

Equilibrium Healthcare Limited
Financial Statements
For
The Year Ended 30 June 2012

Company Registration Number 03159421



BEEVER AND STRUTHERS
Chartered Accountants & Statutory Auditor
St George's House
215 - 219 Chester Road
Manchester
M15 4JE

Equilibrium Healthcare Limited

Financial Statements

Year Ended 30 June 2012

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Equilibrium Healthcare Limited

The Director's Report

Year Ended 30 June 2012

The director has pleasure in presenting his report and the financial statements of the group for the year ended 30 June 2012

Principal Activities and Business Review

The principal activity of the group during the year was the operation of the Bigfoot Independent Hospital, for individuals diagnosed with mental health problems and Moston Grange care homes for adults

The directors are satisfied with the results of the group for the current year

This has been a challenging year for the business, future changes in funding arrangements for our service user group have continued throughout the year, with even greater, more protracted delays in patients moving into Bigfoot. Longer lead in times for patients admittance, together with pressure on pricing levels, have been consistent

We envisage further similar pressures in the short term, but remain confident of maintaining current occupancy levels next year

We are currently engaged in a strategic review of the business, with initial changes in management structure and culture already having taken place

At Moston Grange, the decision made to change one of the sixteen bed units into a unit capable of taking challenging service users and individuals suffering from early onset dementia, for rehabilitation, has been a success. We have continually achieved occupancy rates in excess of 85% throughout the year

Results and Dividends

The profit for the year, after taxation, amounted to £1,015,085. The director has not recommended a dividend

Financial risk management objectives and policies

We have made good progress in business development during the year, which has manifested itself in securing opportunities from a range of clients, helping to alleviate the lack of referrals from our historic largest customer. In diversifying the services which we offer and increasing our customer base, we have managed to protect the business from the current ephemeral nature of the sector, a trend that will continue

We have recently instigated a review of all procedures, controls and Business Unit Authority Listing, the initiatives emanating from the same have all begun to show potential improvement in the future

This rigorous approach will continue in the future

Equilibrium Healthcare Limited

The Director's Report *(continued)*

Year Ended 30 June 2012

Directors

The directors who served the company during the year were as follows

P J Keely
H J Dudgeon
L Hall

A White was appointed as a director on 1 November 2012

H J Dudgeon resigned as a director on 31 October 2012

L Hall resigned as a director on 31 October 2012

Director's Responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year.

In preparing those financial statements, the director is required to

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

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Equilibrium Healthcare Limited

The Director's Report *(continued)*

Year Ended 30 June 2012

In so far as the director is aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

Donations

During the year the company made the following contributions

	2012 £	2011 £
Charitable	<u>46,038</u>	<u>45,765</u>
Other	<u>-</u>	<u>150</u>

Auditor

Beever and Struthers are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed by

A White
Director



Approved by the director on 17 December 2012

Equilibrium Healthcare Limited

Independent Auditor's Report to the Shareholders of Equilibrium Healthcare Limited

Year Ended 30 June 2012

We have audited the group and parent company financial statements ("the financial statements") of Equilibrium Healthcare Limited for the year ended 30 June 2012 on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Director and Auditor

As explained more fully in the Director's Responsibilities Statement set out on pages 2 to 3, the director is 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 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 annual 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 of the state of the group's and parent company's affairs as at 30 June 2012 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Equilibrium Healthcare Limited

Independent Auditor's Report to the Shareholders of Equilibrium Healthcare Limited *(continued)*

Year Ended 30 June 2012

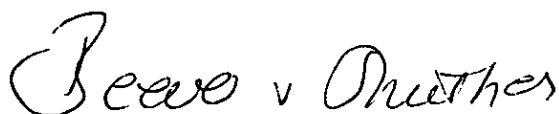
Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report 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 are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



St George's House
215 - 219 Chester Road
Manchester
M15 4JE

17 December 2012

CAROLINE MONK (Senior Statutory
Auditor)
For and on behalf of
BEEVER AND STRUTHERS
Chartered Accountants
& Statutory Auditor

