassifications	-	100	-	-	(100)	-
Additions	2,483	19	4	19	338	2,863
At 31 December 2012	90,071	268	66	345	2,151	92,901
- valuation	84,514	-	-	-	-	84,514
- cost	5,557	268	66	345	2,151	8,387
	90,071	268	66	345	2,151	92,901
Accumulated depreciation						
At 1 January 2012	5,843	143	24	249	1,125	7,384
Reclassifications	-	14	-	-	(14)	-
Charge for the year	3,354	30	14	24	302	3,724
At 31 December 2012	9,197	187	38	273	1,413	11,108

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Tangible assets - continued

	Land and buildings €'000	Plant and machinery €'000	Motor vehicles €'000	Fixtures and fittings €'000	Computer equipment €'000	Total €'000
Net book amounts						
At 1 January 2012	81,745	6	38	77	788	82,654
At 31 December 2012	80,874	81	28	72	738	81,793

There are no assets held under finance leases.

If the company buildings had not been revalued, they would have been shown at the following amounts:

	2012 €'000	2011 €'000
Cost	66,766	64,283
Accumulated depreciation	(24,104)	(21,433)
Net	42,662	42,850

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Tangible assets - continued

The Rehab Group has received capital grants from the Health Service Executive and local authorities in respect of various property developments. In addition certain properties are provided as security to financial institutions. Legal charges have been registered against the related properties as a result, details of which are set out below:

Property	Amount secured €'000	Person entitled	Nature of charge	Effective period
Roslyn Park, Sandymount, Dublin 4	* note	Allied Irish Bank	Mortgage	26 February 1985
Unit 2, Parkmore Business Park, Galway	* note	Bank of Ireland	Deed of mortgage	18 September 1998
Clash, Co. Kerry	59	Kerry County Council	Indenture of mortgage	2 April 1998
Roseville, Clonmel, Tipperary & Faythe, Wexford	1,132	South Eastern Health Board	Mortgage	22 December 1998
Horizon Business Park, Ballybrit, Galway	724	Western Health Board	Deed of charge	16 April 1999
The Ramparts, Dundalk, Co. Louth	520	North Eastern Health Board	Mortgage	29 September 1999
Raheen Industrial Estate, Limerick	668	Mid Western Health Board	Mortgage and charge	22 December 1999
Liosbaun, Galway	1,270	Western Health Board	Charge	13 November 2001
Cootehill Road, Drumlee, Cavan	546	North Eastern Health Board	Charge	14 February 2003
Kylemore Road, Ballyfermot, Dublin 10	2,729	Eastern Regional Health Authority	Charge	31 December 2004
St. Anne's, Charleville Road, Tullamore, Co. Offaly	349	Midland Health Board	Mortgage	21 February 2002
Model Farm Road, Cork	1,570	Southern Health Board	Mortgage and charge	6 November 2000
Blennerville, Tralee, Kerry	311	Southern Health Board	Mortgage and charge	6 November 2000
Clash, Tralee, Kerry	381	Southern Health Board	Mortgage and charge	10 November 1999
Dublin Road, Portlaoise, Laois – charge satisfied 01/01/2012	127	Midland Health Board	Charge	18 June 2001
Dromleigh South, Bantry, Cork	454	Cork County Council	Charge	13 November 2001
Tanyard, Tullamore, Co. Offaly – charge satisfied 01/01/2012	206	Midland Health Board	Charge	18 June 2001
Grafton Court, Longford	549	Midland Health Board	Mortgage and charge	21 September 2000
Mullaghboy Industrial Estate, Navan, Co. Meath	265	North Eastern Health Board	Mortgage	25 June 1999

* note: All sums due or hereafter due from the company

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Tangible assets - continued

There are a number of legal charges in place over the related properties as a result of the grants received within Newgrove Housing Association details of the charges registered are set out below:

