

GATE HEALTHCARE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012



GATE HEALTHCARE LIMITED

COMPANY INFORMATION

Directors	R R Williamson A C Mundell
Company secretary	R R Williamson
Company number	SC106549
Registered office	2 Hillview Drive Clarkston Glasgow G76 7JD
Auditor	PKF (UK) LLP 78 Carlton Place Glasgow G5 9TH
Bankers	The Royal Bank of Scotland plc 139 St Vincent Street Glasgow G2 JJF
Solicitors	Harper MacLeod LLP The Ca'd'oro 45 Gordon Street Glasgow G1 3PE

GATE HEALTHCARE LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report	4 - 5
Profit and loss account	6
Statement of total recognised gains and losses	7
Note of historical cost profits and losses	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10 - 20

GATE HEALTHCARE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements for the year ended 31 March 2012.

Principal activities

The principal activity of the company during the year was the provision of care home facilities for the elderly and disabled. The company also owns a portfolio of tenanted residential apartments which are let out on a short term tenancy basis.

Business review

All three care homes continued to enjoy above sector average occupancy levels, averaging over 97% (2011 - 98%) throughout the year. Fee income increased by 3.7% (2011 - 1.2%), whilst care home gross margin decreased slightly to 40.3% (2011 - 40.4%).

The first phase of the proposed 10 bed development was completed in July 2011 providing 4 additional bedrooms at Kintyre House.

Future developments

The directors have decided to dispose of the portfolio of tenanted residential apartments, and this was completed in August 2012.

Risks and uncertainties

SCSWIS (Social Care Social Work Improvement Scotland) known now as the Care Inspectorate has inspected the three homes at least once under the grading system, and our grades continue to be satisfactory. These results place our homes in the Care Inspectorate's low risk category.

Financial instruments

The company's policy is to finance fixed assets through variable rate borrowings. However, as a condition of funding from the Royal Bank of Scotland, the company has hedged interest rate exposure covering £4.3m of its debt with a cap of 6% and a collar of 4.98% (based on Bank of England base rate), expiring March 2013. The company is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures.

Results and dividends

The profit for the year, after taxation, amounted to £160,299 (2011 - £179,143). The reduction was primarily due to the exceptional expenditure for refurbishment of the tenanted apartments.

A dividend of £13,567 (2011 - £36,889) was paid during the year. The directors do not recommend a further dividend for the year.

Directors

The directors who served during the year were:

R R Williamson
A C Mundell

GATE HEALTHCARE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012**

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing his report and to establish that the company's auditor is aware of that information.

This report was approved by the board on *2 SEPTEMBER 2012* and signed on its behalf.



A C Mundell
Director

GATE HEALTHCARE LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

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 of 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;
- 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, to disclose with reasonable accuracy at any time the financial position of the company and to 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.

GATE HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATE HEALTHCARE LIMITED

We have audited the financial statements of Gate Healthcare Limited for the year ended 31 March 2012 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of recognised gains and losses 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 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, 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

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 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 company's affairs as at 31 March 2012 and of its 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 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.

GATE HEALTHCARE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATE HEALTHCARE LIMITED

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.

pkf (uk) LLP

Charles Barnett (Senior statutory auditor)
for and behalf of PKF (UK) LLP, Statutory auditor
Glasgow, UK

19 September 2012

GATE HEALTHCARE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
TURNOVER	1,2	3,860,461	3,736,034
Cost of sales		<u>(2,271,947)</u>	<u>(2,187,777)</u>
GROSS PROFIT		1,588,514	1,548,257
Administrative expenses		<u>(1,099,814)</u>	<u>(1,033,924)</u>
OPERATING PROFIT	3	488,700	514,333
Interest receivable and similar income		610	847
Interest payable and similar charges	6	<u>(292,351)</u>	<u>(331,269)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		196,959	183,911
Tax on profit on ordinary activities	7	<u>(36,660)</u>	<u>(4,768)</u>
PROFIT FOR THE FINANCIAL YEAR	15	<u>160,299</u>	<u>179,143</u>

All amounts relate to continuing operations.

The notes on pages 10 to 20 form part of these financial statements.

GATE HEALTHCARE LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2012**

	2012 £	2011 £
PROFIT FOR THE FINANCIAL YEAR	160,299	179,143
Unrealised surplus on revaluation of tangible fixed assets	-	1,158,975
Unrealised deficit on revaluation of investment properties	<u>(394,500)</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(234,201)</u>	<u>1,338,118</u>

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2012**

	2012 £	2011 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	196,959	183,911
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>59,043</u>	<u>43,106</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>256,002</u>	<u>227,017</u>
HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION	<u>219,342</u>	<u>222,249</u>

The notes on pages 10 to 20 form part of these financial statements.

