

Four Seasons (Bamford) Limited

**Directors' report and financial
statements**

Registered number 5840121

31 December 2012



Contents

Directors' report	1
Statement of Directors' responsibilities	3
Independent auditor's report to the members of Four Seasons (Bamford) Limited	4
Profit and loss account	6
Balance sheet	7
Reconciliation of movements in shareholder's funds	8
Notes	9

Directors' report

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2012

Principal activity

The principal activity of the company is the operation of care homes for elderly and disabled people

Business review

Details of key performance indicators including available beds, occupancy levels and average fee rates of the FSHC (Group) Holdings group, of which the company is a member, can be found in the financial statements of FSHC (Group) Holdings Limited. Copies of these financial statements can be obtained from the address given in note 17.

During the year the company disposed of the trade and assets of one home and acquired the trade and assets of eleven care homes. Both the disposal and acquisitions were with related companies within the FSHC Group Holdings group.

Principal risks and uncertainties

There is a risk management program in place which is designed to identify, manage and mitigate business risk. This program is overseen by the group's Chief Executive Officer. Further details can be found in the financial statements of FSHC (Group) Holdings Limited.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. With this in mind, the directors have formally considered and concluded that the preparation of the financial statements on a going concern basis is appropriate. Further details are shown in the "Basis of preparation" section of note 1 to the financial statements.

Results and dividends

The results for the period are shown in the profit and loss account on page 6. The directors do not recommend the payment of a dividend (2011: £nil).

Directors

The directors during the period under review were

P Calveley
D J Kay
B R Taberner

Employment policies

The company encourages staff involvement through a process of communication and participation. This involves the provision of information through normal management channels including regular manager briefing letters, annual conferences and meetings.

The company gives full consideration to applications for employment from disabled persons where the requirement 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 continued employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate.

Environmental policy

The group has an environmental policy statement which includes policies for procurement, transport and estate management. Further details can be found in the financial statements of FSHC (Group) Holdings Limited.

Directors' report *(continued)*

Details of ultimate ownership

From 1 January 2012 to 11 July 2012 the ultimate parent undertaking was FSHC (Guernsey) Holdings Limited, an entity incorporated in Guernsey. From the 12 July 2012 the ultimate parent undertaking is Ell1 Capital Limited, an entity incorporated in Guernsey.

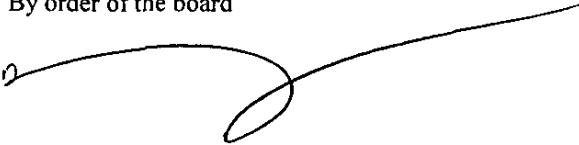
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



D J Kay
Secretary

Emerson Court
Alderley Road
Wilmslow
Cheshire
SK9 1NX

25 September 2013

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 UK 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 profit or loss of the company for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Four Seasons (Bamford) Limited

We have audited the financial statements of Four Seasons (Bamford) Limited for the year ended 31 December 2012 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 3, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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.

Independent auditor's report to the members of Four Seasons (Bamford) Limited *(continued)*

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

25 September 2013

Profit and loss account
for the year ended 31 December 2012

		2012	2011
	<i>Note</i>	£000	£000
Turnover	2	43,977	8,165
Cost of sales		(43,194)	(7,641)
Operating profit		783	524
Exceptional items	4	(40)	-
Interest payable and similar charges	5	(50)	(46)
Profit on ordinary activities before tax	3 -7	693	478
Tax on profit on ordinary activities	8	-	-
Retained profit for the financial year	15	693	478

The company has no recognised gains or losses in the current year or prior period other than those reported above
All amounts relate to continuing operations

Balance sheet
at 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Fixed assets			
Intangible assets	9	(622)	863
Tangible assets	10	2,893	2,107
		<u>2,271</u>	<u>2,970</u>
Current assets			
Debtors	11	10,092	9,321
Cash		19	129
		<u>10,111</u>	<u>9,450</u>
Creditors amounts falling due within one year	12	(10,381)	(11,112)
Net current liabilities		<u>(270)</u>	<u>(1,662)</u>
Total assets less current assets		<u>2,001</u>	<u>1,308</u>
Net assets		<u>2,001</u>	<u>1,308</u>
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	2,001	1,308
Shareholder's funds		<u>2,001</u>	<u>1,308</u>