Equilibrium Healthcare Limited

Profit and Loss Account

Year Ended 30 June 2012

	Note	2012 £	2011 £
Group turnover	2	6,590,598	6,901,169
Cost of sales		<u>3,996,566</u>	<u>3,778,656</u>
Gross profit		2,594,032	3,122,513
Administrative expenses		<u>1,115,355</u>	<u>1,085,901</u>
Operating profit	3	1,478,677	2,036,612
Interest receivable		14,720	14,842
Interest payable and similar charges	6	(44,073)	(52,105)
Profit on ordinary activities before taxation		<u>1,449,324</u>	<u>1,999,349</u>
Tax on profit on ordinary activities	7	434,239	559,677
Profit for the financial year	8	<u>1,015,085</u>	<u>1,439,672</u>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The notes on pages 10 to 22 form part of these financial statements

Equilibrium Healthcare Limited

Group Balance Sheet

30 June 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	9	5,785,182	5,656,063
Current assets			
Debtors	11	3,543,014	4,335,653
Cash at bank and in hand		3,337,246	2,585,011
		<u>6,880,260</u>	<u>6,920,664</u>
Creditors: Amounts Falling due Within One Year	12	<u>1,999,205</u>	<u>2,765,356</u>
Net current assets		<u>4,881,055</u>	<u>4,155,308</u>
Total assets less current liabilities		<u>10,666,237</u>	<u>9,811,371</u>
Creditors: Amounts Falling due after More than One Year	13	819,409	1,001,029
Provisions for liabilities			
Deferred taxation	16	150,978	129,577
		<u>9,695,850</u>	<u>8,680,765</u>
Capital and reserves			
Called-up equity share capital	20	31,112	31,112
Profit and loss account	21	9,664,738	8,649,653
Shareholders' funds	22	<u>9,695,850</u>	<u>8,680,765</u>

These financial statements were approved and signed by the director and authorised for issue on 17 December 2012

A White
Director

A White

The notes on pages 10 to 22 form part of these financial statements

Equilibrium Healthcare Limited

Balance Sheet

30 June 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	9	3,495,272	3,539,770
Investments	10	2	2
		<u>3,495,274</u>	<u>3,539,772</u>
Current assets			
Debtors	11	1,781,765	1,859,616
Cash at bank		2,598,347	1,991,967
		<u>4,380,112</u>	<u>3,851,583</u>
Creditors: Amounts Falling due Within One Year	12	<u>1,302,440</u>	<u>1,716,160</u>
Net current assets		<u>3,077,672</u>	<u>2,135,423</u>
Total assets less current liabilities		<u>6,572,946</u>	<u>5,675,195</u>
Creditors: Amounts Falling due after More than One Year	13	13,608	—
Provisions for liabilities			
Deferred taxation	16	118,350	129,577
		<u>6,440,988</u>	<u>5,545,618</u>
Capital and reserves			
Called-up equity share capital	20	31,112	31,112
Profit and loss account	21	6,409,876	5,514,506
Shareholders' funds		<u>6,440,988</u>	<u>5,545,618</u>

These financial statements were approved and signed by the director and authorised for issue on 17 December 2012

A White
Director



Company Registration Number 03159421

The notes on pages 10 to 22 form part of these financial statements

Equilibrium Healthcare Limited

Group Cash Flow

Year Ended 30 June 2012

	Note	2012 £	2011 £
Net cash inflow from operating activities	23	1,997,209	2,391,262
Returns on investments and servicing of finance	23	(29,353)	(37,263)
Taxation	23	(626,459)	(748,516)
Capital expenditure and financial investment	23	(415,351)	(704,755)
Cash inflow before financing		<u>926,046</u>	<u>900,728</u>
Financing	23	(173,811)	(192,731)
Increase in cash	23	<u>752,235</u>	<u>707,997</u>

The notes on pages 10 to 22 form part of these financial statements

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

Turnover

The turnover shown in the profit and loss account represents services provided during the year.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- 2% straight line
Plant & Machinery	- 20% straight line
Fittings, Fittings & Equipment	- 25% reducing balance
Capital refurbishment	- 25% reducing balance
Solar Panels	- 4% straight Line

No depreciation is charged on freehold land.

Investments

Investments held as fixed assets are stated at cost.

Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

1. Accounting Policies *(continued)*

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the director considers that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the group. An analysis of turnover is given below

	2012 £	2011 £
United Kingdom	<u>6,590,598</u>	<u>6,901,169</u>

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

3. Operating Profit

Operating profit is stated after charging

	2012	2011
	£	£
Depreciation of owned fixed assets	285,174	210,407
Depreciation of assets held under hire purchase agreements	1,058	–
Auditor's remuneration		
- as auditor	13,100	12,800
- for other services	3,579	6,670

4. Particulars of Employees

The average number of staff employed by the group during the financial year amounted to

	2012	2011
	No	No
Number of care home staff	202	156

The aggregate payroll costs of the above were

	2012	2011
	£	£
Wages and salaries	3,378,404	3,204,987
Social security costs	270,838	272,358
	<u>3,649,242</u>	<u>3,477,345</u>

5. Director's Remuneration

The director's aggregate remuneration in respect of qualifying services were

	2012	2011
	£	£
Aggregate remuneration	<u>100,000</u>	<u>100,000</u>

The directors have received their remuneration from Equilibrium Healthcare Limited, EHC Harnham House Limited, EHC Moston Grange Limited and EHC Oakland House Limited, companies under common control. The total remuneration received in the year amounted to £200,000 (2011 - £200,000)

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

6. Interest Payable and Similar Charges

	2012	2011
	£	£
Interest payable on bank borrowing	39,103	44,600
Finance charges	1,479	—
Other similar charges payable	3,491	7,505
	<u>44,073</u>	<u>52,105</u>

7. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2012	2011
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 25 50% (2011 - 27 50%)	413,237	564,212
(Over)/under provision in prior year	(399)	4,902
Total current tax	<u>412,838</u>	<u>569,114</u>
Deferred tax		
Origination and reversal of timing differences	21,401	(9,437)
Tax on profit on ordinary activities	<u>434,239</u>	<u>559,677</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 25 50% (2011 - 27 50%)

	2012	2011
	£	£
Profit on ordinary activities before taxation	<u>1,449,324</u>	<u>1,999,349</u>
Profit on ordinary activities by rate of tax	369,578	549,821
Expenses not deductible for tax purposes	54,157	42,086
Capital allowances for period in excess of depreciation	(10,498)	(27,695)
Adjustments to tax charge in respect of previous periods	(399)	4,902
Total current tax (note 7(a))	<u>412,838</u>	<u>569,114</u>

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

8. Profit Attributable to Members of the Parent Company

The profit dealt with in the financial statements of the parent company was £895,370 (2011 - £1,188,305)

9. Tangible Fixed Assets

Group	Freehold Property £	Plant & Machinery £	Fixtures and Fittings £	Capital Refurbish ment £	Solar Panels £	Total £
Cost						
At 1 Jul 2011	6,004,252	77,265	622,375	289,632	–	6,993,524
Additions	5,500	43,085	35,445	283,808	47,513	415,351
At 30 Jun 2012	6,009,752	120,350	657,820	573,440	47,513	7,408,875
Depreciation						
At 1 Jul 2011	677,571	32,922	522,074	104,894	–	1,337,461
Charge for the year	111,176	22,926	33,936	117,136	1,058	286,232
At 30 Jun 2012	788,747	55,848	556,010	222,030	1,058	1,623,693
Net book value						
At 30 Jun 2012	5,221,005	64,502	101,810	351,410	46,455	5,785,182
At 30 Jun 2011	5,326,681	44,343	100,301	184,738	–	5,656,063

Hire purchase agreements

Included within the net book value of £5,785,182 is £46,455 (2011 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £1,058 (2011 - £Nil)

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

9. Tangible Fixed Assets *(continued)*

Company	Freehold Property £	Plant & Fixtures and Machinery £	Fittings £	Solar Panels £	Total £
Cost					
At 1 July 2011	3,851,398	77,263	130,520	–	4,059,181
Additions	–	43,087	12,554	15,120	70,761
At 30 June 2012	3,851,398	120,350	143,074	15,120	4,129,942
Depreciation					
At 1 July 2011	403,429	32,922	83,060	–	519,411
Charge for the year	77,028	22,926	15,003	302	115,259
At 30 June 2012	480,457	55,848	98,063	302	634,670
Net book value					
At 30 June 2012	3,370,941	64,502	45,011	14,818	3,495,272
At 30 June 2011	3,447,969	44,341	47,460	–	3,539,770

Hire purchase agreements

Included within the net book value of £3,495,272 is £14,818 (2011 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £302 (2011 - £Nil).