GATE HEALTHCARE LIMITED
REGISTERED NUMBER: SC106549

BALANCE SHEET
AS AT 31 MARCH 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	8		9,263,758		9,306,444
Investment property	9		1,068,000		1,687,500
			<u>10,331,758</u>		<u>10,993,944</u>
CURRENT ASSETS					
Debtors	10	84,306		98,651	
Cash at bank		510,097		607,694	
		<u>594,403</u>		<u>706,345</u>	
CREDITORS: amounts falling due within one year	11	(1,994,518)		(2,239,834)	
NET CURRENT LIABILITIES			<u>(1,400,115)</u>		<u>(1,533,489)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>8,931,643</u>		<u>9,460,455</u>
CREDITORS: amounts falling due after more than one year	12		(4,488,289)		(4,750,216)
PROVISIONS FOR LIABILITIES					
Deferred tax	13		(63,158)		(82,275)
NET ASSETS			<u>4,380,196</u>		<u>4,627,964</u>
CAPITAL AND RESERVES					
Called up share capital	14		50		50
Revaluation reserve	15		3,739,257		4,192,800
Capital redemption reserve	15		55		55
Profit and loss account	15		640,834		435,059
SHAREHOLDERS' FUNDS	16		<u>4,380,196</u>		<u>4,627,964</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

3 SEPTEMBER 2012



A C Mundell
Director

The notes on pages 10 to 20 form part of these financial statements.

GATE HEALTHCARE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	18	693,771	664,358
Returns on investments and servicing of finance	19	(291,741)	(330,422)
Taxation	19	(49,707)	(93,957)
Capital expenditure and financial investment	19	50,539	(134,211)
Equity dividends paid		(13,567)	(36,889)
CASH INFLOW BEFORE FINANCING		389,295	68,879
Financing	19	(486,892)	(258,195)
DECREASE IN CASH IN THE YEAR		(97,597)	(189,316)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE YEAR ENDED 31 MARCH 2011 (NOTE 20)

	2012 £	2011 £
Decrease in cash in the year	(97,597)	(189,316)
Cash inflow from increase in debt	486,891	258,195
MOVEMENT IN NET DEBT IN THE YEAR	389,295	68,879
Net debt at 1 April 2011	(6,092,990)	(6,161,869)
NET DEBT AT 31 MARCH 2012	(5,703,695)	(6,092,990)

The notes on pages 10 to 20 form part of these financial statements.

GATE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and investment properties and in accordance with applicable accounting standards.

1.2 Turnover

Turnover comprises fee income relating to the provision of care services and rent receivable from investment properties. Fee income comprises the care home fees due to the company in the period to which they relate and rent receivable comprises rental income due to the company in the period to which it relates.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	- 2% straight line
Plant & machinery	- 15% straight line

Freehold buildings are revalued fully every 5 years with an interim valuation after 3 years in accordance with Financial Reporting Standard No. 15.

1.4 Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No.19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

1.5 Hire purchase agreements

Assets acquired under hire purchase contracts are capitalised as tangible fixed assets and depreciated over their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of the capital repayments outstanding.

1.6 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

GATE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES (continued)

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except that deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse and are not discounted.

1.8 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

All turnover arose within the United Kingdom.

	2012 £	2011 £
Provision of care home facilities	3,789,406	3,654,048
Property rental	71,055	81,986
Total	3,860,461	3,736,034

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the company	213,368	191,132
- held under hire purchase	2,755	2,756
Auditor's remuneration	9,900	10,100
Auditor's remuneration - non-audit	1,717	7,911
Operating lease rentals:		
- plant & machinery	1,497	2,166
- land & buildings	12,500	12,500
Loss on sale of investment properties	1,024	-

GATE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2012 £	2011 £
Wages and salaries	2,128,224	2,092,153
Social security costs	142,250	152,709
Other pension costs	5,776	5,776
	<u>2,276,250</u>	<u>2,250,638</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2012 No.	2011 No.
Nursing and ancillary staff	115	101
Administration	4	4
	<u>119</u>	<u>105</u>

5. DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	<u>183,559</u>	<u>202,864</u>
Company pension contributions to defined contribution pension schemes	<u>5,776</u>	<u>5,776</u>

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £104,331 (2011 - £122,217).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £3,600 (2011 - £3,600).

