Registered Number SC186501

Heatherfield Community Care Limited

Annual report and financial statements

for the year ended 31 July 2012

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Heatherfield Community Care Limited

Annual report and financial statements for the year ended 31 July 2012

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Heatherfield Community Care Limited

Director and advisers for the year ended 31 July 2012

Director
S Lakhani

Company secretary
I Lakhani

Registered Office
C/O DLA Piper Scotland LLP
Collins House
Rutland Square
Edinburgh
EH1 2AA

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Benson House
33 Wellington Street
Leeds
LS1 4JP

Bankers
The Royal Bank of Scotland
Falkirk Newmarket Street Branch
2 Newmarket Centre
Falkirk
FK1 1JX

Heatherfield Community Care Limited

Director's report for the year ended 31 July 2012

The director presents his annual report and the financial statements for the year ended 31 July 2012.

Principal activities
The principal activity of the company in the year under review was that of provision of a nursing home for the elderly and infirm.

Business review
The director is satisfied with the performance of the company during the year and is looking at measures to improve profitability in the future. The company has had a steady performance during the year with turnover increased by 1%.

One of the principal risks that the company faces concerns fee income, which in many cases is funded by local health authorities who themselves are facing strict budgetary constraints. The company has good relations with its local funders and works closely with them to ensure that income rates are appropriate to the services provided.

The key performance indicators used by the director to assess the performance of the company are turnover, occupancy rates, operating profit, EBITDA and net assets. On all these indicators, the company's performance remained strong in comparison to the previous year

Future outlook
The director is confident that the company will continue to show sustained growth and increase profitability in the future years.

Financial risk management
The company makes little use of financial instruments other than operational bank accounts and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of its net assets, liabilities, financial position and profit or loss of the company.

Property revaluation
The land and buildings were revalued on 30 November 2012 by Christie & Co. on an open market existing use basis. A revaluation of £418,000 (2011: downward revaluation of £1,477,164) was charged to the revaluation reserve.

Results and dividends
The profit for the financial year amounted to £160,382 (2011: £155,222). The director recommends no dividend to be paid for the year (2011: £nil).

Director
The director who held office during the year and up to the date of signing the financial statements is given below:

S Lakhani

Director's report for the year ended 31 July 2012 (continued)

Statement of director's responsibilities
The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law, the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the director must not approve the financial statements unless he is 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 director is 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 company will continue in business.

The director is 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. He is 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.

Disclosures of information to auditors
So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. The director has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors
The auditors, PricewaterhouseCoopers LLP indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report was approved by the board on 19 April 2013 and signed on its behalf.



S Lakhani
Director

Heatherfield Community Care Limited

Independent auditors' report to the members of Heatherfield Community Care Limited

We have audited the financial statements of Heatherfield Community Care Limited for the year ended 31 July 2012 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Note of historical cost profits and losses, the Balance sheet, the Accounting policies 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).

Respective responsibilities of directors and auditors
As explained more fully in the statement of Director's Responsibilities set out on page 3 the director is 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 company's affairs as at 31 July 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Heatherfield Community Care 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Arif Ahmad

Arif Ahmad (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
19 April 2013

Heatherfield Community Care Limited

Profit and loss account for the year ended 31 July 2012

	Note	2012 £	2011 £
Turnover	1	**1,744,702**	1,729,216
Cost of sales		**(1,294,283)**	(1,279,413)
Gross profit		**450,419**	449,803
Administrative expenses		**(278,979)**	(315,414)
Operating profit	2	**171,440**	134,389
Interest receivable and similar income	4	**51**	85
Profit on ordinary activities before taxation		**171,491**	134,474
Tax on profit on ordinary activities	5	**(11,109)**	20,748
Profit for the financial year	11	**160,382**	155,222

All amounts relate to continuing operations.

