

COMPANY REGISTRATION NUMBER 04220821

Sun Healthcare Limited

**Annual Report and
Consolidated Financial Statements**

30 June 2012



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

Sun Healthcare Limited
Financial statements
YEAR ENDED 30 JUNE 2012

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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 *(continued)*

YEAR ENDED 30 JUNE 2012

The directors have pleasure in presenting their 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 is that of the operation of care homes and a supported living service. On 30th June 2012, the trade, assets and liabilities of the subsidiary undertaking, Autism Support & Care Limited, were transferred to the parent company.

The directors are once again pleased to report that there is again growth in the group's turnover in the last 12 months despite the downward trends encountered within the care sector.

As reported last year, the group's supported living service has been enhanced with the completion of the Rose Garth Building in Wakefield that will now be marketed to the care providers within Wakefield and the surrounding areas.

Group sales have increased this year by 5.2% and our continued operation in Grimsby has seen an increase in bed occupancy that has assisted in the turnover increase along with increased bed space at our Autism service in Sutton in Ashfield.

The directors are continually looking to increase the service provision to provide the diverse range of services that the purchasers within our areas of operation demand.

Average employee numbers during the year were 338 (2011: 309) and the key financial statistics are:

Turnover per employee	£24,564 (2011: £25,547)
Operating profit per employee	£4,471 (2011: £4,955)
Average employees pay (including employers' NIC and pension contributions)	£14,436 (2011: £14,286)

The new building work at Tapton Grove is completed with residents coming into the Service from May 2012. The unit will provide a further 20 beds to the site with phase 3 reported last year underway with a completion date around spring of 2013.

The directors are mindful of the environmental impact carbon fuels has on our society and to that end we have evaluated the piloted scheme reported last year within 2 of our properties to heat water using solar collectors, which has lowered our carbon footprint. This has been increased within the new building at Tapton to include Air Source Heat Pumps to provide hot water and heating to that building. We will continue to monitor these sources of alternative energy and look at further expansion where possible to other sites in the group.

On 30th June 2012, the trade, assets and liabilities of Autism Support & Care Limited were transferred to Sun Healthcare Limited so that, from the year ended 30 June 2013, we will be reporting as one company rather than a group which we expect will have some administrative savings for the company.

We are continuing our 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. We have updated all our employee handbooks and reporting procedures and we continue to monitor any impact employee engagement has on our workforce.

The group is looking at being a part of the pilot scheme for RTI prior to its introduction in 2013 and our entry date into the new workforce pension scheme will be in 2014.

Sun Healthcare Limited

The directors' report *(continued)*

YEAR ENDED 30 JUNE 2012

It has been clear that the plans put in place by the directors have enabled the group to adapt and are continuing to provide a high quality of care to those we support both within our care homes and in the community

Results and dividends

The profit for the year, after taxation, amounted to £424,848. Particulars of dividends paid are detailed in note 10 to the financial statements

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 regularly reviews the mix of cash on deposit and debt to manage interest rate risk and where possible use a fixed rate or "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 2012

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

Sun Healthcare Limited

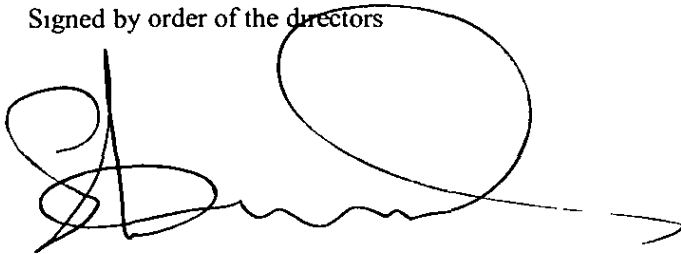
The directors' report *(continued)*

YEAR ENDED 30 JUNE 2012

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 large, stylized 'S' followed by a series of loops and a long horizontal stroke extending to the right.

S Garside
Company Secretary

Approved by the directors on 15 November 2012

Sun Healthcare Limited

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

YEAR ENDED 30 JUNE 2012

We have audited the group and parent company financial statements ("the financial statements") of Sun Healthcare Limited for the year ended 30 June 2012 which comprise the Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Reconciliation of Group Shareholders' Funds, Group Balance Sheet and Company Balance Sheet, Group Cash Flow 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 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 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 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.