The financial statements include the notes on pages 9 to 16

These financial statements were approved by the board of directors on 25 September 2013 and were signed on its behalf by

B. R Taberner

B R Taberner
Director

Reconciliation of movements in shareholder's funds
for the year ended 31 December 2012

	2012 £000	2011 £000
Opening shareholder's funds	1,308	830
Profit for the financial year	693	478
Closing shareholder's funds	2,001	1,308

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules and within the requirements of the Companies Act 2006

Going concern

The company, together with its intermediate parent company Elli Investments Limited and fellow subsidiary undertakings (collectively the "Elli Investments group"), is party to a number of financing arrangements under which the company has provided guarantees. The Elli Investments group issued £350 million of senior secured notes which pay interest at 8.75%, and which are due for repayment in 2019, and £175 million of senior notes which pay interest at 12.25%, and which are due for repayment in 2020. There is also a £40 million revolving credit facility which remained undrawn at the period end and which is available until 2018. This provides the group with a stable and secure financial structure.

The forecast and projections of the Elli Investments group, sensitised to take into account all reasonably foreseeable changes in trading performance, show that it has sufficient funding and covenant headroom within its current financing arrangements.

At 31 December 2012 the company is dependent on funding provided by group companies. For this reason, the funding position of the company is dependent on that of the Elli Investments group as a whole.

The directors of Guthrie Court Limited have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

Related party transactions

The directors have taken advantage of the exemption in FRS 8, Paragraph 3(c) and as the company is a wholly owned subsidiary of FSHC (Group) Holdings Limited have not disclosed related party transactions with parent and fellow subsidiary undertakings.

Cash flow statement

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as at 31 December 2012 it was a wholly owned subsidiary undertaking of FSHC (Group) Holdings Limited, and its cash flows are included within the consolidated cash flow statement of that company.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Equipment and fixtures - 20% per annum

Guarantees

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other related parties which are subsidiaries of its ultimate parent, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make payment under the guarantee.

Notes (continued)

1 Accounting policies (continued)

Leases

Operating lease rentals are charged to the profit and loss account on a systematic and rational basis over the period of the lease

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of tangible fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised. Positive goodwill is amortised by equal annual instalments over its estimated useful economic life. The directors' estimate of the useful economic life is considered on an individual basis. Goodwill capitalised to date is being amortised over 20 years.

2 Turnover

Turnover represents the amounts net of VAT derived from the provision of healthcare services to customers and all arose in the United Kingdom.

3 Profit on ordinary activities before taxation

	2012 £000	2011 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation - owned assets	982	178
Amortisation of goodwill	43	37
Operating lease rentals - land and buildings	6,289	1,425

The auditor's remuneration of £1,350 (2011 £1,350) for audit services was borne by another group undertaking. Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

4 Exceptional items

Exceptional costs of £40,000 (2011 £nil) relate to redundancy.

Notes *(continued)*

5 Interest payable and similar charges

	2012 £000	2011 £000
Interest on intercompany balances	50	46

6 Directors' remuneration

None of the directors received any remuneration from the company during the current and prior year

7 Staff numbers and costs

The average number of persons employed by the company during the year, including both full and part time staff, analysed by category, was as follows

	Number of employees 2012	Number of employees 2011
Healthcare facilities	2,020	303
Administration	84	22
	2,104	325

The aggregate payroll costs of these persons were as follows

	2012 £000	2011 £000
Wages and salaries	24,470	4,360
Social security costs	1,411	278
Pension	8	3
	25,889	4,641

Notes (continued)

8 Tax on profit on ordinary activities

	2012 £000	2011 £000
Analysis of charge in period		
UK corporation tax		
Corporation tax charge	-	-
Deferred tax charge	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current period

The current tax charge for the year is lower (2011 lower) than the standard rate of corporation tax in the UK (24.5%, 2011 26.5%) due principally to the availability of current year losses in other group companies. The differences are explained below.

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	693	478
	<u>170</u>	<u>127</u>
Current tax at 24.5% (2011 26.5%)		
<i>Effects of</i>		
Expenses not deductible for tax purposes	95	50
Depreciation in excess of capital allowances	156	7
Group relief received for nil consideration	(421)	(184)
	<u>-</u>	<u>-</u>
Total current tax charge (see above)	<u>-</u>	<u>-</u>

Factors that may affect future current and total tax charge

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The effect of the rate reduction on the deferred tax balances has been included in the figures above.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge.

