

Acorn Care (Welshpool) Limited

REPORT AND FINANCIAL STATEMENTS

31 March 2014

Company Registration No. 04227738



Acorn Care (Welshpool) Limited

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Acorn Care (Welshpool) Limited

DIRECTORS AND ADVISORS

DIRECTORS

JC Ball
NGA Ktori

REGISTERED OFFICE

2nd Floor Bezant House
Bradgate Park View
Chellaston
Derbyshire
DE73 5UH

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

Acorn Care (Welshpool) Limited

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2014.

The directors have not disclosed the following sections of the Directors' Report "Business Review; Key Performance Indicators; and Risks and Uncertainties" as these have been included within the Strategic Report on page 4.

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of mental health services.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 7. The directors consider the performance of the company to be satisfactory.

No dividend has been paid in the year (2013: £nil).

FUTURE DEVELOPMENTS

The directors are confident that the current level of performance will be maintained in the future.

FINANCIAL INSTRUMENTS

The company operates its business using bank and cash balances, and continues to be supported by its parent company, Lighthouse Healthcare Limited. As such, all financial matters are dealt with at a group level. The company does not hold any financial derivative instruments.

DIRECTORS

The directors who have held office since 1 April 2013 were as follows:

JC Ball
DBJ Sweetland (resigned 10th October 2013)
NGA Ktori (appointed 28th August 2014)

AUDITOR

Baker Tilly UK Audit LLP, Chartered Accountants, were appointed auditor by the company at 20 July 2010. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and therefore Baker Tilly UK Audit LLP will continue in office.

Acorn Care (Welshpool) Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



JC Ball
Director

25 September 2014

Acorn Care (Welshpool) Limited

STRATEGIC REPORT

The directors have pleasure in submitting their Strategic Report for Acorn Care (Welshpool) Limited for the year ended 31 March 2014. This report is a new legal requirement following its introduction in August 2013 by way of amendment to the Companies Act 2006.

BUSINESS REVIEW

Patient numbers increased during the year and the directors are confident that the current level of performance will be maintained in future years.

KEY PERFORMANCE INDICATORS

Financial - the company monitors occupancy levels in order to manage profitability.

RISKS AND UNCERTAINTIES

The main risks faced by the company are the ability to fill spare capacity and maintain mature occupancy levels and pressure from NHS purchasers to reduce prices, which could affect profitability.

By order of the board



JC Ball
Director

25 September 2014

Acorn Care (Welshpool) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACORN CARE (WELSHPOOL) LIMITED

We have audited the financial statements on pages 7 to 18. 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 more fully explained in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://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 March 2014 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Baker Tilly UK Audit LLP

JONATHAN LOWE (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

29 September 2014

Acorn Care (Welshpool) Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2014

	Note	2014 £'000	2013 £'000
TURNOVER	1	2,017	1,706
Cost of sales		(1,501)	(1,361)
		<hr/>	<hr/>
GROSS PROFIT		516	345
Administrative expenses		(217)	(224)
		<hr/>	<hr/>
OPERATING PROFIT		299	121
Interest receivable and similar income	3	1	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2-4	300	121
Taxation	5	-	-
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	12	300	121
		<hr/> <hr/>	<hr/> <hr/>

The turnover and operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Acorn Care (Welshpool) Limited

BALANCE SHEET

At 31 March 2014

	Note	2014		2013	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	6		2,819		2,897
CURRENT ASSETS					
Debtors	7	140		71	
Cash at bank and in hand		220		137	
		<u>360</u>		<u>208</u>	
CREDITORS: Amounts falling due within one year	8	(87)		(93)	
		<u>273</u>		<u>115</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			3,092		3,012
CREDITORS: Amounts falling due in more than one year	9		(3,049)		(3,269)
			<u>43</u>		<u>(257)</u>
CAPITAL AND RESERVES					
Called up share capital	11		1		1
Profit and loss account	12		42		(258)
			<u>43</u>		<u>(257)</u>
SHAREHOLDER'S FUNDS/(DEFICIT)			43		(257)

The financial statements on pages 7 to 18 were approved by the board and authorised for issue on 25 September 2014 and are signed on its behalf by:



NGA Ktori
Director

Company Registration No. 04227738

Acorn Care (Welshpool) Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

for the year ended 31 March 2014

	2014	2013
	£'000	£'000
PROFIT FOR THE FINANCIAL YEAR	300	121
Net decrease in shareholder's funds/(deficit)	300	121
Opening shareholder's deficit	(257)	(378)
CLOSING SHAREHOLDER'S FUNDS/(DEFICIT)	43	(257)

Acorn Care (Welshpool) Limited

ACCOUNTING POLICIES

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

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Lighthouse Healthcare Limited group and are 100% owned.

