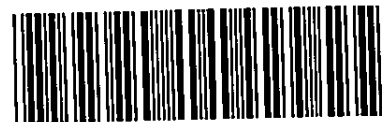


COMPANY REGISTRATION NUMBER 04220821

Sun Healthcare Limited
Annual Report and Financial Statements
30 June 2011

HARRISACCOUNTS LLP
Chartered Accountants & Statutory Auditor
Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW

THURSDAY



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Sun Healthcare Limited
Financial statements
YEAR ENDED 30 JUNE 2011

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Sun Healthcare Limited
Officers and professional advisers

The board of directors	S Garside A Tolan
Company secretary	S Garside
Registered office	Longfields Court Middlewoods Way Wharncliffe Business Park Carlton, Barnsley South Yorkshire S71 3GN
Auditor	Harrisaccounts LLP Chartered Accountants & Statutory Auditor Marland House 13 Huddersfield Road Barnsley South Yorkshire S70 2LW
Bankers	National Westminster Bank plc 3rd Floor, Mander House Mander Centre Wolverhampton, West Midlands WV1 3WB

Sun Healthcare Limited

The directors' report

YEAR ENDED 30 JUNE 2011

The directors have pleasure in presenting their report and the financial statements of the group for the year ended 30 June 2011

Principal activities and business review

The principal activity of the group is that of the operation of care homes and a supported living service.

The Directors are pleased to report that there is an increasing growth in the company's turnover in what can only be described as turbulent times for some operators. During the year we have commenced our new operation in Barnsley within the supported living service area and tenants have now started to be cared for within this new and innovative service. The future plans to extend the concept into Wakefield are underway with the purchase of a further house in Wakefield. Rose Garth in the centre of Wakefield will come on stream during the next financial reporting year.

Group sales have increased this year by 12.9% but given that there have been marginal increases in some fees during the year the growth has been down to slightly increased numbers in our Grimsby operation and the informed increase in numbers within the ASC operation in Sutton in Ashfield.

We have had an increase in our Group borrowings this year due to the purchase of the new service in Barnsley and the Directors continually monitor both the service provision and the need for buildings to provide the services to those we care for.

Average employee numbers have decreased to 286 during the year (2010: 296) and the key financial statistics are:

Turnover per employee	£28,092 (2010: £23,627)
Operating profit per employee	£5,448 (2010: £5,217)
Average employees pay	£15,679 (2010: £13,200)

The new building work at Tapton Grove is well underway with a planned completion date at the start of spring 2012. This will provide a further 20 beds to the site with phase 3 of the planned work to commence around the June/July 2012. As reported in our last year's directors report this will reduce the bed spaces by at least 5; however, the renovation to this important grade II* listed building will enhance the service delivery to the area with an up to date building that will provide continuing care for many years.

The company is mindful of the environmental impact carbon fuels has on our society and to that end we have piloted a scheme within 2 of our properties to heat water with solar collectors to lower our carbon footprint. Should this experiment work and other sites are suitable then we intend to look at the use of such energy saving methods in future projects.

We are also going to start a plan of employee engagement throughout our workforce to test what we do and how we as an employer can improve the working lives of those we employ.

In this ever changing market place it has been clear that the plans put in place by the Directors have enabled the company to adapt and we have continued to provide a high quality of care to those we support.

Sun Healthcare Limited

The directors' report *(continued)*

YEAR ENDED 30 JUNE 2011

Results and dividends

The profit for the year, after taxation, amounted to £424,124. Particulars of dividends paid are detailed in note 11 to the financial statements.

The directors do not recommend the payment of a final dividend.

Financial instruments

Financial risk management objectives and policies

The group's operations expose it to a variety of financial risks that include the effects of price risk, credit risk, liquidity risk and interest rate risk. The group does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

The board of directors is responsible for monitoring financial risk and for deciding where it would be appropriate to use financial instruments to manage this risk.

Price risk

The group has no exposure to equity securities price risk as it holds no listed or equity investments.