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)*

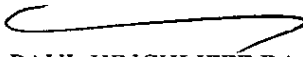
YEAR ENDED 30 JUNE 2012

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

Harris accounts LLP


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

15 November 2012

Sun Healthcare Limited

Profit and loss account

YEAR ENDED 30 JUNE 2012

	Note	2012 £	2011 £
Group turnover	2	8,302,605	7,893,921
Cost of sales		(4,970,897)	(4,495,551)
Gross profit		<u>3,331,708</u>	<u>3,398,370</u>
Administrative expenses		(1,825,692)	(1,881,700)
Other operating income	3	5,341	14,278
Operating profit	4	<u>1,511,357</u>	<u>1,530,948</u>
Interest payable and similar charges	7	(817,801)	(868,907)
Profit on ordinary activities before taxation		<u>693,556</u>	<u>662,041</u>
Tax on profit on ordinary activities	8	(268,708)	(237,917)
Profit for the financial year	9	<u>424,848</u>	<u>424,124</u>

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 27 form part of these financial statements

Sun Healthcare Limited

Note of historical cost profits and losses

YEAR ENDED 30 JUNE 2012

	2012 £	2011 £
Reported profit on ordinary activities before taxation	693,556	662,041
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	429,138	238,961
Historical cost profit on ordinary activities before taxation	<u>1,122,694</u>	<u>901,002</u>
Historical cost profit for the year after taxation	<u>853,986</u>	<u>723,115</u>

Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	424,848	424,124
Equity dividends	(100,000)	(100,000)
Transfer from revaluation reserve	429,138	238,961
Transfer to profit and loss account	(429,138)	(238,961)
Net addition to shareholders' funds	324,848	324,124
Opening shareholders' funds	7,245,740	6,921,616
Closing shareholders' funds	<u>7,570,588</u>	<u>7,245,740</u>

The notes on pages 13 to 27 form part of these financial statements

Sun Healthcare Limited

Group balance sheet

30 JUNE 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	11	(750,201)	(755,952)
Tangible assets	12	19,598,614	18,332,144
		<u>18,848,413</u>	<u>17,576,192</u>
Current assets			
Debtors	14	929,773	690,744
Cash at bank and in hand		435,611	661,682
		<u>1,365,384</u>	<u>1,352,426</u>
Creditors: Amounts falling due within one year	15	<u>1,015,834</u>	<u>1,126,339</u>
Net current assets		349,550	226,087
Total assets less current liabilities		<u>19,197,963</u>	<u>17,802,279</u>
Creditors: Amounts falling due after more than one year	16	11,579,817	10,510,375
Provisions for liabilities			
Deferred taxation	18	47,558	46,164
		<u>7,570,588</u>	<u>7,245,740</u>
Capital and reserves			
Called-up equity share capital	21	2	2
Revaluation reserve	22	5,243,195	5,672,333
Other reserves	22	98	98
Profit and loss account	22	2,327,293	1,573,307
Shareholders' funds		<u>7,570,588</u>	<u>7,245,740</u>

These financial statements were approved by the directors and authorised for issue on 15 November 2012, and are signed on their behalf by