10. Investments

Company	Group companies £
Cost	
At 1 July 2011 and 30 June 2012	<u>2</u>
Net book value	
At 30 June 2012 and 30 June 2011	<u>2</u>

	Country of incorporation	Proportion of voting rights and Holding shares held	Nature of business
Subsidiary undertakings			
All held by the company			
EHC Moston Grange Limited	England	Ordinary shares 100%	Operation of a care home

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

11. Debtors

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	260,149	611,024	136,306	497,664
Other debtors	3,228,520	3,695,009	1,599,515	1,339,384
Prepayments and accrued income	54,345	29,620	45,944	22,568
	<u>3,543,014</u>	<u>4,335,653</u>	<u>1,781,765</u>	<u>1,859,616</u>

The debtors above include the following amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Other debtors	<u>255,504</u>	<u>—</u>	<u>255,504</u>	<u>—</u>

12. Creditors: Amounts Falling due Within One Year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans	272,251	267,610	—	—
Trade creditors	197,738	104,734	121,013	40,234
Amounts owed to group undertakings	—	—	28,650	279,331
Hire purchase agreements	3,168	—	1,008	—
Other creditors including taxation and social security				
Corporation tax	350,590	564,211	320,391	471,995
Other taxation and social security	38,943	31,794	—	—
Other creditors	1,082,115	1,644,603	814,310	911,425
Accruals and deferred income	54,400	152,404	17,068	13,175
	<u>1,999,205</u>	<u>2,765,356</u>	<u>1,302,440</u>	<u>1,716,160</u>

The bank loans disclosed under creditors due in less than one year are secured by the company

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

13. Creditors: Amounts Falling due after More than One Year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	776,828	1,001,029	-	-
Hire purchase agreements	42,581	-	13,608	-
	<u>819,409</u>	<u>1,001,029</u>	<u>13,608</u>	<u>-</u>

Included within creditors falling due after more than one year is an amount of £29,911 (2011 - £nil) in respect of liabilities which fall due for payment after more than five years from the balance sheet date

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdrafts	<u>776,828</u>	<u>1,001,029</u>	<u>-</u>	<u>-</u>

14. Creditors - Capital Instruments

Creditors include finance capital which is due for repayment as follows

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts repayable				
In one year or less or on demand	272,251	267,610	-	-
In more than one year but not more than two years	280,532	275,750	-	-
In more than two years but not more than five years	496,296	658,283	-	-
	<u>1,049,079</u>	<u>1,201,643</u>	<u>-</u>	<u>-</u>

15. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Amounts payable within 1 year	3,168	-	1,008	-
Amounts payable between 2 to 5 years	12,670	-	4,032	-
Amounts payable after more than 5 years	29,911	-	9,576	-
	<u>45,749</u>	<u>-</u>	<u>14,616</u>	<u>-</u>

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

16 Deferred Taxation

The movement in the deferred taxation provision during the year was

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Provision brought forward	129,577	139,014	129,577	139,014
Increase/(Decrease) in provision	21,401	(9,437)	(11,227)	(9,437)
Provision carried forward	<u>150,978</u>	<u>129,577</u>	<u>118,350</u>	<u>129,577</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of

Group	2012		2011	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>150,978</u>	<u>-</u>	<u>129,577</u>	<u>-</u>

The company's provision for deferred taxation consists of the tax effect of timing differences in respect of

Company	2012		2011	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>118,350</u>	<u>-</u>	<u>129,577</u>	<u>-</u>

17. Commitments under Operating Leases

At 30 June 2012 the group had annual commitments under non-cancellable operating leases as set out below

Group	Assets other than Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within 1 year	15,958	10,386
Within 2 to 5 years	14,627	18,540
	<u>30,585</u>	<u>28,926</u>

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

17. Commitments under Operating Leases *(continued)*

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as set out below

Company	Assets other than land and buildings	
	2012 £	2011 £
Operating leases which expire		
Within 1 year	4,127	5,394
Within 2 to 5 years	6,371	6,696
	<u>10,498</u>	<u>12,090</u>

18. Contingencies

There is an unlimited cross guarantee between EHC Harnham House Limited, EHC Oakland House Limited, EHC Moston Grange Limited and Equilibrium Healthcare Limited in respect of bank borrowings with The Co-operative Bank plc

The companies within the Equilibrium Healthcare Limited and Equilibrium Healthcare Group Limited, have group overdraft and loan facilities. These are secured on all properties owned within the groups and by a fixed and floating charge over all assets within the groups

19. Related Party Transactions

The group was under the control of Mr P J Keely throughout the current and previous year. Mr P J Keely is the majority shareholder.