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
On bank loans	291,275	330,196
On hire purchase contracts	1,076	1,073
	<u>292,351</u>	<u>331,269</u>

GATE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

7. TAXATION

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	57,941	51,870
Adjustments in respect of prior periods	(2,164)	(2,261)
Total current tax	55,777	49,609
Deferred tax (see note 13)		
Origination and reversal of timing differences	(19,117)	(44,841)
Tax on profit on ordinary activities	36,660	4,768

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK of 20% (2011 - 21%). The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	196,959	183,911
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2011 - 21%)	39,392	38,621
Effects of:		
Expenses not deductible for tax purposes	3,357	6,845
Depreciation in excess of capital allowances	15,192	6,404
Adjustments to tax charge in respect of prior periods	(2,164)	(2,261)
Current tax charge for the year (see note above)	55,777	49,609

GATE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

8. TANGIBLE FIXED ASSETS

	Freehold property £	Plant & machinery £	Total £
Cost or valuation			
At 1 April 2011	9,128,009	566,595	9,694,604
Additions	149,944	23,493	173,437
At 31 March 2012	<u>9,277,953</u>	<u>590,088</u>	<u>9,868,041</u>
Depreciation			
At 1 April 2011	-	388,160	388,160
Charge for the year	174,975	41,148	216,123
At 31 March 2012	<u>174,975</u>	<u>429,308</u>	<u>604,283</u>
Net book value			
At 31 March 2012	<u>9,102,978</u>	<u>160,780</u>	<u>9,263,758</u>
At 31 March 2011	<u>9,128,009</u>	<u>178,435</u>	<u>9,306,444</u>

The net book value of assets held under hire purchase contracts, included above, are as follows:

	2012 £	2011 £
Plant & machinery	<u>5,511</u>	<u>8,266</u>

Included in freehold land and buildings is freehold land at a cost of £505,000 (2011 - £505,000), which is not depreciated.

Cost or valuation at 31 March 2012 is as follows:

	Land and buildings £
At cost	149,944
At valuation	9,128,009
	<u>9,277,953</u>

GATE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

8. TANGIBLE FIXED ASSETS (continued)

The company's freehold land and buildings were revalued in August 2011 by Walton Healthcare Property Consultants on the basis of open market value and existing use. This valuation was incorporated into the March 2011 financial statements and the directors do not consider this valuation to have significantly changed. If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2012 £	2011 £
Cost	3,483,558	3,333,614
Accumulated depreciation	(580,583)	(521,011)
Net book value	<u>2,902,975</u>	<u>2,812,603</u>

9. INVESTMENT PROPERTY

	Investment property £
Valuation	
At 1 April 2011	1,687,500
Disposals	(225,000)
Surplus/(deficit) on revaluation	(394,500)
At 31 March 2012	<u>1,068,000</u>

The company's investment properties were valued on 31 March 2012 by the directors of the company on an open market basis.

On a historic cost basis the investment properties would have been included at £952,151 (2011 - £1,098,636).

10. DEBTORS

	2012 £	2011 £
Trade debtors	60,512	69,509
Other debtors	4,349	8,308
Prepayments	19,445	20,834
	<u>84,306</u>	<u>98,651</u>

GATE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

11. CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Bank loans	1,723,972	1,946,794
Net obligations under hire purchase contracts	1,531	3,674
Trade creditors	71,293	91,758
Corporation tax	57,941	51,870
Social security and other taxes	43,878	48,390
Other creditors	29,070	29,070
Accruals and deferred income	66,833	68,278
	<u>1,994,518</u>	<u>2,239,834</u>

12. CREDITORS: Amounts falling due after more than one year

	2012 £	2011 £
Bank loan	4,488,289	4,748,685
Net obligations under hire purchase contracts	-	1,531
	<u>4,488,289</u>	<u>4,750,216</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2012 £	2011 £
Repayable by instalments	<u>3,296,497</u>	<u>3,561,514</u>

The two bank loans are secured by a bond and floating charge and a first standard security over the company's properties.

Repayments of the £1.65m bank loan began in June 2011. There has been £223,976 repaid during the year and the repayment profile for the remaining outstanding balance at the year end is as follows: £300,000 due 30 April 2012, £650,000 due 30 June 2012 and the remaining outstanding balance is due upon the sale of the remaining investment properties, and is due no later than March 2013. Interest is payable on this loan at 3.2%. Prior to the date of signing these accounts this loan had been fully repaid.