S Garside
Director

The notes on pages 13 to 27 form part of these financial statements

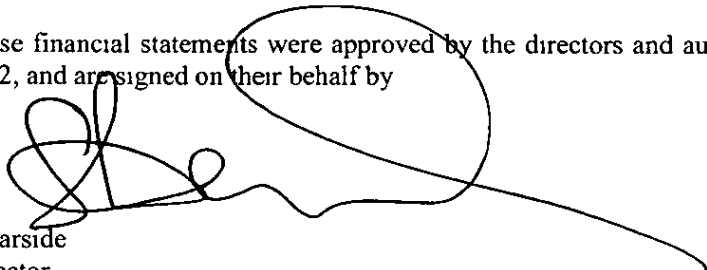
Sun Healthcare Limited

Balance sheet

30 JUNE 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Intangible assets	11		(750,201)		125,008
Tangible assets	12		19,598,614		14,482,820
Investments	13		1,000		2,687,935
			<u>18,849,413</u>		<u>17,295,763</u>
Current assets					
Debtors	14	929,773		690,121	
Cash at bank and in hand		435,611		191,554	
			<u>1,365,384</u>	<u>881,675</u>	
Creditors: Amounts falling due within one year	15	1,016,834		961,967	
Net current assets/(liabilities)			348,550		(80,292)
Total assets less current liabilities			<u>19,197,963</u>		<u>17,215,471</u>
Creditors: Amounts falling due after more than one year	16		11,579,817		10,510,375
Provisions for liabilities					
Deferred taxation	18		47,558		36,478
			<u>7,570,588</u>		<u>6,668,618</u>
Capital and reserves					
Called-up equity share capital	21		2		2
Revaluation reserve	22		5,243,195		5,421,082
Other reserves	22		98		98
Profit and loss account	22		2,327,293		1,247,436
Shareholders' funds			<u>7,570,588</u>		<u>6,668,618</u>

These financial statements were approved by the directors and authorised for issue on 15 November 2012, and are signed on their behalf by


S Garside
Director

Company Registration Number 04220821

The notes on pages 13 to 27 form part of these financial statements

Sun Healthcare Limited

Group cash flow

YEAR ENDED 30 JUNE 2012

	Note	2012 £	2011 £
Net cash inflow from operating activities	23	1,724,509	2,123,731
Returns on investments and servicing of finance	23	(817,801)	(868,907)
Taxation	23	(235,638)	(192,011)
Capital expenditure and financial investment	23	(1,746,352)	(992,808)
Equity dividends paid		(100,000)	(100,000)
Cash outflow before financing		(1,175,282)	(29,995)
Financing	23	1,019,698	236,881
(Decrease)/increase in cash	23	<u>(155,584)</u>	<u>206,886</u>

The notes on pages 13 to 27 form part of these financial statements

Sun 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, 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 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 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.

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.

Sun 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

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 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 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.

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>8,302,605</u>	<u>7,893,921</u>

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2012

3. Other operating income

	2012 £	2011 £
Rent receivable	2,472	5,762
Sundry income	2,869	8,516
	<u>5,341</u>	<u>14,278</u>

4. Operating profit

Operating profit is stated after charging/(crediting)

	2012 £	2011 £
Amortisation of intangible assets	(5,751)	(5,751)
Depreciation of owned fixed assets	474,601	432,945
Loss on disposal of fixed assets	5,281	—
Auditor's remuneration		
- as auditor	20,500	20,000
- for other services	21,501	13,272
Operating lease costs		
- Plant and equipment	41,081	39,933
- Other	<u>5,036</u>	<u>3,566</u>

Auditor's fees

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

	2012 £	2011 £
Audit	20,500	20,000
Accountancy	20,026	11,797
Taxation	1,475	1,475
	<u>42,001</u>	<u>33,272</u>

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2012

5. Particulars of employees

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

	2012 No	2011 No
Directors	2	2
Administration and management	7	7
Nursing and kitchen	329	300
	<u>338</u>	<u>309</u>

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	4,520,634	4,060,597
Social security costs	318,204	313,750
Other pension costs	40,600	40,000
	<u>4,879,438</u>	<u>4,414,347</u>

6. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2012 £	2011 £
Remuneration receivable	110,000	99,913
Value of company pension contributions to money purchase schemes	40,600	40,000
	<u>150,600</u>	<u>139,913</u>

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

	2012 No	2011 No
Money purchase schemes	<u>2</u>	<u>2</u>

Sun Healthcare Limited
Notes to the financial statements
YEAR ENDED 30 JUNE 2012

7. Interest payable and similar charges

	2012 £	2011 £
Interest payable on bank borrowing	817,801	868,436
Finance charges	—	471
	<u>817,801</u>	<u>868,907</u>

8. 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	266,027	235,642
(Over)/under provision in prior year	1,287	—
Total current tax	<u>267,314</u>	<u>235,642</u>
Deferred tax		
Origination and reversal of timing differences (note 18)		
Capital allowances	1,394	2,275
Tax on profit on ordinary activities	<u>268,708</u>	<u>237,917</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 26% (2011 - 28%)

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>693,556</u>	<u>662,041</u>
Profit on ordinary activities by rate of tax	180,325	185,371
Marginal rate relief	(515)	(10,227)
Effect of change in standard rate of corporation tax	(10,753)	(4,458)
Depreciation in excess of capital allowances	94,758	92,387
Sundry tax adjusting items	2,212	1,473
Adjustments to tax charge in respect of previous periods	1,287	—
Losses brought forward	—	(28,904)
Total current tax (note 8(a))	<u>267,314</u>	<u>235,642</u>

Sun Healthcare Limited
Notes to the financial statements
YEAR ENDED 30 JUNE 2012

8. Taxation on ordinary activities *(continued)*

(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 £1,865,633. At present, it is not envisaged that any tax will become payable in the foreseeable future.

