

Co's house

Registered No. OC331069

Ladhar Developments LLP

Members' Report and Financial Statements

31 October 2011



Members

B S Ladhar
A S Ladhar
B K Ladhar

Secretary

B S Ladhar

Auditors

Ernst & Young LLP
Citygate
St James's Boulevard
Newcastle upon Tyne
NE1 4JD

Solicitors

Mincoffs
5 Osborne Terrace
Newcastle upon Tyne
NE2 1SQ

Registered Office

15-16 Stockholm Close
Tyne Tunnel Trading Estate
North Shields
Tyne and Wear
NE29 7SF

Members' report

The members submit their report together with the financial statements for the year ended 31 October 2011

Principal activities

The principle activity of the partnership is the construction and sale of care homes

Members

The members during the year were as follows

B S Ladhar
A S Ladhar
B K Ladhar

Going concern

The members have considered the LLP's current and future prospects and its availability of financing, and are satisfied that the LLP can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the members continue to adopt the going concern basis of preparation for these financial statements

Transactions with members

The members participate fully in the profits and share the risks of the business. All members subscribe to the firm's capital

An individual member's capital requirement is linked to their membership status and the financing requirements of the partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at 'par', so retiring members are repaid their capital at 'par'

The drawings policy is to allow a member to draw a proportion of their profit share during the year with the balance of their profits being paid once the annual financial statements for that year have been formally adopted by the members

All payments are made subject to the cash requirements of the business

Members' report

Statement of members' responsibilities

The Limited Liability Partnerships (LLP) Regulations 2008 made under the Limited Liability Partnerships Act require the members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the LLP and of the profit or loss for that period. In preparing the financial statements, the members are required to

select suitable accounting policies and apply them consistently;

make judgements and estimates that are reasonable and prudent,

state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements, and

prepare the financial statements on a going concern basis unless it is inappropriate to presume the LLP will continue in business

Under the LLP Regulations, the members are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the LLP and which enable them to ensure that the financial statements will comply with those regulations. The members have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the LLP and to prevent and detect fraud and other irregularities

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Disclosure of information to the auditors

So far as each person who was a member at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow members and the company's auditor, each member has taken all the steps that he/she is obliged to take as a member in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to re-appoint Ernst & Young LLP as auditors will be proposed at the Members Annual Meeting

On behalf of the Members



B S Ladhar
Member

13 July 2012



Independent auditors' report

to the members of Ladhar Developments Limited Liability Partnership ('LLP')

We have audited the financial statements of Ladhar Developments LLP for the year ended 31 October 2011 which comprise the Profit and Loss Account, Balance Sheet, Statement of Cash Flows and the related notes 1 to 9. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement, the members 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

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 limited liability partnership's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the designated members, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Members' report and financial statements 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 limited liability partnership's affairs as at 31 October 2011 and of its loss 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

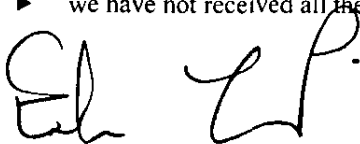
Independent auditors' report

to the members of Ladhar Developments Limited Liability Partnership ('LLP')

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 as applied to limited liability partnerships 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
- ▶ we have not received all the information and explanations we require for our audit



Darren Rutherford (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne

13 July 2012

Profit and loss account

for the year ended 31 October 2011

	Notes	2011 £	2010 £
Turnover	1	1,559,741	6,554,048
Cost of sales		(1,429,641)	(6,364,504)
Gross profit		130,100	189,544
Administrative expenses		(57,546)	(5,174)
Operating profit	2	72,554	184,370
Interest payable	3	(170,726)	(193,015)
Loss for the financial year before members' remuneration and profit shares		(98,172)	(8,645)
Members' remuneration charged as an expense		-	-
Retained loss for the financial year available for discretionary division amongst members	7	(98,172)	(8,645)

All activities of the LLP are continuing.