Credit risk

The group has no significant exposure to credit risk, since the large majority of its trade debtors are with local authorities.

Liquidity risk

The group actively maintains a mixture of long-term and short-term finance that is designed to ensure that the group has sufficient available funds for operations and planned expansions.

Cashflow risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets are cash and bank deposits which earn interest at a variable rate. Interest bearing liabilities comprise mainly a long-term mortgage. The board of directors regularly review the mix of cash on deposit and debt to manage interest rate risk and where possible used fixed rate or debt "cap and collar" arrangements to ensure certainty of future interest cashflows. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Directors

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

S Garside

A Tolan

Sun Healthcare Limited

The directors' report *(continued)*

YEAR ENDED 30 JUNE 2011

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

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

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

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

In so far as the directors are aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Disabled employees

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

Employee involvement

It is company policy that all personnel have equality of opportunity upon recruitment and during service regardless of gender, race, religion or disability and also to select and train people dependant upon their ability and the requirements of the group for particular skills. Employees are informed of relevant company developments on a regular basis.

Sun Healthcare Limited

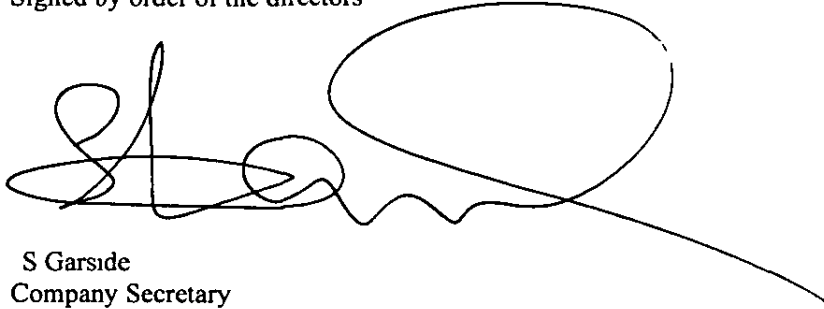
The directors' report *(continued)*

YEAR ENDED 30 JUNE 2011

Auditor

Harrisaccounts LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed by order of the directors

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

S Garside
Company Secretary

Approved by the directors on 22 March 2012

Sun Healthcare Limited

Independent auditor's report to the shareholders of Sun Healthcare Limited

YEAR ENDED 30 JUNE 2011

We have audited the group and parent company financial statements ("the financial statements") of Sun Healthcare Limited for the year ended 30 June 2011 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Reconciliation of Group Shareholders' Funds, Group Balance Sheet and Company Company Balance Sheet, Group Cash Flow Statement and the related notes. 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 Sections 495 and 496 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 directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by 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 2011 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Sun Healthcare Limited

Independent auditor's report to the shareholders of Sun Healthcare Limited *(continued)*

YEAR ENDED 30 JUNE 2011

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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Harrisaccounts WA

PAUL HINCHLIFFE BA FCA (Senior Statutory Auditor)
For and on behalf of
HARRISACCOUNTS LLP
Chartered Accountants & Statutory Auditor

Marland House
13 Huddersfield Road
Barnsley
South Yorkshire
S70 2LW

28 Mar 2012

Sun Healthcare Limited
Group profit and loss account
YEAR ENDED 30 JUNE 2011

	Note	2011 £	2010 £
Turnover			
Continuing operations		7,893,921	6,337,597
Acquisitions		—	656,016
		<u>7,893,921</u>	<u>6,993,613</u>
Group Turnover		7,893,921	6,993,613
Cost of sales	2	(4,495,551)	(3,869,778)
Gross profit		3,398,370	3,123,835
Net operating expenses	2	(1,867,422)	(1,579,401)
Operating profit:	4		
Continuing operations		1,530,948	1,294,501
Acquisitions		—	249,933
		<u>1,530,948</u>	<u>1,544,434</u>
Group operating profit		1,530,948	1,544,434
Interest receivable	7	—	1,210
Interest payable and similar charges	8	(868,907)	(1,020,909)
		<u>662,041</u>	<u>524,735</u>
Profit on ordinary activities before taxation		662,041	524,735
Tax on profit on ordinary activities	9	(237,917)	(191,220)
		<u>424,124</u>	<u>333,515</u>
Profit for the financial year	10	424,124	333,515