Property	Amount secured €'000	Person entitled	Nature of charge	Effective period
16 Glenina Heights, Dublin Road, Galway	339	The Mayor Alderman and Burgesses of the County Borough of Galway	Mortgage	28 June 2001
Site at Kill Abbey, Deansgrange, Co. Dublin	634	Dun Laoghaire Rathdown County Council	Mortgage	1 May 2002
Apts 1,2 and 3, Cootehill Road, Drumalee, Cavan	600	Cavan County Council	Mortgage	30 April 2003
No 12 and 14 Clonleigh Park, Lifford, Co. Donegal	347	Donegal County Council	Mortgage	13 May 2003
Graifen, Leopardstown Road, Foxrock, Dublin 18	977	Dun Laoghaire Rathdown County Council	Mortgage	5 August 2003
Highfield House, Knockloughlin, Co. Longford	444	Longford County Council	Mortgage	13 October 2003
Townland og Clybaun, Galway Folio 2837	397	Galway County Council	Mortgage	9 November 2004
74-76 Wingfield, Enniskerry Road, Stepaside, Co. Dublin	425	Dun Laoghaire Rathdown County Council	Mortgage	16 June 2005
20 Balreask Manor, Navan, Co. Meath	673	Meath County Council	Mortgage	16 October 2006
19 Oaklands Green, Ardnacassagh, Longford	381	Longford County Council	Mortgage	8 November 2006
Property at Folio 7276F, Waterford	1,798	Waterford County Council	Mortgage	20 March 2007
24 Heathergrove, Mervue, Galway	1,256	Galway City Council	Mortgage	18 February 2008
Lands in Townland of Kilnamack West, Folio 7176F	140	Health Service Executive (South East)	Mortgage	18 August 2008
No 22 The willows, Oakleigh Wood, Tulla Road, Ennis, Co. Clare	611	Clare County Council	Mortgage	4 February 2009
Apps. 10, 22, 37, 51 St. Johns Well, Old Kilmainham Road Dublin 8	694	Dublin City Council	Charge	21 April 2010
No 1 The Boulevard, Grangerath, Drogheda, Co. Louth	899	Meath County Council	Charge	22 April 2010

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Tangible assets - continued

There are also charges in place in relation to properties in Newgrove Housing Association Ltd which are not registered in the CRO as set out below

Property	Amount secured €'000	Person entitled	Nature of charge	Effective period
No 4 & 5 Claragh Glen, Tonnaphubble, Sligo	401	The Mayor Alderman and Burgesses of thr County Borough of Sligo	Mortgage	28 February 2002
No 15 Rosog, Ballinamore, Co Leitrim	245	Leitrim County Council	Mortgage	19 September 2002
No 13 Ripley Hills, Killarney Road, Bray, Co Wicklow	476	Wicklow County Council	Mortgage	30 April 2002
No 2 Castle Oaks, Dark road, Nenagh, Co. Tipperary	397	North Tipperary County Council	Mortgage/charge	6 December 2010
Stradavoher. Co Tipperary	1,397	North Tipperary County Council	Mortgage/charge	9 December 2010
No. 57 The Oaks, Turlough Rd, Castlebar, Mayo	386	Mayo County Council	Mortgage	29 May 2012
Sexton Street, Limerick	3,328	Limerick City Council	Mortgage/charge	15 February 2012
No 13 Rosog, Ballinamore Co Leitrim	253	Leitrim County Council	Mortgage	31 May 2006
No 5 Belfry Grove, Avenue Road, Dundalk, Co Louth	482	Louth County Council	Mortgage	25 May 2009
Ballard House, Clara Road, Tullamore, Co Offaly	519	Offaly County Council	Mortgage	6 February 2008
No 1 Cluain Mhuillean, Tyone, Nenagh, Co Tipperary	342	North Tipperary County Council	Mortgage	18 July 2005

In the UK legal charges are in place over the properties noted below:

Property	Amount secured Stg£'000	Person entitled	Nature of charge	Effective period
The Chaseley Trust, South Cliffe Eastbourne, East Sussex	1,900	H.S.B.C.	Mortgage	18 December 2009
Pavillion 7, Watermark Park, 325 Gowan Road, Glasgow	1,300	R.B.S.	1st standard security	28 October 2008
Pavillion 7, Watermark Park, 325 Gowan Road, Glasgow	293	Social Investment Scotland	2nd standard security	19 June 2009

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Financial assets

	Investment in joint venture €'000	Investment in associates €'000	2012 Total €'000	2011 Total €'000
Group				
Balance at beginning of year	1,377	86	1,463	1,841
Net share of profits and losses	145	1,582	1,727	1,904
Net share of actuarial losses on pension	-	(138)	(138)	(29)
Additions	-	-	-	-
Distributions received	-	(1,467)	(1,467)	(2,253)
Balance at end of year	1,522	63	1,585	1,463

FRS 17 "Retirement Benefits" has been adopted by associates in the year and the investment in associates includes the group's share of the net pension deficit of associates.