Included within other debtors are balances owed by related companies as follows -

EHC Harnham House Limited £2,571,636 (2011 - £2,626,603) and EHC Oakland House Limited £259,131 (2011 - £951,525). These balances have arisen as a result of group banking facilities.

An amount of £26,028 (2011 - £26,028) due from Equilibrium Healthcare Group Limited,

Included within other creditors are balances to related companies as follows -

Leap 29 Limited £377,746 (2011 - £941,699) and £702,972 (2011 - £698,903) due to EHC Oakland House Limited.

Equilibrium Healthcare Group Limited, EHC Harnham House Limited and EHC Oakland House Limited are companies owned by Patrick Keely and Harriet Dudgeon. Patrick Keely also owns the majority of the issued share capital of Leap 29 Limited.

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

20. Share Capital

Authorised share capital:

	2012	2011
	£	£
155,062 Ordinary shares of £0.20 each	31,012	31,012
100 Ordinary shares of £1 each	100	100
	<u>31,112</u>	<u>31,112</u>

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
155,062 Ordinary shares of £0.20 each	155,062	31,012	155,062	31,012
100 Ordinary shares of £1 each	100	100	100	100
	<u>155,162</u>	<u>31,112</u>	<u>155,162</u>	<u>31,112</u>

21. Reserves

Group	Profit and loss account
	£
Balance brought forward	8,649,653
Profit for the year	1,015,085
Balance carried forward	<u>9,664,738</u>

Company	Profit and loss account
	£
Balance brought forward	5,514,506
Profit for the year	895,370
Balance carried forward	<u>6,409,876</u>

22. Reconciliation of Movements in Shareholders' Funds

	2012	2011
	£	£
Profit for the financial year	1,015,085	1,439,672
Opening shareholders' funds	8,680,765	7,241,093
Closing shareholders' funds	<u>9,695,850</u>	<u>8,680,765</u>

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

23. Notes to the Cash Flow Statement

Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2012 £	2011 £
Operating profit	1,478,677	2,036,612
Depreciation	286,232	210,407
Decrease in debtors	792,639	43,661
(Decrease)/increase in creditors	(560,339)	100,582
Net cash inflow from operating activities	<u>1,997,209</u>	<u>2,391,262</u>

Returns on Investments and Servicing of Finance

	2012 £	2011 £
Interest received	14,720	14,842
Interest paid	(42,594)	(52,105)
Interest element of hire purchase	(1,479)	—
Net cash outflow from returns on investments and servicing of finance	<u>(29,353)</u>	<u>(37,263)</u>

Taxation

	2012 £	2011 £
Taxation	<u>(626,459)</u>	<u>(748,516)</u>

Capital Expenditure

	2012 £	2011 £
Payments to acquire tangible fixed assets	(415,351)	(704,755)
Net cash outflow from capital expenditure	<u>(415,351)</u>	<u>(704,755)</u>

Financing

	2012 £	2011 £
Repayment of bank loans	(219,560)	(192,731)
Capital element of hire purchase	45,749	—
Net cash outflow from financing	<u>(173,811)</u>	<u>(192,731)</u>

Equilibrium Healthcare Limited

Notes to the Financial Statements

Year Ended 30 June 2012

Reconciliation of Net Cash Flow to Movement in Net Funds

	2012		2011	
	£	£	£	£
Increase in cash in the period	752,235		707,997	
Net cash outflow from bank loans	219,560		192,731	
Cash outflow in respect of hire purchase	(45,749)		—	
		926,046		900,728
Change in net funds		926,046		900,728
Net funds at 1 July 2011		1,316,372		415,644
Net funds at 30 June 2012		2,242,418		1,316,372

Analysis of Changes in Net Funds

	At 1 Jul 2011 £	Cash flows £	At 30 Jun 2012 £
Net cash			
Cash in hand and at bank	2,585,011	752,235	3,337,246
Debt			
Debt due within 1 year	(267,610)	(4,641)	(272,251)
Debt due after 1 year	(1,001,029)	224,201	(776,828)
Hire purchase agreements	—	(45,749)	(45,749)
	(1,268,639)	173,811	(1,094,828)
Net funds	1,316,372	926,046	2,242,418