All of the activities of the group are classed as continuing

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 13 to 30 form part of these financial statements

Sun Healthcare Limited

Group statement of total recognised gains and losses

YEAR ENDED 30 JUNE 2011

	2011 £	2010 £
Profit for the financial year attributable to the shareholders of the parent company	424,124	333,515
Unrealised profit on revaluation of certain fixed assets	—	1,963,905
Total gains and losses recognised since the last annual report	<u>424,124</u>	<u>2,297,420</u>

Note of historical cost profits and losses

	2011 £	2010 £
Reported profit on ordinary activities before taxation	662,041	524,735
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	177,887	153,550
Historical cost profit on ordinary activities before taxation	<u>839,928</u>	<u>678,285</u>
Historical cost profit for the year after taxation	<u>602,011</u>	<u>487,065</u>

Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	424,124	333,515
Other net recognised gains and losses	—	1,963,911
Equity dividends	(100,000)	(100,000)
Transfer from revaluation reserve	238,961	164,572
Amortisation of issue expenses on non-equity shares		
Transfer to profit and loss account	(238,961)	(164,572)
Net addition to shareholders' funds	324,124	2,197,426
Opening shareholders' funds	6,921,616	4,724,190
Closing shareholders' funds	<u>7,245,740</u>	<u>6,921,616</u>

The notes on pages 13 to 30 form part of these financial statements

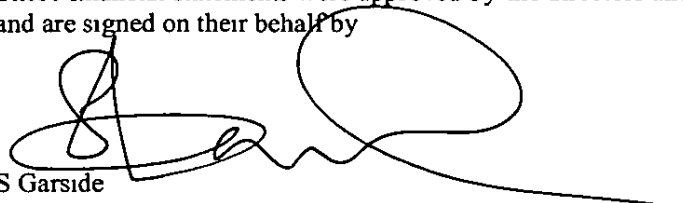
Sun Healthcare Limited

Group balance sheet

30 JUNE 2011

	Note	2011 £	2010 £
Fixed assets			
Intangible assets	12	(755,952)	(761,703)
Tangible assets	13	18,332,144	17,772,281
		<u>17,576,192</u>	<u>17,010,578</u>
Current assets			
Debtors	15	690,744	643,598
Cash at bank and in hand		661,682	384,309
		<u>1,352,426</u>	<u>1,027,907</u>
Creditors: Amounts falling due within one year	16	<u>1,126,339</u>	<u>637,574</u>
Net current assets		<u>226,087</u>	<u>390,333</u>
Total assets less current liabilities		<u>17,802,279</u>	<u>17,400,911</u>
Creditors: Amounts falling due after more than one year	17	10,510,375	10,435,406
Provisions for liabilities			
Deferred taxation	20	46,164	43,889
		<u>7,245,740</u>	<u>6,921,616</u>
Capital and reserves			
Called-up equity share capital	24	2	2
Revaluation reserve	25	5,672,333	5,911,294
Other reserves	25	98	98
Profit and loss account	25	1,573,307	1,010,222
Shareholders' funds		<u>7,245,740</u>	<u>6,921,616</u>

These financial statements were approved by the directors and authorised for issue on 22 March 2012, and are signed on their behalf by


S Garside
Director

The notes on pages 13 to 30 form part of these financial statements.