The £5.3m bank loan is repayable by equal monthly instalments over the period to April 2026 with the first instalment paid in May 2010. Interest is payable on this loan at 1% over base rate. The company have hedged interest rate exposure covering £4.3m of its debt with a cap of 6% and a collar of 4.98% (based on Bank of England base rate), expiring March 2013.

GATE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

12. CREDITORS:

Amounts falling due after more than one year (continued)

Obligations under hire purchase contracts, included above, are payable as follows:

	2012 £	2011 £
Between one and five years	-	1,531

Hire purchase creditors are secured on the assets concerned.

13. DEFERRED TAXATION

	2012 £	2011 £
At the beginning of the year	82,275	127,116
Released during the year	(19,117)	(44,841)
At the end of the year	63,158	82,275

The provision for deferred taxation is made up as follows:

	2012 £	2011 £
Accelerated capital allowances	63,158	82,275

14. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
50 Ordinary shares of £1 each	50	50

15. RESERVES

	Capital redempt'n reserve £	Revaluation reserve £	Profit and loss account £
At 1 April 2011	55	4,192,800	435,059
Profit for the year	-	-	160,299
Dividends: Equity capital	-	-	(13,567)
Deficit on revaluation of freehold land and buildings	-	(394,500)	-
Transfer between reserves	-	(59,043)	59,043
At 31 March 2012	55	3,739,257	640,834

GATE HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	4,627,964	3,326,735
Profit for the year	160,299	179,143
Dividends (Note 17)	(13,567)	(36,889)
Revaluation (deficit)/surplus in the year	(394,500)	1,158,975
	<u>4,380,196</u>	<u>4,627,964</u>
Closing shareholders' funds		

17. DIVIDENDS

	2012 £	2011 £
Dividends paid on equity capital	<u>13,567</u>	<u>36,889</u>

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	488,700	514,333
Depreciation of tangible fixed assets	216,123	193,888
Loss on disposal of investment property	1,024	-
Decrease/(increase) in debtors	14,346	(37,551)
Decrease in creditors	(26,422)	(6,312)
	<u>693,771</u>	<u>664,358</u>
Net cash inflow from operating activities		

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest received	610	847
Interest paid	(291,275)	(330,196)
Hire purchase interest	(1,076)	(1,073)
	<u>(291,741)</u>	<u>(330,422)</u>
Net cash outflow from returns on investments and servicing of finance		
	2012 £	2011 £
Taxation		
Corporation tax	<u>(49,707)</u>	<u>(93,957)</u>

GATE HEALTHCARE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2012 £	2011 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(173,437)	(134,211)
Sale of investment properties	223,976	-
Net cash inflow/(outflow) from capital expenditure	<u>50,539</u>	<u>(134,211)</u>
	2012 £	2011 £
Financing		
Repayment of loans	(483,218)	(254,521)
Repayment of hire purchase debt	(3,674)	(3,674)
Net cash outflow from financing	<u>(486,892)</u>	<u>(258,195)</u>

20. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2011 £	Cash flow £	Other non-cash changes £	31 March 2012 £
Cash at bank and in hand	607,694	(97,597)	-	510,097
Hire purchase debt	(5,205)	3,674	-	(1,531)
Debts due within one year	(1,946,794)	483,218	(260,396)	(1,723,972)
Debts falling due after more than one year	(4,748,685)	-	260,396	(4,488,289)
Net debt	<u>(6,092,990)</u>	<u>389,295</u>	<u>-</u>	<u>(5,703,695)</u>

GATE HEALTHCARE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

21. OPERATING LEASE COMMITMENTS

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Expiry date:				
Less than 1 year	-	-	2,039	428
Between 2 and 5 years	12,500	12,500	2,148	2,747
After more than 5 years	-	-	-	859
Total	12,500	12,500	4,187	4,037

22. RELATED PARTY TRANSACTIONS

During the year fees of £26,000 (2011 - £nil) were paid to M Williamson, the wife of RR Williamson, for the provision of property management services.

During the year dividends of £12,100 were paid to RR Williamson, and £1,467 was paid to AC Mundell's pension scheme.

23. POST BALANCE SHEET EVENT

Since the year end, the company has disposed of its remaining portfolio of investment properties. The disposal proceeds support the valuation for the investment properties which were unsold at the year end.

24. CONTROLLING PARTY

The company is controlled by R R Williamson.

25. PENSION COSTS

The company operates a defined contribution scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension cost charge for the year is shown in note 4.