9. Profit attributable to members of the parent company

The profit dealt with in the financial statements of the parent company was £1,001,970 (2011 - £265,160)

10. Dividends

Equity dividends

	2012	2011
	£	£
Paid during the year		
Dividends on equity shares	<u>100,000</u>	<u>100,000</u>

11. Intangible fixed assets

Group	Positive goodwill £	Negative goodwill £	Total £
Cost			
At 1 July 2011 and 30 June 2012	<u>250,000</u>	<u>(912,333)</u>	<u>(662,333)</u>
Amortisation			
At 1 July 2011	124,992	(31,373)	93,619
Charge for the year	12,496	(18,247)	(5,751)
At 30 June 2012	<u>137,488</u>	<u>(49,620)</u>	<u>87,868</u>
Net book value			
At 30 June 2012	<u>112,512</u>	<u>(862,713)</u>	<u>(750,201)</u>
At 30 June 2011	<u>125,008</u>	<u>(880,960)</u>	<u>(755,952)</u>

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2012

11. Intangible fixed assets *(continued)*

Company	Positive goodwill £	Negative goodwill £	Total £
Cost			
At 1 July 2011	250,000	–	250,000
Transfers	–	(862,713)	(862,713)
At 30 June 2012	250,000	(862,713)	(612,713)
Amortisation			
At 1 July 2011	124,992	–	124,992
Charge for the year	12,496	–	12,496
At 30 June 2012	137,488	–	137,488
Net book value			
At 30 June 2012	112,512	(862,713)	(750,201)
At 30 June 2011	125,008	–	125,008

12. Tangible fixed assets

Group	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or valuation				
At 1 July 2011	18,402,009	611,489	100,768	19,114,266
Additions	1,612,003	109,258	26,590	1,747,851
Disposals	–	–	(18,000)	(18,000)
At 30 June 2012	20,014,012	720,747	109,358	20,844,117
Depreciation				
At 1 July 2011	380,309	349,326	52,487	782,122
Charge for the year	400,223	56,587	17,791	474,601
On disposals	–	–	(11,220)	(11,220)
At 30 June 2012	780,532	405,913	59,058	1,245,503
Net book value				
At 30 June 2012	19,233,480	314,834	50,300	19,598,614
At 30 June 2011	18,021,700	262,163	48,281	18,332,144

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.

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2012

12. Tangible fixed assets *(continued)*

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

	2012 £	2011 £
Historical cost:		
At 1 July 2011	6,641,948	5,686,582
Cost of additions to revalued assets brought forward	1,612,003	955,366
At 30 June 2012	<u>8,253,951</u>	<u>6,641,948</u>
Depreciation:		
At 1 July 2011	795,686	673,523
Charge for year	155,601	122,163
At 30 June 2012	<u>951,287</u>	<u>795,686</u>
Net historical cost value:		
At 30 June 2012	<u>7,302,664</u>	<u>5,846,262</u>
At 1 July 2011	<u>5,846,262</u>	<u>5,013,059</u>

Company	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost or valuation				
At 1 July 2011	14,613,456	401,102	97,768	15,112,326
Additions	1,612,003	109,258	26,590	1,747,851
Disposals	–	–	(15,000)	(15,000)
Transfers	3,788,553	210,387	–	3,998,940
At 30 June 2012	<u>20,014,012</u>	<u>720,747</u>	<u>109,358</u>	<u>20,844,117</u>
Depreciation				
At 1 July 2011	304,538	274,005	50,963	629,506
Charge for the year	324,452	35,453	17,422	377,327
On disposals	–	–	(9,327)	(9,327)
Transfers	151,542	96,455	–	247,997
At 30 June 2012	<u>780,532</u>	<u>405,913</u>	<u>59,058</u>	<u>1,245,503</u>
Net book value				
At 30 June 2012	<u>19,233,480</u>	<u>314,834</u>	<u>50,300</u>	<u>19,598,614</u>
At 30 June 2011	<u>14,308,918</u>	<u>127,097</u>	<u>46,805</u>	<u>14,482,820</u>

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.