The LLP has no recognised gains or losses other than those disclosed in the profit and loss account above

Balance sheet

at 31 October 2011

	<i>Notes</i>	<i>2011</i> £	<i>2011</i> £	<i>2010</i> £	<i>2010</i> £
Current assets					
Debtors	4	2,358,114		2,335,617	
Development work in progress		3,784,855		4,765,107	
Cash		-		218	
		<u>6,142,969</u>		<u>7,100,942</u>	
Current liabilities					
Creditors	5	6,526,894		(3,986,695)	
		<u></u>		<u></u>	
Net current (liabilities)/assets			(383,925)		3,114,247
Creditors amounts falling due after more than one year	6		-		(3,400,000)
			<u>(383,925)</u>		<u>(285,753)</u>
Net liabilities attributable to members					
Represented by: amounts due from members	7		(383,925)		(285,753)
			<u></u>		<u></u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 (as applied to limited liability partnerships by the Limited Liability Partnership Regulations 2008) relating to small limited liability partnerships and in accordance with the Financial Reporting Standard for Small Entities (effective April 2008)

Approved for and on behalf of the Members



B S Ladhar
Member

13 July 2012

Statement of cash flows

at 31 October 2011

	<i>Notes</i>	<i>31 October 2011 £</i>	<i>31 October 2010 £</i>
Net cash inflow from operating activities	9	397,318	4,396,241
Returns on investments and servicing of finance			
Interest paid		(170,726)	(193,015)
Net cash outflow from returns on investments and servicing of finance		(170,726)	(193,015)
Financing			
Net movement in loans		(241,557)	(4,201,150)
Net cash outflow from financing		(241,557)	(4,201,150)
(Decrease) / Increase in cash		(14,965)	2,076

Reconciliation of net cash flow to movement in net debt

	<i>2011 £</i>	<i>2010 £</i>
(Decrease)/increase in cash	(14,965)	2,076
Cash flow from net movement in loans	241,557	4,201,150
Movement in net debt	226,592	4,203,226
Net debt at 1 November	(3,399,782)	(7,603,008)
Net debt at 31 October	(3,173,190)	(3,399,782)

Analysis of changes in net debt

	<i>At 31 October 2010 £</i>	<i>Cash flows £</i>	<i>At 31 October 2011 £</i>
Bank overdraft/cash in hand	218	(14,965)	(14,747)
	218	(14,965)	(14,747)
Bank Loans	(3,400,000)	241,557	(3,158,443)
	(3,399,782)	226,592	(3,173,190)

Notes to the financial statements

at 31 October 2011

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the requirements of the Statement of Recommended Practice, "Accounting by Limited Liability Partnerships"

Fundamental accounting concept

The members have prepared the financial statements on the going concern basis despite the excess of total liabilities over total assets of £383,925 (2010 £285,753). The members have noted the continuing support of the LLP's related party funders and bankers, which gives them the confidence that the LLP will continue to meet its liabilities as they fall due.

Whilst inherently there can be no certainty that the LLP will be able to achieve its financial forecasts or maintain sufficient ongoing financial facilities, the members believe that, following discussions with the LLP's related party funders and bankers, the LLP will continue to be able to meet its liabilities as they fall due for the foreseeable future. Consequently the members believe that it is appropriate to prepare the financial statements on a going concern basis. However, should sufficient ongoing finance not be available, the going concern basis would be invalid and adjustments would have to be made to reduce the value of the assets to their recoverable amount, to provide for any further liabilities which might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Stocks – development work in progress

Development work in progress is stated at the lower of cost and net realisable value. Cost is based upon the value of all directly attributable costs of construction of the care homes.

Turnover

Turnover comprises the value of any sales of care homes exclusive of VAT and is recognised on legal transfer of the care home.

2. Operating profit

Operating profit is stated after charging

	2011 £	2010 £
Audit fees – audit services	4,500	4,500

The LLP has no employees and no employment costs.