In December 2009, the Rehab Group entered into a joint venture arrangement. The Group has joint control over the financial and operating policies of Rehab Glassco Limited. The financial assets value represents the Group's share of the assets and liabilities of Rehab Glassco Limited.

During 2011, The Rehab Group entered into a limited liability partnership with Interserve plc. This lead to the formation of Rehab Jobfit LLP. The Rehab Group owns 51% of the shares in Rehab Jobfit LLP and the Group's share of results and assets and liabilities are reported through TBG Learning Limited who are also party to the partnership agreement. There were no capital costs incurred.

	2012 €'000	2011 €'000
Company		
Balance at beginning of year	162	138
Net share of profits and losses	1,582	1,806
Net share of actuarial losses on pension	(138)	(29)
Transfer of investment in Group Companies	-	-
Distribution received	(1,467)	(1,753)
Balance at end of year	139	162

The information in respect of subsidiary and associate companies is given on pages 42 to 44.

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Stocks

	2012 €'000	2011 €'000
Group		
Raw materials and consumables	490	344
Work in progress	-	151
Finished goods	575	636
	1,065	1,131
Decrease during the year (note 2)	(66)	(24)
Foreign exchange adjustment	-	1
	(66)	(23)

Replacement cost of stocks does not significantly differ from the amounts included above.

12 Debtors

	2012 €'000	2011 €'000
(a) Amounts falling due within one year		
Group		
Trade and public authority debtors	13,762	16,358
Amounts owed by group companies	720	570
Prepayments and accrued income	2,681	3,515
VAT	-	9
European Social Fund grants due	1,918	1,240
Corporation tax refund	34	-
	19,115	21,692
Company		
Trade debtors	-	-
Amounts owed by subsidiary companies	4,047	5,217
Prepayments and accrued income	88	1,064
VAT	25	28
	4,160	6,309
(b) Amounts falling due after more than one year		
Company		
Amounts owed by subsidiary companies	5,491	3,849

NOTES TO THE FINANCIAL STATEMENTS - continued

13 Creditors - Amounts falling due within one year

	2012 €'000	2011 €'000
Group		
Bank overdrafts (secured)	1,034	1,168
Bank loan (note 16) (secured)	751	754
Trade creditors	6,556	6,457
PAYE/Social insurance	2,321	2,425
Corporation tax	6	1
Payment on account	3,282	4,050
Accruals	22,232	21,274
Deferred income - capital grants (note 17)	2,502	2,288
VAT	416	-
	39,100	38,417
Creditors for taxation and social welfare included above	2,743	2,426
Company		
Bank overdraft	634	268
Bank loan (secured) (note 16)	433	433
Trade and other creditors	639	442
PAYE/social insurance	173	165
Accruals	1,101	1,501
Deferred income - capital grants (note 17)	1,358	1,224
Amounts owed to group companies	200	268
	4,538	4,301
Creditors for taxation and social welfare included above	173	165

14 Creditors - Amounts falling due after more than one year

	2012 €'000	2011 €'000
Group		
Accruals	5,212	-
Bank loan (secured) (note 16)	17,629	18,248
Deferred income - capital grants (note 17)	34,566	33,861
Other loans	19	19
	57,426	52,128
Company		
Accruals	5,212	-
Bank loan (secured) (note 16)	15,200	15,633
Deferred income - capital grants (note 17)	18,276	19,697
	38,688	35,330

NOTES TO THE FINANCIAL STATEMENTS - continued

15 Provisions for liabilities and charges

	Onerous leases €'000's	Other €'000's	2012 €'000's	2011 €'000's
Group				
As at 1 January 2012	5,156	1,407	6,563	6,956
Charged to income and expenditure	82	(34)	48	283
Utilised during year	(900)	(108)	(1,008)	(676)
As at 31 December 2012	4,338	1,265	5,603	6,563
Company				
As at 1 January 2012	1,914	-	1,914	2,074
Transfers during year	1,143	-	1,143	-
Utilised during year	(106)	-	(106)	(160)
As at 31 December 2012	2,951	-	2,951	1,914

16 Term loans

	2012 €'000	2011 €'000
Group		
Bank loans	18,380	19,002
The bank loans are repayable in the following periods:		
Within one year	751	754
Between one and two years	770	6,152
Between two and five years	2,094	-
After five years	14,765	12,096
	18,380	19,002
Company		
Bank loans	15,633	16,066
The bank loans are repayable in the following periods:		
Within one year	433	433
Between one and two years	433	5,633
Between two and five years	1,299	-
After five years	13,468	10,000
	15,633	16,066

NOTES TO THE FINANCIAL STATEMENTS - continued

16 Term loans - continued

Security

Group

At the year end the overdraft facilities and long term loans with Allied Irish Banks plc of €18.6m, of which €15.6m was drawn down at year end, were secured by a debenture creating a fixed charge over the premises at Roslyn Park, Sandymount.