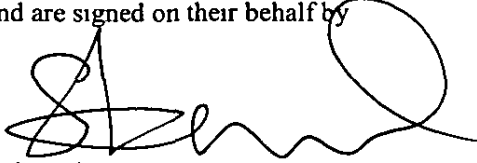
Sun Healthcare Limited

Company balance sheet

30 JUNE 2011

	Note	2011 £	2010 £
Fixed assets			
Intangible assets	12	125,008	137,504
Tangible assets	13	14,482,820	13,820,312
Investments	14	2,687,935	2,752,003
		<u>17,295,763</u>	<u>16,709,819</u>
Current assets			
Debtors	15	690,121	587,602
Cash at bank and in hand		191,554	198,768
		<u>881,675</u>	<u>786,370</u>
Creditors: Amounts falling due within one year	16	<u>961,967</u>	<u>560,318</u>
Net current (liabilities)/assets		(80,292)	226,052
Total assets less current liabilities		<u>17,215,471</u>	<u>16,935,871</u>
Creditors: Amounts falling due after more than one year	17	10,510,375	10,388,524
Provisions for liabilities			
Deferred taxation	20	36,478	43,889
		<u>6,668,618</u>	<u>6,503,458</u>
Capital and reserves			
Called-up equity share capital	24	2	2
Revaluation reserve	25	5,421,082	5,598,969
Other reserves	25	98	98
Profit and loss account	25	1,247,436	904,389
Shareholders' funds		<u>6,668,618</u>	<u>6,503,458</u>

These financial statements were approved by the directors and authorised for issue on 22 March 2012, and are signed on their behalf by


S Garside
Director

Company Registration Number 04220821

The notes on pages 13 to 30 form part of these financial statements.

Sun Healthcare Limited

Group cash flow statement

YEAR ENDED 30 JUNE 2011

	Note	2011 £	2010 £
Net cash inflow from operating activities	26	2,123,731	1,738,951
Returns on investments and servicing of finance	26	(868,907)	(1,019,699)
Taxation	26	(192,011)	(194,223)
Capital expenditure and financial investment	26	(992,808)	(190,696)
Acquisitions and disposals	26	—	(2,752,003)
Equity dividends paid		(100,000)	(100,000)
Cash outflow before financing		<u>(29,995)</u>	<u>(2,517,670)</u>
Financing	26	236,881	2,695,670
Increase in cash	26	<u>206,886</u>	<u>178,000</u>

The notes on pages 13 to 30 form part of these financial statements.

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2011

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all the group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and positive goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition. Negative goodwill, up to the fair values of non-monetary assets acquired, is included in the balance sheet as a negative asset and is amortised to the profit and loss account in the periods in which the non-monetary assets are recovered through depreciation or sale. 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

Turnover represents amounts earned on goods and services provided during the year and derives from the provision of goods falling within the company's ordinary activities.

Amortisation

Amortisation 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:

Positive goodwill	- Equal instalments over 20 years
Negative goodwill	- Equal instalments over 50 years

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Freehold Property	- Straight line over 50 years
Fixtures & Fittings	- 15% on a reducing balance basis/33 1/3 straight line basis
Motor Vehicles	- 25% on a reducing balance basis

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2011

1. Accounting policies *(continued)*

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 group profit and loss account on a straight line basis.

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.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the group profit and loss account.

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 directors consider 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 a discounted/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.

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2011

2. Analysis of cost of sales and net operating expenses

	Continuing operations £	Acquired operations £	Total £
Year ended 30 June 2011			
Cost of sales	<u>4,495,551</u>	<u>-</u>	<u>4,495,551</u>
Administrative expenses	1,881,700	-	1,881,700
Other operating income (Note 3)	(14,278)	-	(14,278)
Net operating expenses	<u>1,867,422</u>	<u>-</u>	<u>1,867,422</u>
Year ended 30 June 2010			
Turnover	6,337,597	656,016	6,993,613
Cost of sales	<u>3,581,387</u>	<u>288,391</u>	<u>3,869,778</u>
Gross profit	<u>2,756,210</u>	<u>367,625</u>	<u>3,123,835</u>
Administrative expenses	1,474,700	117,692	1,592,392
Other operating income (Note 3)	(12,991)	-	(12,991)
Net operating expenses	<u>1,461,709</u>	<u>117,692</u>	<u>1,579,401</u>
Operating profit	<u>1,294,501</u>	<u>249,933</u>	<u>1,544,434</u>