GOING CONCERN

The financial statements have been prepared on the going concern basis, which assumes that the company will be able to continue to trade for the foreseeable future. A written pledge has been made between the holding company, Lighthouse Healthcare Limited and Acorn Care (Welshpool) Limited to offer support to ensure that the company can continue to trade to meet its liabilities as they fall due. Lighthouse Healthcare Limited has in place a similar letter of support from its own holding company, Lighthouse Healthcare Group Limited.

The group is reliant on publically funded organisations and, given the ongoing funding constraints in the NHS and local authorities, the market remains challenging. The group continues to focus on winning long term contracts and securing framework agreements to ensure a level of cashflow certainty and on tightly controlling staff costs in services where occupancy levels vary. The business also seeks to enter into group purchasing contracts to realise efficiencies on non-staff cost lines. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the ongoing public sector funding constraints.

Following the restructuring of the group's financing facilities on 28 August 2014, the group has bank facilities in place until October 2018, with headroom on current and forecast performance to meet its obligations as they fall due. Post restructure, the group has hedged 50% of its bank debt to mitigate the risk of increased interest costs.

The directors have a reasonable expectation that the group has adequate resources to meet its financial obligations for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the annual financial statements.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Freehold buildings	-	50 years straight line
Plant and equipment	-	3 to 10 years straight line

All costs in relation to new developments are capitalised up to the date of registration.

LEASED ASSETS AND OBLIGATIONS

Leases that do not give rights approximating to ownership are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Acorn Care (Welshpool) Limited

ACCOUNTING POLICIES

RETIREMENT BENEFITS

The company operates a defined contribution scheme. The amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

DEFERRED TAXATION

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

The directors only recognise any deferred tax asset after consideration of the potential recoverability of the asset in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

TURNOVER

Turnover represents the amounts derived from the provision of mental health services to customers during the year. Turnover relating to the provision of mental health services is recognised at the beginning of the month to which it relates.

Acorn Care (Welshpool) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1 TURNOVER

In the opinion of the directors there is only one class of business, being the provision of mental health services. All turnover is derived in the UK.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014	2013
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets:		
Charge for the year:		
- Owned assets	106	88
Operating lease rentals:		
- Plant and Machinery	3	3
	<u> </u>	<u> </u>

The remuneration of the auditor in respect of services provided to the company in the current and previous financial year was borne by the parent company, Lighthouse Healthcare Limited.

An estimate of the fees in relation to the company is £6,000 (2013: £6,000) for audit services and £1,000 (2013: £1,000) in respect of tax compliance.

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£'000	£'000
Bank interest receivable	1	-
	<u> </u>	<u> </u>

Acorn Care (Welshpool) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

4 EMPLOYEES

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2014	2013
	Number	Number
Directors	2	3
Management and administration	4	4
Nursing and other staff	38	42
	<hr/>	<hr/>
	44	49
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	2014	2013
	£'000	£'000
Wages and salaries	683	912
Social security costs	56	77
Pension costs	2	2
	<hr/>	<hr/>
	741	991
	<hr/> <hr/>	<hr/> <hr/>

DIRECTORS' REMUNERATION

The directors received no emoluments for services to the company during the year (2013: £nil). The directors received remuneration for services to Lighthouse Healthcare Limited of which Acorn Care (Welshpool) Limited is a subsidiary undertaking. However, the proportion attributable to their services to Acorn Care (Welshpool) Limited is not separately identifiable.