Overdraft facilities with Bank of Ireland in the amount of €0.8m are secured by way of a first legal charge over Unit 2, Parkmore Business Park, Galway.

An overdraft facility of Stg£450,000 with Royal Bank of Scotland (RBS) is secured by a bond and floating charge over the assets of Momentum Scotland Limited and its direct subsidiaries Momentum Care Limited and Haven Products Limited.

Momentum Scotland Limited has a two term loans with RBS for Stg£526,796 which were used to purchase the new Momentum head office at Pavilion 7, Watermark Park, 325 Govan Road, Glasgow G51 2SE and are secured by way of a floating charge over the assets of Momentum Scotland Limited and its subsidiaries and a standard charge on the new head office.

Momentum Scotland has a loan with Social Investment Scotland totalling Stg£100,000. This loan is secured by a charge over the premises at Pavillion 7, Watermark, Gowan Road, Glasgow, G51 2SE.

The Training and Business Group has an overdraft facility with Barclays Bank plc of Stg£750,000 which is secured by way of a floating charge over the assets of that company and its subsidiaries.

The Chaseley Trust has a term loan of Stg£1.6m with HSBC to assist with the purchase of care bungalows. This loan is secured by way of a legal mortgage over the freehold property of the Chaseley Trust known as South Cliff, Eastbourne, East Sussex. In addition HSBC holds a floating charge over the assets of the Chaseley Trust.

The Group has net cash including cash at bank and overdrafts of €17.6m (2011: net cash €18m). The Group's practice is to match the maturity profile of debt used to finance significant capital projects with the inflows from those projects. In addition the Group normally fixes a portion of debt at fixed rates for periods of up to one year thus securing a stable borrowing cost for each financial year.

The main foreign exchange risk arises from the management of the Group's results and net investments in the United Kingdom. This is managed on a non speculative basis. The Group does not hedge currency translation exposures. The Group did not enter into foreign exchange contracts during the year.

The Rehab Group has given guarantees to the Bank of Ireland of €5.6m on behalf of Rehab Glassco Limited. These guarantees cover facilities which have been used to finance the expansion and upgrading of the Glass recycling facility in Naas, County Kildare, and are secured by:

- A floating debenture over the assets and undertakings of Rehab Glassco Limited.
- First legal mortgage/charge over the property at recycling facility Osberstown, Naas, Co. Kildare comprising 2.47 acres registered in the name of Rehab Glassco Limited.
- First legal mortgage/charge over the property at Unit 2, Parkmore Industrial Estate, Galway, registered in the name of the Rehab Group.

Company

The overdraft facilities and long term loans with Allied Irish Banks plc of €18.6m of The Rehab Group of which €15.6m was drawn down at year end, are secured by a legal charge over premises at Roslyn Park, Sandymount Dublin 4.

The company has given guarantees in relation to the €0.8m overdraft facility with Bank of Ireland and €3m overdraft with Allied Irish Banks plc.

NOTES TO THE FINANCIAL STATEMENTS - continued

17 Deferred income - capital grants

	Company €'000	Group €'000
Balance at beginning of year	20,921	36,149
Translation adjustment	-	2
Received in year	71	3,428
Amortised during year	(1,358)	(2,511)
Balance at end of year	19,634	37,068
Creditors - Amounts falling due within one year (note 13)	1,358	2,502
Creditors - Amounts falling due after one year (note 14)	18,276	34,566
	19,634	37,068

18 Capital reserves

	Unrealised surplus on revaluation of buildings 2012 €'000	Unrealised surplus on revaluation of buildings 2011 €'000
Group		
Balance at beginning of year	58,081	58,077
Foreign exchange movement	4	4
Balance at end of year	58,085	58,081
Company		
Balance at beginning of year	51,971	51,971
Surplus on revaluation	-	-
Balance at end of year	51,971	51,971