3. Other operating income

	2011 £	2010 £
Rent receivable	5,762	7,793
Management charges receivable	300	-
Sundry income	8,216	5,198
	<u>14,278</u>	<u>12,991</u>

Sun Healthcare Limited
Notes to the financial statements
YEAR ENDED 30 JUNE 2011

4. Operating profit

Operating profit is stated after charging

	2011 £	2010 £
Amortisation of intangible assets	(5,751)	(630)
Depreciation of owned fixed assets	432,945	317,008
Depreciation of assets held under hire purchase agreements	—	1,039
Auditor's remuneration		
- as auditor	20,000	18,500
- for other services	13,272	10,675
Operating lease costs		
- Plant and equipment	39,933	32,140
- Other	<u>3,566</u>	<u>—</u>

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	2011 £	2010 £
Audit	20,000	18,500
Accountancy	11,797	8,707
Taxation	1,475	1,968
	<u>33,272</u>	<u>29,175</u>

Sun Healthcare Limited
Notes to the financial statements
YEAR ENDED 30 JUNE 2011

5. Particulars of employees

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

	2011	2010
	No	No
Directors	2	2
Administration and management	4	5
Nursing and kitchen	275	289
	<u>281</u>	<u>296</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	4,060,597	3,604,256
Social security costs	313,750	276,515
Other pension costs	40,000	26,667
	<u>4,414,347</u>	<u>3,907,438</u>

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Remuneration receivable	99,913	205,000
Value of company pension contributions to money purchase schemes	40,000	26,667
	<u>139,913</u>	<u>231,667</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

Sun Healthcare Limited
Notes to the financial statements
YEAR ENDED 30 JUNE 2011

7. Interest receivable

	2011 £	2010 £
Bank interest receivable	—	<u>1,210</u>

8. Interest payable and similar charges

	2011 £	2010 £
Interest payable on bank borrowing	868,436	692,577
Finance charges	471	353
Other similar charges payable	—	327,979
	<u>868,907</u>	<u>1,020,909</u>

9. Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year	235,642	191,659
Total current tax	<u>235,642</u>	<u>191,659</u>
Deferred tax		
Origination and reversal of timing differences (note 20)		
Capital allowances	2,275	(439)
Tax on profit on ordinary activities	<u>237,917</u>	<u>191,220</u>

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2011

9. Taxation on ordinary activities *(continued)*

(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 28% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>662,041</u>	<u>524,735</u>
Profit on ordinary activities by rate of tax	185,371	146,926
Marginal rate relief	(10,227)	(1,079)
Effect of change in standard rate of corporation tax	(4,458)	-
Depreciation in excess of capital allowances	92,387	63,575
Sundry tax adjusting items	1,473	(17,763)
Losses brought forward	<u>(28,904)</u>	<u>-</u>
Total current tax (note 9(a))	<u>235,642</u>	<u>191,659</u>

(c) Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without being possible to claim rollover relief. The total amount not provided for is £2,729,830. At present, it is not envisaged that any tax will become payable in the foreseeable future.

10. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £265,160 (2010 - £238,704)

11. Dividends

Equity dividends

	2011 £	2010 £
Paid during the year		
Dividends on equity shares	<u>100,000</u>	<u>100,000</u>

Sun Healthcare Limited
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YEAR ENDED 30 JUNE 2011

12. Intangible fixed assets

Group	Positive goodwill £	Negative goodwill £	Total £
Cost			
At 1 July 2010 and 30 June 2011	<u>250,000</u>	<u>(912,333)</u>	<u>(662,333)</u>
Amortisation			
At 1 July 2010	112,496	(13,126)	99,370
Charge for the year	12,496	(18,247)	(5,751)
At 30 June 2011	<u>124,992</u>	<u>(31,373)</u>	<u>93,619</u>
Net book value			
At 30 June 2011	<u>125,008</u>	<u>(880,960)</u>	<u>(755,952)</u>
At 30 June 2010	<u>137,504</u>	<u>(899,207)</u>	<u>(761,703)</u>
Company		Positive goodwill £	
Cost			
At 1 July 2010 and 30 June 2011			<u>250,000</u>
Amortisation			
At 1 July 2010			112,496
Charge for the year			12,496
At 30 June 2011			<u>124,992</u>
Net book value			
At 30 June 2011			<u>125,008</u>
At 30 June 2010			<u>137,504</u>