Notes (continued)

9 Intangible fixed assets

	Goodwill £000
<i>Cost</i>	
At beginning of year	1,022
Fair value adjustment	(1,062)
Disposal	(557)
At end of year	(597)
<i>Amortisation</i>	
At beginning of year	159
Charge for the year	43
Disposal	(177)
At end of year	25
<i>Net book value</i>	
At 31 December 2012	(622)
At 31 December 2011	863

The fair value adjustment relates to the prior year when 40 leasehold care homes and specialised units operated by Southern Cross Healthcare were acquired by the company. The disposal of goodwill relates to the transfer of the trade and assets of Bamford Care home to a fellow subsidiary within the group. Goodwill is being written off in equal annual instalments over its estimated useful economic life of 20 years.

10 Tangible fixed assets

	Equipment and fixtures £000
<i>Cost</i>	
At beginning of year	2,562
Acquisitions (note 13)	401
Additions	1,732
Disposals	(884)
At end of year	3,811
<i>Depreciation</i>	
At beginning of year	455
Charge for the year	982
Disposals	(519)
At end of year	918
<i>Net book value</i>	
At 31 December 2012	2,893
At 31 December 2011	2,107

Notes *(continued)*

11 Debtors

	2012 £000	2011 £000
Trade debtors	2,516	2,931
Amounts owed by group undertakings	5,599	3,794
Prepayments and other debtors	1,977	2,596
	<u>10,092</u>	<u>9,321</u>

The amounts owed by group undertakings are interest free, unsecured and repayable on demand

12 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	714	569
Amounts owed to group undertakings	6,270	5,325
Taxation and social security	330	263
Other creditors	2,377	4,601
Accruals	690	354
	<u>10,381</u>	<u>11,112</u>

The amounts due to group undertakings are unsecured and repayable on demand Where applicable, interest is charged at 5%

Notes (continued)

13 Acquisitions

In the last quarter of 2012, the trade and assets of eleven care homes were acquired by the company from three related companies within the FSHC Group Holdings group

Acquisitions are accounted for under the acquisition method

The following table sets out the book values of the identifiable assets and liabilities acquired and their provisional fair value to the group

	Book value £000	Fair value adjustment £000	Provisional fair value £000
Fixed assets			
Tangible fixed assets	401	-	401
Current assets			
Other debtors	267	-	267
Cash	9	-	9
Total assets	<u>677</u>	<u>-</u>	<u>677</u>
Liabilities			
Other creditors	709	-	709
Total liabilities	<u>709</u>	<u>-</u>	<u>709</u>
Net liabilities	<u>(32)</u>	<u>-</u>	<u>(32)</u>
Positive goodwill			<u>-</u>
Purchase consideration and costs of acquisition			<u>(32)</u>

The book values of assets and liabilities have, where possible, been taken from the management accounts of Guthrie Court Limited, Four Seasons (No 8) Limited and Four Seasons (No 9) Limited

14 Called up share capital

	2012		2011	
	No. of shares	£000	No. of shares	£000
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

Notes (continued)

15 Profit and loss account

	2012 £000
At beginning of year	1,308
Retained profit for the financial year	693
At end of year	<u>2,001</u>

16 Commitments

Annual commitments under non-cancellable operating leases are as follows

	2012 £000	2011 £000
Operating leases that expire		
In over five years – land and buildings	<u>6,289</u>	<u>4,348</u>

17 Contingent liabilities

The company, together with its parent and fellow subsidiary undertakings is party to a number of financing arrangements. The implications of this are explained more fully in note 1.

17 Ultimate parent

The company's immediate parent company is Four Seasons Group Holdings Limited.

From 1 January 2012 to 11 July 2012 the ultimate parent undertaking was FSHC (Guernsey) Holdings Limited, an entity incorporated in Guernsey. From the 12 July 2012 the ultimate parent undertaking is Elli Capital Limited, an entity incorporated in Guernsey.

The largest group in which the results of the company are consolidated is that headed by FSHC Group Holdings Limited. The consolidated financial statements of this company are available to the public and may be obtained from First Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 6HJ.

The smallest group in which the results of the company are consolidated is that headed by Elli Investments Limited. The consolidated financial statements of this company are available to the public and may be obtained from First Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 6HJ.