NOTES TO THE FINANCIAL STATEMENTS - continued

19 Revenue reserves

	2012 €'000	2011 €'000
Group		
Balance at beginning of year	(7,885)	1,040
Surplus for year	52,052	2,046
Transfer from capital reserve	4	4
Actuarial loss in respect of pension scheme - group	(26,995)	(11,196)
Actuarial loss in respect of pension scheme - associate	(138)	(29)
Foreign currency translation	308	250
Balance at end of year	17,346	(7,885)
Company		
Balance at beginning of year	(23,171)	(12,989)
(Deficit)/surplus for year	(5,720)	1,043
Actuarial loss in respect of pension scheme - group	(26,995)	(11,196)
Actuarial loss in respect of pension scheme - associate	(138)	(29)
Curtailment gain	58,991	-
Closing balance	2,967	(23,171)
Donated asset reserve		
Donated asset	330	330

20 Foreign currency translation

	2012 €'000	2011 €'000
Capital reserves (note 18)	4	4
Revenue reserves (note 19)	308	250
	312	254

NOTES TO THE FINANCIAL STATEMENTS - continued

21 Operating leases

Group

Operating leases charged in arriving at the surplus attributable to the group amounted to €7.2m (2011: €5.5 million).

Obligations payable in 2013 on operating lease agreements in place at 31 December 2012, amounted to €5.4m (2011: €4.8 million) analysed as follows:

	2012 €'000	2011 €'000
Leases expiring less than 1 year	2,019	1,729
Leases expiring two to five years	3,061	2,588
Leases expiring after five years	296	511
	5,376	4,828

22 Net cash inflow from operating activities

	2012 €'000	2011 €'000
Operating (deficit)/surplus - parent and subsidiary undertaking	(181)	1,040
Net curtailment gain	51,909	-
Depreciation charge	6,808	6,948
Amortisation of capital grants	(2,511)	(2,799)
Distributions received from Associate company	1,467	2,253
Decrease in provision for liabilities and charges	(960)	(393)
Difference between pension charge and cash contributions	(61,115)	(2,465)
Amortisation of goodwill	62	57
Decrease in stocks	66	23
Decrease/(increase) in debtors	2,577	(3,931)
Increase in creditors	5,813	3,739
Non cash foreign exchange	34	71
Net cash inflow from operating activities	3,969	4,543

23 Analysis of changes in net debt

	31 December 2011 €'000	Cash flow €''000	Non-cash changes €'000	31 December 2012 €'000
Cash				
Cash at bank and in hand	38,416	(1,352)	-	37,064
Overdrafts	(1,168)	134	-	(1,034)
	37,248	(1,218)	-	36,030
Debt and finance leases				
Loans due within one year	(754)	3	-	(751)
Loans due after one year	(18,248)	619	-	(17,629)
Finance leases and other loans	(19)	-	-	(19)
	(19,021)	622	-	(18,399)
Net cash	18,227	(596)	-	17,631

NOTES TO THE FINANCIAL STATEMENTS - continued

24 Reconciliation of net cash flow to movement in net debt

	Total cashflow €'000
Decrease in cash during period	(1,218)
Reduction in debt and lease financing	622
Movement in net cash for period	(596)
Net cash at start of year	18,227
Net cash at end of year	17,631

25 Contingent liabilities

Capital grants
The Group receives grants towards capital expenditure. Such grants are treated as deferred credits and are shown in creditors (note 17).

If certain circumstances occur (the most significant of which is that the Group company which received the grants ceases to use the assets to which the grants relate), a certain proportion of these grants could be repayable. The amount repayable should these circumstances have arisen at 31 December 2012 would have been €32.5m (2011: €31m).

26 Directors' remuneration, loans and shareholdings

	2012 €'000	2011 €'000
Directors' remuneration		
The Rehab Group		
Emoluments	-	-
Through subsidiary companies		
Emoluments		
- for services as directors	-	-
	-	-

During the year services to the value of €1,250 (2011: €29,400) were provided to the Rehab Group and subsidiary companies by Keogh McConnell Spence (KMCS) project managers and chartered quantity surveyors. Barry Keogh is a partner in KMCS. Consultancy services to the value of €66,000 (2011: €11,000) were provided by Laragh Consulting to the Rehab Group and subsidiary companies. Frank Flannery is a director of Laragh Consulting. Also professional services to the value of €12,000 (2011: €5,000) were provided to the Rehab Group by Gene Lambert, a director.