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2011

13. Tangible fixed assets

Group	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or valuation				
At 1 July 2010	17,446,643	590,856	83,959	18,121,458
Additions	955,366	20,633	16,809	992,808
At 30 June 2011	18,402,009	611,489	100,768	19,114,266
Depreciation				
At 1 July 2010	12,269	300,516	36,392	349,177
Charge for the year	368,040	48,810	16,095	432,945
At 30 June 2011	380,309	349,326	52,487	782,122
Net book value				
At 30 June 2011	18,021,700	262,163	48,281	18,332,144
At 30 June 2010	17,434,374	290,340	47,567	17,772,281

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2011 £	2010 £
Historical cost:		
At 1 July 2010	5,686,582	5,498,553
Cost of additions to revalued assets brought forward	955,366	-
At 30 June 2011	6,641,948	5,498,553
Depreciation:		
At 1 July 2010	679,397	577,385
Charge for year	126,630	106,296
At 30 June 2011	806,027	683,681
Net historical cost value:		
At 30 June 2011	5,835,921	4,814,872
At 1 July 2010	5,007,185	4,921,168

Hire purchase agreements

Included within the net book value of £18,332,144 is £Nil (2010 - £3,228) 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 £Nil (2010 - £1,039).

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2011

13. Tangible fixed assets *(continued)*

Company	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or valuation				
At 1 July 2010	13,658,090	380,469	80,959	14,119,518
Additions	955,366	20,633	16,809	992,808
At 30 June 2011	14,613,456	401,102	97,768	15,112,326
Depreciation				
At 1 July 2010	12,269	251,576	35,361	299,206
Charge for the year	292,269	22,429	15,602	330,300
At 30 June 2011	304,538	274,005	50,963	629,506
Net book value				
At 30 June 2011	14,308,918	127,097	46,805	14,482,820
At 30 June 2010	13,645,821	128,893	45,598	13,820,312

Group:

The group's 5 homes were subject to external professional valuation carried out by BNP Paribas Real Estate in July 2010. These valuations were carried out for each home individually on an open market basis assuming they are fully operational entities on a freehold basis

Company:

The company's 4 homes were subject to external professional valuation carried out by BNP Paribas Real Estate in July 2010. These valuations were carried out for each home individually on an open market basis assuming they are fully operational entities on a freehold basis.

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2011

13. Tangible fixed assets *(continued)*

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows

	2011	2010 £
Historical cost:		
At 1 July 2010	4,763,722	4,763,722
Cost of additions to revalued assets brought forward	955,366	-
At 30 June 2011	<u>5,719,088</u>	<u>4,763,722</u>
Depreciation:		
At 1 July 2010	657,962	562,688
Charge for year	114,382	95,274
At 30 June 2011	<u>772,344</u>	<u>657,962</u>
Net historical cost value:		
At 30 June 2011	<u>4,946,744</u>	<u>4,105,760</u>
At 1 July 2010	<u>4,105,760</u>	<u>4,201,034</u>

14. Investments

Company	Group companies £
Cost	
At 1 July 2010 and 30 June 2011	<u>1,701,843</u>
Loans	
At 1 July 2010	1,050,160
Repaid in year	(64,068)
At 30 June 2011	<u>986,092</u>
Net book value	
At 30 June 2011	<u>2,687,935</u>
At 30 June 2010	<u>2,752,003</u>

Sun Healthcare Limited

Notes to the financial statements

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The parent company has investments in the following subsidiary undertakings which are unlisted