Statement of total recognised gains and losses for the year ended 31 July 2012

	Note	2012 £	2011 £
Profit for the financial year		**160,382**	155,222
Revaluation	11	**418,000**	-
Total recognised gains and losses relating to the year		**578,382**	155,222

Heatherfield Community Care Limited

Note of historical cost profits and losses for the year ended 31 July 2012

	2012 £	2011 £
Reported profit on ordinary activities before taxation	**171,491**	134,474
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	**26,027**	63,207
Historical cost profit on ordinary activities before taxation	**197,518**	197,681
Historical profit for the year after taxation	**186,409**	218,429

Heatherfield Community Care Limited

Balance sheet as at 31 July 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	6	**3,795,273**	3,448,243
Current assets			
Debtors	7	**542,099**	398,992
Cash at bank and in hand		**25,938**	8,278
		568,037	407,270
Creditors - amounts falling due within one year	8	**(1,071,755)**	(1,142,340)
Net current liabilities		**(503,718)**	(735,070)
Total assets less current liabilities		**3,291,555**	2,713,173
Net assets		**3,291,555**	2,713,173
Capital and reserves			
Called up share capital	10	**100,000**	100,000
Revaluation reserve	11	**2,438,076**	2,020,076
Profit and loss account	11	**753,479**	593,097
Total shareholders' funds	12	**3,291,555**	2,713,173

The financial statements on pages 6 to 16 were approved by the board on 19 April 2013 and were signed on its behalf by:

S Lakhani
Director

Registered Number SC186501

Heatherfield Community Care Limited

Accounting policies for the year ended 31 July 2013

Basis of preparation of financial statements
The financial statements have been prepared on the going concern basis under the historical cost convention except for the revaluation of land and buildings and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies are set out below and applied consistently.

Cash flow
The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

Turnover
Turnover comprises revenue recognised by the company in respect of operation of a nursing home, exclusive of value added tax on an accruals basis.

Tangible assets and depreciation
Tangible 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:

Land and buildings	-	2% straight line
Other fixed assets	-	15 - 20% reducing balance

Revaluation of tangible assets
Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any intervening year where the director considers that a trigger event has occurred.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the profit and loss account.

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.

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.

Deferred tax assets and liabilities are not discounted.

Heatherfield Community Care Limited

Notes to the financial statements for the year ended 31 July 2012

1 Turnover

The whole of the turnover is attributable to the principal activity of the business. All turnover arose within the United Kingdom.

2 Operating profit

The operating profit is stated after charging:	**2012**	2011
	£	£
Auditors' remuneration	**5,000**	5,000
Depreciation of tangible fixed assets		
- owned by the company	**77,502**	116,576

During the year, the director did not receive any emoluments in respect of his services to the company (2011: £nil).

3 Staff costs

Staff costs were as follows:	**2012**	2011
	£	£
Wages and salaries	**1,154,910**	1,137,848
Social security costs	**62,792**	69,960
	1,217,702	1,207,808

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

	2012	2011
	Number	Number
Nursing staff and management	**96**	97

4 Interest receivable and similar income

	2012	2011
	£	£
On cash at bank	**51**	85

Notes to the financial statements for the year ended 31 July 2012 (continued)

5 Tax on profit on ordinary activities

	2012	2011
	£	£
Current tax		
UK corporation tax on profits of the year	**4,615**	-
Adjustments in respect of previous periods	**4,769**	-
Total current tax	**9,384**	-
Deferred tax		
Origination and reversal of timing differences	**304**	(20,994)
Changes in tax rates or laws	**-**	681
Adjustments in respect of previous periods	**1,421**	(435)
Total deferred tax (see note 9)	**1,725**	(20,748)
Tax charge/(credit) on profit on ordinary activities	**11,109**	(20,748)

Factors affecting tax charge for the year

The tax assessed for the year is lower (2011: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2012	2011
	£	£
Profit on ordinary activities before taxation	**171,491**	134,474
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2011: 20.67%)	**34,298**	27,796
Effects of:		
Expenses not deductible for tax purposes	**13,600**	63
Capital allowances for year (in excess of)/ less than depreciation	**(304)**	20,994
Adjustments in respect of previous periods	**4,769**	-
Group relief not paid for	**(42,979)**	(48,853)
Current tax charge for the year	**9,384**	-

Notes to the financial statements for the year ended 31 July 2012 (continued)

5 Tax on profit on ordinary activities (continued)

Factors affecting current and future tax charges

As the latest Finance Act was substantively enacted on 3 July 2012, effectively reducing the standard corporation tax rate to 23% from 1 April 2013, any deferred assets or liabilities released or settled after 1 April 2013 will reverse at 20% or 23%. Therefore we have prepared the provision on this basis and calculated the rate of deferred tax to be 20% and 23.67%.