€7,653 (2011: €9,222) has been paid to directors during the year as reimbursement of expenses. No other transactions took place between the directors and the Group. No directors hold shares in any of the Group companies. No loans have been granted by the Group to any of the directors.

NOTES TO THE FINANCIAL STATEMENTS - continued

27 Guarantees

Group and company

The company has granted irrevocable guarantees to two of the company's Irish subsidiaries; Rehab Foundation Limited and Rehab lotteries Limited in respect of their liabilities and losses referred to in Section 5 (c) of the Companies Amendment Act, 1996 which may arise or are likely to arise in respect of the financial year of each of the subsidiary companies commencing on 1 January 2012 and ending on 31 December 2012 and to include those liabilities and losses which will only become apparent between the balance sheet date and the date on which the financial statements are signed in pursuance of Section 156 of the Companies Act,1963.

Rehab Foundation Limited and Rehab Lotteries Limited consolidated in these financial statements are availing of the exemptions granted under Section 17 of the Companies (Amendment) Act, 1986.

The Rehab Group, has given a guarantee to Allied Irish Banks plc in respect of a global overdraft facility of €3.0m on behalf of certain Irish subsidiary companies.

The Rehab Group has given guarantees to the Bank Ireland of €0.8m on behalf of its subsidiary company Rehab Enterprises Limited.

The Rehab Group has given guarantees to the Bank of Ireland of €7.8m on behalf of Rehab Glassco Limited. These guarantees cover facilities which have been used to finance the expansion and upgrading of glass recycling facilities in Naas, County Kildare.

The Rehab Group has given a guarantee to The Secretary of State for Work and Pensions in the United Kingdom guaranteeing due performance of a contract engaging its subsidiary Momentum Scotland Limited as a prime contractor to deliver a Work Choice Contract CPA1, Highlands, Islands, Clyde Coast and Grampian.

The Rehab Group is a joint guarantor with the Central Remedial Clinic on a lease relating to the offices of its associate company, The Care Trust, details of which are noted below; part of a premises at College Road, Blackrock, Co. Dublin. The annual rent is €48,000 and the lease term is due to expire on 31 May 2017.

Rehab Jobfit LLP is jointly owned by The Rehab Group and Interserve plc. and is a prime contractor with the Secretary of State for Work and Pensions in the United Kingdom. As a part of the contract Interserve plc has entered into a deed of guarantee under which Interserve guarantees certain obligations of the prime contractor. In support of this guarantee The Rehab Group has indemnified Interserve plc in respect of 50% of any losses arising under this guarantee.

NOTES TO THE FINANCIAL STATEMENTS - continued

28 Investment in group undertakings

	Shareholdings		
	Direct %	Through subsidiary %	Principal activity
<u>Incorporated in the Republic of Ireland</u>			
Rehab Holdings Limited	100	-	Holding
National Learning Network Limited	100	-	Services
Rehab Enterprises Limited	100	-	Manufacturing/services
RG Recycle Holdings Limited	-	51	Holding
Rehab Glass & Cans Limited	-	51	Dormant
Rehab Glassco Limited	-	51	Glass recycling
RehabCare (a company limited by guarantee and not having a share capital. The Rehab Group controls the composition of its board of directors)	-	-	Services
Newgrove Housing Association Limited (a company limited by guarantee and not having a share capital The Rehab Group controls the composition of its board of directors)	-	-	Housing association
Rehab Foundation Limited	100	-	Fund-raising
Rehab Lotteries Limited	100	-	Lottery promotions
Rehab Net Games Limited	-	100	Lottery promotions
The Care Trust Limited	-	50	Lottery promotions
Conquer & Care Lotteries Limited	-	50	Lottery promotions
The Polio Fellowship of Ireland (a company limited by guarantee and not having a share capital. The Rehab Group controls the composition of its board of directors)	-	-	Services
Stepping Out (Athlone) Limited (a company limited by guarantee and not having a share capital)	-	-	Services
Clashganna Mills Trust Limited (a company limited by guarantee and not having a share capital)	-	-	Dormant