Name	Country of incorporation	Holding	Proportion of voting rights	Principal activity
Autism Support & Care Limited	England	Ordinary shares	100%	Support and long term care for adults with autism

15. Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	658,990	573,065	660,013	518,915
Other debtors	4,442	12,099	3,896	11,353
Directors current accounts	—	1,309	—	1,309
Prepayments and accrued income	27,312	57,125	26,212	56,025
	<u>690,744</u>	<u>643,598</u>	<u>690,121</u>	<u>587,602</u>

16. Creditors: Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	402,971	168,018	357,253	166,065
Trade creditors	92,694	4,792	91,706	3,678
Hire purchase agreements	—	2,554	—	—
Other creditors including taxation and social security				
Taxation and social security	265,271	292,434	211,609	284,523
Other creditors	26,183	26,014	759	871
Accruals and deferred income	339,220	143,762	300,640	105,181
	<u>1,126,339</u>	<u>637,574</u>	<u>961,967</u>	<u>560,318</u>

Details of bank securities are disclosed at note 17

The following liabilities disclosed under creditors falling due within one year are secured by the company

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	<u>45,718</u>	<u>—</u>	<u>—</u>	<u>—</u>

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2011

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

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	<u>10,510,375</u>	<u>10,435,406</u>	<u>10,510,375</u>	<u>10,388,524</u>

The group and company's bank borrowings are secured by a charge over the group's freehold land & buildings and related assets. In addition, the bank borrowings are secured by life policies over Mr S Garside and Mr A Tolan with a death benefit of not less than £250,000 each.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date.

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	<u>9,061,197</u>	<u>9,155,411</u>	<u>9,061,197</u>	<u>9,194,482</u>

18. Creditors - capital instruments

Creditors include finance capital which is due for repayment as follows:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts repayable				
In one year or less or on demand	357,253	168,018	357,253	166,065
In more than one year but not more than two years	229,742	268,831	229,742	266,878
In more than two years but not more than five years	1,219,437	933,022	1,219,437	927,164
In more than five years	<u>9,061,197</u>	<u>9,233,553</u>	<u>9,061,197</u>	<u>9,194,482</u>
	<u>10,867,629</u>	<u>10,603,424</u>	<u>10,867,629</u>	<u>10,554,589</u>

19. Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows:

	2011	2010
	£	£
Group and Company		
Amounts payable within 1 year	-	2,554
	<u>-</u>	<u>2,554</u>

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2011

20. Deferred taxation

The movement in the deferred taxation provision during the year was

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Provision brought forward	43,889	44,328	43,889	44,328
Increase/(Decrease) in provision	2,275	(439)	(7,411)	(439)
Provision carried forward	<u>46,164</u>	<u>43,889</u>	<u>36,478</u>	<u>43,889</u>

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

Group	2011		2010	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>46,164</u>	-	<u>43,889</u>	-

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

Company	2011		2010	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>36,478</u>	-	<u>43,889</u>	-

21. Commitments under operating leases

At 30 June 2011 the group had annual commitments under non-cancellable operating leases as set out below

Group	2011		2010	
	Land and buildings	Other items	Land and buildings	Other items
	£	£	£	£
Operating leases which expire				
Within 1 year	14,400	30,139	-	-
Within 2 to 5 years	-	4,317	-	-
	<u>14,400</u>	<u>34,456</u>	<u>-</u>	<u>-</u>

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2011

21. Commitments under operating leases *(continued)*

At 30 June 2011 the company had annual commitments under non-cancellable operating leases as set out below

Company	2011		2010	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	<u>14,400</u>	<u>30,139</u>	<u>-</u>	<u>-</u>

22. Transactions with the directors

The following director had an interest free loan during the year The movements on this loan is as follows

Group and company

	2011 £	2010 £	Maximum in year £
S Garside	-	1,309	1,309

23. Related party transactions

The directors consider the following to be related parties during the year:

- S Garside, a Shareholder and director of the company;
- A Tolan, a Shareholder and director of the company.