Further reductions to the UK corporation tax rate were announced in the March 2013 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate to 21% by 1 April 2014 and 20% by 1 April 2015. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

6 Tangible assets

	Land and buildings	Other fixed assets	Total
	£	£	£
Cost or valuation			
At 1 August 2011	3,400,000	277,908	3,677,908
Additions	-	6,532	6,532
Revaluation	350,000	-	350,000
At 31 July 2012	**3,750,000**	**284,440**	**4,034,440**
Accumulated depreciation			
At 1 August 2011	-	229,665	229,665
Charge for the year	68,000	9,502	77,502
Revaluation	(68,000)	-	(68,000)
At 31 July 2012	**-**	**239,167**	**239,167**
Net book value			
At 31 July 2012	**3,750,000**	**45,273**	**3,795,273**
At 1 August 2011	3,400,000	48,243	3,448,243

The freehold land and buildings were revalued in November 2012 by Christie & Co. Chartered Surveyors, on an open market value basis, in accordance with the RICS Appraisal and Valuation Manual.

Notes to the financial statements for the year ended 31 July 2012 (continued)

6 Tangible assets (continued)

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	**1,561,362**	1,561,362
Accumulated depreciation	**(336,223)**	(294,250)
Net book value	**1,225,139**	1,267,112

7 Debtors

	2012	2011
	£	£
Trade debtors	**281,568**	145,930
Amounts owed by group undertakings	**170,335**	154,658
Other debtors	**1,237**	-
Other debtors and accrued income	**64,091**	71,811
Deferred tax asset (note 9)	**24,868**	26,593
	542,099	398,992

Amounts owed by group undertakings are unsecured, repayable on demand and interest-free.

Notes to the financial statements for the year ended 31 July 2012 (continued)

8 Creditors – Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	**51,643**	36,927
Amounts owed to group undertakings	**990,760**	1,083,328
Social security and other taxes	**14,624**	17,085
Other creditors	**344**	-
Corporation tax	**9,384**	-
Accruals and other creditors	**5,000**	5,000
	1,071,755	1,142,340

Amounts owed to group undertakings are unsecured, repayable on demand and interest-free.

9 Deferred tax

	2012	2011
	£	£
At beginning of year	**(26,593)**	(5,845)
Charged/(credited) during the year	**304**	(20,313)
Adjustment in respect of prior years	**1,421**	(435)
At end of year	**(24,868)**	(26,593)

The deferred taxation balance is made up as follows:

	2012	2011
	£	£
Accelerated capital allowances	**(24,868)**	(26,593)

Notes to the financial statements for the year ended 31 July 2012 (continued)

10 Called up share capital

	2012	2011
	£	£
Authorised		
100,000 (2011: 100,000) ordinary class A shares of £1 each	**100,000**	100,000
100,000 (2011: 100,000) ordinary class B shares of £1 each	**100,000**	100,000
	200,000	200,000
Allotted, called up and fully paid		
100,000 (2011: 100,000) ordinary class B shares of £1 each	**100,000**	100,000

11 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 1 August 2011	2,020,076	593,097
Profit for the financial year	-	160,382
Revaluation	418,000	-
At 31 July 2012	**2,438,076**	**753,479**

12 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Opening total shareholders' funds	**2,713,173**	4,035,115
Profit for the financial year	**160,382**	155,222
Revaluation	**418,000**	(1,477,164)
Closing total shareholders' funds	**3,291,555**	2,713,173

Notes to the financial statements for the year ended 31 July 2012 (continued)

13 Contingent liabilities

The parent company has a loan which is secured on the company's property.

14 Related party transactions

Details of the company's balances with group undertakings are provided in Notes 7 and 8.

15 Ultimate parent undertaking and controlling party

The company's parent undertaking is The Holmes Care (Bathgate) Limited. The company's ultimate parent undertaking is The Holmes Care (Group) Limited, a company incorporated in England and Wales. Consolidated financial statements for this company are available from Companies House. The Holmes Care (Group) Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements.

The company is controlled by S Lakhani, the company's director.