NOTES TO THE FINANCIAL STATEMENTS - continued

28 Investment in group undertakings - continued

	Shareholdings		
	Direct %	Through subsidiary %	Principal activity
<u>Incorporated in the UK</u>			
Momentum Scotland (a company limited by guarantee and not having a share capital. Rehab Holdings Limited controls the composition of its board of directors)	-	-	Services
Haven Products Limited	-	100	Manufacturing/services
Momentum Care Services (a company limited by guarantee and not having a share capital)	-	-	Services
Rehab Group Services Limited	100	-	Holding
Rehab UK (a company limited by guarantee and not having a share capital. Momentum controls the composition of its board of directors)	-	-	Dormant
Rehab (a company limited by guarantee and not having a share capital).	-	-	Fund-raising
TBG Learning Limited	-	100	Training
The Chaseley Trust (a Trust not having a share capital. Rehab Holdings Limited controls the composition of the majority of its board)	-	-	Holds property in trust
The Chaseley Trust (a company limited by guarantee and not having a share capital. Rehab Holdings Limited controls the composition of the majority of its board)	-	-	Services
Rehab Scotland Limited	-	100	Dormant
Conquer and Care (Northern Ireland) Limited	-	50	Dormant
Rehab JobFit LLP	51	-	Training and employment Service
Acorn Training Consultants Limited	-	100	Training

NOTES TO THE FINANCIAL STATEMENTS - continued

28 Investment in group undertakings - continued

The registered office of the subsidiaries and related companies in the Republic of Ireland is Roslyn Park, Sandymount, Dublin 4, except as noted below and the registered offices of UK subsidiaries are noted below:

The Care Trust Limited	71-73 College House, Rock Road, Blackrock, Co Dublin
Rehab Glassco Limited	Unit 4, Osberstown Business Park, Carragh Road, Naas, Co. Kildare
Conquer and Care Lotteries Limited	Park House, Stillorgan Grove, Stillorgan, Co Dublin
Momentum Scotland Limited	Pavilion 7, Watermark Park, 325 Govan Road, Glasgow, G51 2SE
Haven Products Limited	Pavilion 7, Watermark Park, 325 Govan Road, Glasgow, G51 2SE
Momentum Care Services Limited	Pavilion 7, Watermark Park, 325 Govan Road, Glasgow, G51 2SE
Rehab Scotland Limited	Pavilion 7, Watermark Park, 325 Govan Road, Glasgow, G51 2SE
Conquer and Care (Northern Ireland) Limited	50 Bedford Street, Belfast BT2 7FW
Rehab Group Services Limited	145 Great Charles Street, Birmingham B3 3LP
TBG Learning Limited	145 Great Charles Street, Birmingham B3 3LP
The Chaseley Trust	Chaseley, South Cliff, Eastbourne, East Sussex, BN20 7JH
Rehab UK	145 Great Charles Street, Birmingham B3 3LP
Rehab	145 Great Charles Street, Birmingham B3 3LP
Rehab JobFit LLP	Interserve House, Ruscombe Park, Twyford, Reading, Berkshire, RG10 9JU
Acorn Training Consultants Limited	145 Great Charles St., Birmingham B3 3LP

29 Capital commitments

Capital expenditure approved at 31 December 2012 and not provided in these financial statements are estimated at €2.4m (2011: €7.8m), of which €1.9m (2011: €1.9m) had been contracted at the balance sheet date and for which it is anticipated to receive capital grants and bequests of €1.9m (2011: €6.2m).

NOTES TO THE FINANCIAL STATEMENTS - continued

30 Related party transactions

The directors have availed of the exemption under financial reporting standard No.8 "Related Party Disclosures" which permits qualifying subsidiaries of an undertaking not to disclose details of transactions between group entities that are eliminated on consolidation.

There is a balance receivable from Rehab Glassco Limited at year end amounting to €720,000.

The Rehab Group has a limited liability partnership with Interserve plc which is operated through Rehab Jobfit LLP. During the year TBG Learning Limited entered into a number of transactions with Rehab Jobfit LLP. TBG Learning Limited is a 100% subsidiary of The Rehab Group and it acts as a sub-contractor in respect of services provided by Rehab Jobfit LLP. In respect of these sub-contracts £1,847,209 was recorded as revenue by TBG Learning Limited in the year. In addition, TBG Learning Limited operate a management services agreement with Rehab Jobfit LLP in respect of the provision of specified services to Rehab Jobfit LLP, including finance, premises, quality, health and safety services. Amounts charged by TBG Learning Limited under this agreement during the year amounted to £1,103,406. Amounts due from Rehab Jobfit LLP at 31 December 2012 were £Nil.