3. Interest payable

	2011 £	2010 £
Interest payable on bank loans	170,726	193,015

Notes to the financial statements

at 31 October 2011

4. Debtors

	2011 £	2010 £
Other debtors	12,836	10,171
Amounts due from related parties (Note 8)	2,345,278	2,325,446
	<u>2,358,114</u>	<u>2,335,617</u>

5. Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors and accruals	113,691	418,958
Bank overdraft	14,747	-
Bank loans	3,158,443	-
Amounts due to related parties (note 8)	3,240,013	3,567,737
	<u>6,526,894</u>	<u>3,986,695</u>

6. Creditors: amounts falling due after more than one year

	2011 £	2010 £
Bank loans	-	3,400,000
	<u>-</u>	<u>3,400,000</u>

The bank loans are repayable on completion of the build of the care homes and have therefore been classified as falling due within one year

At 31 October 2011, the bank loans were secured by first legal mortgages over the company's freehold and leasehold property interests, a joint and several guarantee from A S Ladhar, B S Ladhar and B K Ladhar, an unlimited inter-company guarantee between Flexible Support Options (Domiciliary) Limited, Flexible Support Options (UK) Limited, Flexible Support Options (UK North East) Limited, Flexible Support Options (UK Midlands) Limited, Flexible Support Options (UK South East) Limited, Ladhar Healthcare LLP and other related undertakings and first legal mortgages over certain properties owned by related undertakings.

On 3 March 2012, the cross guarantee between Flexible Support Options (Domiciliary) Limited, Flexible Support Options (UK) Limited, Flexible Support Options (UK North East) Limited, Flexible Support Options (UK Midlands) Limited and Flexible Support Options (UK South East) Limited was removed

Notes to the financial statements

at 31 October 2011

7. Members' interests

	<i>Members' capital</i>	<i>Other amounts</i>	<i>Total loans and other debts due to members</i>	<i>Amounts due from members</i>	<i>Total</i>
	£	£	£	£	£
Members interests at 1 November 2010	-	-	-	(285,753)	(285,753)
Loss for the financial year available for discretionary division among members	-	-	-	(98,172)	(98,172)
Members interests after loss for the year	-	-	-	(383,925)	(383,925)
Distributions to members					
Current years drawings	-	-	-	-	-
Members' interests at 31 October 2011	-	-	-	(383,925)	(383,925)

The profits and losses are divided and allocated retrospectively by agreement amongst the members

Accordingly, there is no automatic allocation of profits amongst members at the balance sheet date. As a result, profits available for allocation amongst the designated members at the balance sheet date is included in members' other interests. Allocated profits in excess of members' drawings are classified as amounts due to members

Members' other interests rank after unsecured creditors, and loans and other debts due to members rank pari passu with unsecured creditors in the event of a winding up. The amount of capital each member is required to subscribe is determined by the membership agreement. A member may only withdraw capital when they cease to be a member

Notes to the financial statements

at 31 October 2011

8. Controlling party and related party transactions

In the opinion of the members, all three members have joint control of the limited liability partnership

At the financial year end £15,118 (2010: £Nil) was due to the Ladhar Partnership, a partnership in which two of the members are partners

The following additional amounts were due to entities in which at least one of the members has an interest

	2011 £	2010 £
Easteye Limited	19,997	19,997
Flexible Support Options (UK) Limited	1,079,045	761,335
For Yours Eyes Only Limited	2,047,000	2,047,000
Movesun Limited	69,353	69,353
Rabbit Catering Limited	9,500	9,500
Ladhar Healthcare (North East) LLP	-	660,552

At the financial year end, £840,118 (2010: £835,548) was due from the Ladhar Partnership. The following additional amounts were due from entities in which at least one of the members has an interest

	2011 £	2010 £
Ladhar Healthcare (Yorkshire) LLP	34,324	-
Ladhar Healthcare (North East) LLP	227,803	-
Ladhar Healthcare LLP	1,243,033	1,489,898

Transactions between related parties relate to recharges of expenses incurred on behalf of the other party, and cash advances. All related party transactions are undertaken at arm's length.

Interest is not charged on related party balances

9. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	72,554	184,370
(Increase)/decrease in debtors	(22,497)	2,059,455
Decrease in creditors	(632,991)	(3,450,122)
Decrease in development work in progress	980,252	5,602,538
Net cash inflow from operating activities	397,318	4,396,241