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YEAR ENDED 30 JUNE 2012

12. Tangible fixed assets *(continued)*

On 30th June 2012, the trade, assets and liabilities of the company's subsidiary company, Autism Support & Care Limited were transferred to the company, resulting in a transfer of cost of fixed assets of £3,998,940 and accumulated depreciation of £247,997 into the company

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

	2012 £	2011 £
Historical cost:		
At 1 July 2011	5,719,088	4,763,722
Cost of additions to revalued assets brought forward	1,612,003	955,366
Cost of assets transferred from subsidiary	3,788,553	-
At 30 June 2012	<u>11,119,644</u>	<u>5,719,088</u>
Depreciation:		
At 1 July 2011	772,344	657,962
Charge for year	147,820	114,382
At 30 June 2012	<u>920,164</u>	<u>772,344</u>
Net historical cost value:		
At 30 June 2012	<u>10,199,480</u>	<u>4,946,744</u>
At 1 July 2011	<u>4,946,744</u>	<u>4,105,760</u>

Sun Healthcare Limited
Notes to the financial statements
YEAR ENDED 30 JUNE 2012

13. Investments

Company	Group companies £
Cost or valuation	
At 1 July 2011	1,701,843
Write-down in year	(1,700,843)
At 30 June 2012	<u>1,000</u>
Loans	
At 1 July 2011	986,092
Repaid in year	(400,000)
Write-down in year	(586,092)
At 30 June 2012	<u>-</u>
Net book value	
At 30 June 2012	<u>1,000</u>
At 30 June 2011	<u>2,687,935</u>

The parent company owns 100% of the issued ordinary share capital of the subsidiary company Autism Support & Care Limited, a company that is registered in England and its principal activity is to provide the support and long term care for adults with autism

14. Debtors

	2012 £	Group 2011 £	2012 £	Company 2011 £
Trade debtors	835,935	658,990	835,935	660,013
Other debtors	31,304	4,442	31,304	3,896
Prepayments and accrued income	62,534	27,312	62,534	26,212
	<u>929,773</u>	<u>690,744</u>	<u>929,773</u>	<u>690,121</u>

15. Creditors: Amounts falling due within one year

	2012 £	Group 2011 £	2012 £	Company 2011 £
Bank loans and overdrafts	282,740	402,971	282,740	357,253
Trade creditors	41,543	92,694	41,543	91,706
Amounts owed to group undertakings	-	-	1,000	-
Other creditors including taxation and social security				
Taxation and social security	357,263	265,271	357,263	211,609
Other creditors	854	26,183	854	759
Accruals and deferred income	333,434	339,220	333,434	300,640
	<u>1,015,834</u>	<u>1,126,339</u>	<u>1,016,834</u>	<u>961,967</u>

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2012

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

	2012	Group	2012	Company
	£	2011	£	2011
		£		£
Bank loans and overdrafts	<u>11,579,817</u>	<u>10,510,375</u>	<u>11,579,817</u>	<u>10,510,375</u>

The group and company's bank borrowings are secured by a charge over its freehold land & buildings and related assets, including those of its subsidiary company, Autism Support & Care Limited with whom the company is party to a cross guarantee. 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.

	2012	Group	2012	Company
	£	2011	£	2011
		£		£
Bank loans and overdrafts	<u>9,398,235</u>	<u>9,061,197</u>	<u>9,398,235</u>	<u>9,061,197</u>

17. Creditors - capital instruments

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

	2012	Group	2012	Company
	£	2011	£	2011
		£		£
Amounts repayable				
In one year or less or on demand	282,741	357,253	282,741	357,253
In more than one year but not more than two years	425,620	229,742	425,620	229,742
In more than two years but not more than five years	1,755,962	1,219,437	1,755,962	1,219,437
In more than five years	9,398,235	9,061,197	9,398,235	9,061,197
	<u>11,862,558</u>	<u>10,867,629</u>	<u>11,862,558</u>	<u>10,867,629</u>

18. Deferred taxation

The movement in the deferred taxation provision during the year was:

	Group	Company
	2012	2012
	£	£
Provision brought forward	46,164	36,478
Increase/(Decrease) in provision	1,394	11,080
Provision carried forward	<u>47,558</u>	<u>36,478</u>