31 Comparatives

Certain comparatives have been re-group and re-stated where necessary for classification and comparative purposes.

32 Approval of financial statements

The members of the board of directors approved the financial statements on 30 September 2013.

Rehab

Lotteries

Giving Everyone a Better Chance

Rehab Lotteries Limited, Park House, Stillorgan Grove, Stillorgan, Co. Dublin, Ireland.
Tel: +353-1-2100510 Fax: +353-1-2100511
Corporate Website: www.rehab.ie Gaming Websites: www.rehabbingo.com www.rehabgames.com
Email: info@rehablotteries.ie

Date: 15th November 2013

Registrar of Companies
Parnell House
14 Parnell Square
Dublin 1.

Section 17 Companies (Amendment) Act, 1986 (the "Act")

Dear Sir,

Pursuant to Section 17 of the Act, this Company has availed of the exemption therein provided for from the provisions of Section 7 of the Act in respect of its financial year ended 31 December 2012.

This notice is, pursuant to Section 17 (1)(d) of the Act annexed to the Annual Return of the Company in respect of its financial year ended on 31 December 2012 as are also a copy of the guarantee and notification referred to in Section 17 (1)(b) of the Act.

We hereby declare, pursuant to Section 17(1)(d) of the Act, that Section 17(1)(a) thereof has been complied with in relation to the exemption referred to above.

Yours faithfully

Vicky O'Grady
Company Secretary

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CARLOW
18 NOV 2013
RECEIVED

RehabGroup

Investing in People, Changing Perspectives

Rehab Lotteries Limited
("the Company")

Consent of the Shareholders

We, the undersigned, being the sole shareholder of the above Company on 30th September 2013 (being the Annual Return Date of the Company after the financial year end of 31 December 2012), hereby consent, pursuant to Section 17(1)(a), Companies (Amendment) Act, 1986 (the "Act"), to the Company availing of the exemption provided by Section 17 of the Act from the requirements of Section 7 of the Act.

Signed:

For and on behalf of
The Rehab Group

Dated: ***6th November 2013***

Rehab Group | Sandymount
Roslyn Park, Beach Road, Sandymount, Dublin 4, Ireland.

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Rehab

Lotteries

Giving Everyone a Better Chance

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Corporate Website: www.rehab.ie Gaming Websites: www.rehabbingo.com www.rehabgames.com
Email: info@rehablotteries.ie

Rehab Lotteries Limited
("the Company")

Date: 6th November 2013

Section 17 Companies (Amendment) Act, 1986 (the "Act")

Dear Shareholder

We hereby give you notice pursuant to Section 17 (1)(b) of the Act, that for the purpose of enabling this Company to avail of the exemption from filing its accounts with the Registrar of Companies, as provided by Section 17(1)(a) of the Act, The Rehab Group, the holding company of the Company has issued an irrevocable guarantee of the liabilities and losses of the Company pursuant to Section 17(1)(b) of the Act for the financial year ended 31 December 2012.

Yours faithfully

Vicky O'Grady
Company Secretary

Rehab Lotteries Limited, Reg in Republic of Ireland 123795. Registered Office: Roslyn Park, Sandymount, Dublin 4, Ireland.
Directors: F. Flannery, A. Kerins, B. Kerr, J. McGuire (Managing), K. Poole, J.F. Smith, V. O'Grady (Secretary)

RehabGroup

Investing in People, Changing Perspectives

GUARANTEE

For the purposes of Section 17(1) (b) of the Companies (Amendment) Act 1986.

BY THIS GUARANTEE DATED 29th April 2013, we, THE REHAB GROUP, whose registered office is at Roslyn Park, Sandymount, Dublin 4 do hereby irrevocably guarantee the due payment by our subsidiary company Rehab Lotteries Limited ("The Subsidiary") Registration No. 123795 of all liabilities of the Subsidiary referred to in Section 5(c) of the Companies (Amendment) Act 1986 in respect of the financial year commencing 1st January 2012 and ending 31st December 2012.

PRESENT when the COMMON SEAL of **THE REHAB GROUP** was affixed:

Director

Secretary

Rehab Group | Sandymount
Roslyn Park, Beach Road, Sandymount, Dublin 4, Ireland.

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