During the year the company paid dividends totalling £100,000 (2010: £100,000) to the directors

The company has taken advantage of the exemption available in FRS8 and has not disclosed transactions with other group undertakings

24. Share capital

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
2 Ordinary shares shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2011

25. Reserves

Group	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	5,911,294	98	1,010,222
Profit for the year	–	–	424,124
Equity dividends	–	–	(100,000)
Other movements			
- transfer to/from revaluation reserve	(238,961)	–	238,961
Balance carried forward	<u>5,672,333</u>	<u>98</u>	<u>1,573,307</u>

Company	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	5,598,969	98	904,389
Profit for the year	–	–	265,160
Equity dividends	–	–	(100,000)
Other movements			
- transfer to/from revaluation reserve	(177,887)	–	177,887
Balance carried forward	<u>5,421,082</u>	<u>98</u>	<u>1,247,436</u>

26. Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	1,530,948	1,544,434
Amortisation	(5,751)	(630)
Depreciation	432,945	318,047
Decrease in stocks	–	12,593
Increase in debtors	(47,146)	(184,899)
Increase in creditors	212,735	49,406
Net cash inflow from operating activities	<u>2,123,731</u>	<u>1,738,951</u>

Returns on investments and servicing of finance

	2011 £	2010 £
Interest received	–	1,210
Interest paid	(868,436)	(1,020,556)
Interest element of hire purchase	(471)	(353)
Net cash outflow from returns on investments and servicing of finance	<u>(868,907)</u>	<u>(1,019,699)</u>

Sun Healthcare Limited
Notes to the financial statements
YEAR ENDED 30 JUNE 2011

26. Notes to the cash flow statement (continued)

Taxation

	2011 £	2010 £
Taxation	<u>(192,011)</u>	<u>(194,223)</u>

Capital expenditure

	2011 £	2010 £
Payments to acquire tangible fixed assets	<u>(992,808)</u>	<u>(190,696)</u>
Net cash outflow from capital expenditure	<u>(992,808)</u>	<u>(190,696)</u>

Acquisitions and disposals

	2011 £	2010 £
Cash paid to acquire subsidiary	—	(1,701,843)
Repayment of subsidiary borrowings	—	<u>(1,050,160)</u>
Net cash outflow from acquisitions and disposals	<u>—</u>	<u>(2,752,003)</u>

Financing

	2011 £	2010 £
Increase in bank loans	239,435	2,693,116
Capital element of hire purchase	<u>(2,554)</u>	<u>2,554</u>
Net cash inflow from financing	<u>236,881</u>	<u>2,695,670</u>

Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
Increase in cash in the period	206,886	178,000
Net cash (inflow) from bank loans	(239,435)	(2,693,116)
Cash outflow in respect of hire purchase	<u>2,554</u>	<u>(2,554)</u>
	<u>(29,995)</u>	<u>(2,517,670)</u>
Change in net debt	<u>(29,995)</u>	<u>(2,517,670)</u>
Net debt at 1 July 2010	<u>(10,221,669)</u>	<u>(7,703,999)</u>
Net debt at 30 June 2011	<u>(10,251,664)</u>	<u>(10,221,669)</u>

Sun Healthcare Limited
Notes to the financial statements
YEAR ENDED 30 JUNE 2011

26. Notes to the cash flow statement *(continued)*

Analysis of changes in net debt

	At 1 Jul 2010 £	Cash flows £	At 30 Jun 2011 £
Net cash.			
Cash in hand and at bank	384,309	277,373	661,682
Overdrafts	—	(70,487)	(70,487)
	<u>384,309</u>	<u>206,886</u>	<u>591,195</u>
Debt:			
Debt due within 1 year	(168,018)	(164,466)	(332,484)
Debt due after 1 year	(10,435,406)	(74,969)	(10,510,375)
Hire purchase agreements	(2,554)	2,554	—
	<u>(10,605,978)</u>	<u>(236,881)</u>	<u>(10,842,859)</u>
Net debt	<u>(10,221,669)</u>	<u>(29,995)</u>	<u>(10,251,664)</u>