Sun Healthcare Limited

Notes to the financial statements

YEAR ENDED 30 JUNE 2012

18. Deferred taxation *(continued)*

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>47,558</u>	<u>-</u>	<u>46,164</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>47,558</u>	<u>-</u>	<u>36,478</u>	<u>-</u>

19. Commitments under operating leases

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

Group	2012		2011	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	<u>14,976</u>	<u>34,039</u>	<u>14,400</u>	<u>30,139</u>
Within 2 to 5 years	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,317</u>
	<u>14,976</u>	<u>34,039</u>	<u>14,400</u>	<u>34,456</u>

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

Company	2012		2011	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire				
Within 1 year	<u>14,976</u>	<u>34,039</u>	<u>14,400</u>	<u>30,139</u>

Sun Healthcare Limited
Notes to the financial statements
YEAR ENDED 30 JUNE 2012

20. 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, dividends were paid to the directors of £100,000 (2011 £100,000)

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

21. Share capital

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

22. Reserves

Group

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	5,672,333	98	1,573,307
Profit for the year	—	—	424,848
Equity dividends	—	—	(100,000)
Other movements			
- transfer to/from revaluation reserve	(429,138)	—	429,138
Balance carried forward	<u>5,243,195</u>	<u>98</u>	<u>2,327,293</u>

Company

	Revaluation reserve £	Capital redemption reserve £	Profit and loss account £
Balance brought forward	5,421,082	98	1,247,436
Profit for the year	—	—	1,001,970
Equity dividends	—	—	(100,000)
Other movements			
- transfer to/from revaluation reserve	(177,887)	—	177,887
Balance carried forward	<u>5,243,195</u>	<u>98</u>	<u>2,327,293</u>

Sun 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	1,511,357	1,530,948
Amortisation	(5,751)	(5,751)
Depreciation	474,601	432,945
Loss on disposal of fixed assets	5,281	—
Increase in debtors	(239,029)	(47,146)
(Decrease)/increase in creditors	(21,950)	212,735
Net cash inflow from operating activities	<u>1,724,509</u>	<u>2,123,731</u>

Returns on investments and servicing of finance

	2012	2011
	£	£
Interest paid	(817,801)	(868,436)
Interest element of hire purchase	—	(471)
Net cash outflow from returns on investments and servicing of finance	<u>(817,801)</u>	<u>(868,907)</u>

Taxation

	2012	2011
	£	£
Taxation	<u>(235,638)</u>	<u>(192,011)</u>

Capital expenditure

	2012	2011
	£	£
Payments to acquire tangible fixed assets	(1,747,851)	(992,808)
Receipts from sale of fixed assets	1,499	—
Net cash outflow from capital expenditure	<u>(1,746,352)</u>	<u>(992,808)</u>

Financing

	2012	2011
	£	£
Increase in bank loans	1,019,698	239,435
Capital element of hire purchase	—	(2,554)
Net cash inflow from financing	<u>1,019,698</u>	<u>236,881</u>

Sun Healthcare Limited
Notes to the financial statements
YEAR ENDED 30 JUNE 2012

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

Reconciliation of net cash flow to movement in net debt

	2012	2011
	£	£
(Decrease)/increase in cash in the period	(155,584)	206,886
Net cash (inflow) from bank loans	(1,019,698)	(239,435)
Cash outflow in respect of hire purchase	—	2,554
	<u>(1,175,282)</u>	<u>(29,995)</u>
Change in net debt	(1,175,282)	(29,995)
Net debt at 1 July 2011	(10,251,664)	(10,221,669)
Net debt at 30 June 2012	<u>(11,426,946)</u>	<u>(10,251,664)</u>

Analysis of changes in net debt

	At 1 Jul 2011	Cash flows	At 30 Jun 2012
	£	£	£
Net cash			
Cash in hand and at bank	661,682	(226,071)	435,611
Overdrafts	(70,487)	70,487	—
	<u>591,195</u>	<u>(155,584)</u>	<u>435,611</u>
Debt:			
Debt due within 1 year	(332,484)	49,744	(282,740)
Debt due after 1 year	(10,510,375)	(1,069,442)	(11,579,817)
	<u>(10,842,859)</u>	<u>(1,019,698)</u>	<u>(11,862,557)</u>
Net debt	<u>(10,251,664)</u>	<u>(1,175,282)</u>	<u>(11,426,946)</u>