Acorn Care (Welshpool) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

5 TAXATION

a) Analysis of charge in the year:	2014 £'000	2013 £'000
UK corporation tax	-	-
Total current tax	-	-
Deferred taxation: Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	-	-

b) Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower (2013: lower) than the average standard rate of corporation tax in the UK being 20% (2013: 24%). The differences are explained below:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	300	121
Corporation tax at the average standard rate 20% (2013: 24%)	60	29
Expenses not deductible for tax purposes	8	10
Capital allowances in excess of depreciation	(2)	(9)
UK/UK transfer pricing adjustment	(22)	(27)
Tax losses utilised in the year	(44)	(3)
Current year tax charge/(credit)	-	-

Acorn Care (Welshpool) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At beginning of year	3,092	386	3,478
Additions	-	28	28
	<hr/>	<hr/>	<hr/>
At end of year	3,092	414	3,506
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	317	264	581
Charge for the year	55	51	106
	<hr/>	<hr/>	<hr/>
At end of year	372	315	687
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2014	2,720	99	2,819
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2013	2,775	122	2,897
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in freehold land and buildings is land with a value of £360,000 (2013: £360,000) which is not depreciated.

7 DEBTORS

	2014 £'000	2013 £'000
<i>Due within one year:</i>		
Trade debtors	137	68
Prepayments and accrued income	3	3
	<hr/>	<hr/>
	140	71
	<hr/> <hr/>	<hr/> <hr/>

Acorn Care (Welshpool) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

8 CREDITORS: Amounts falling due within one year

	2014	2013
	£'000	£'000
Trade creditors	45	5
Other taxation and social security costs	14	20
Other creditors	-	1
Accruals and deferred income	28	67
	<u>87</u>	<u>93</u>

9 CREDITORS: Amounts falling due in more than one year

	2014	2013
	£'000	£'000
Amounts owed to group undertakings	<u>3,049</u>	<u>3,269</u>

10 DEFERRED TAXATION

	Deferred tax £'000
At beginning of year	-
Charge for the year	-
At end of year	<u>-</u>

The elements of deferred tax and amounts not provided are as follows:

	2014		2013	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowance	116	-	130	-
Tax losses	(116)	(38)	(130)	(96)
	<u>-</u>	<u>(38)</u>	<u>-</u>	<u>(96)</u>

The company does not provide deferred taxation assets unless sufficient taxable profits to utilise the assets can be foreseen.

Acorn Care (Welshpool) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

11 CALLED UP SHARE CAPITAL

	2014	2013
	£'000	£'000
Allotted, called up and fully paid: 1,000 Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

12 PROFIT AND LOSS ACCOUNT

	£'000
At beginning of year	(258)
Profit for the financial year	300
At end of year	42
	<u>42</u>

13 COMMITMENTS UNDER OPERATING LEASES

Annual commitments under non cancellable operating leases are as follows:

	2014	2013
	Other	Other
	£'000	£'000
Operating leases which expire:		
Within one year	3	3
	<u>3</u>	<u>3</u>

14 PENSION SCHEME

The company operates a defined contribution pension scheme that is administered independently to the company. There were £2,000 (2013: £2,000) of contributions during the year, and £nil (2013: £nil) of outstanding contributions at the year end, which are included in other creditors.

15 CONTINGENT LIABILITIES

As at 31 March 2014, the company was a guarantor, along with other members of the Lighthouse Healthcare Limited group, in respect of the parent company loans with Alcentra Mezzanine No 1 S.a.r.l., Alcentra Mezzanine QPAM S.a.r.l., Shiofra 1 S.a.r.l., and Shiofra 2 S.a.r.l., together "the Alcentra lenders". At the balance sheet date the loans outstanding stood at £16,259,000 (2013: £14,945,000).

The loans were secured by legal charges dated 22 December 2009 securing the debt against the company's freehold property by way of a fixed charge and the remainder of the company's assets by way of a floating charge.

Following the financial restructuring of the group completed on 28 August 2014, the legal charge dated 22 December 2009, in favour of the Alcentra lenders, was released. At the same time, the company acceded to a debenture dated 19 October 2007 in favour of Bank of Scotland, and entered into an additional debenture in favour of the Bank of Scotland as security trustee for the Bank of Scotland and the Alcentra lenders.

Acorn Care (Welshpool) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2014

16 ULTIMATE PARENT COMPANY

The directors consider that the ultimate parent undertaking as at 31 March 2014 was Lighthouse Healthcare Limited.

For the accounting period ending 31 March 2014, Lighthouse Healthcare Limited was the immediate parent company, and was the smallest and largest group for which consolidated accounts including Acorn Care (Welshpool) Limited were prepared.

The consolidated accounts of Lighthouse Healthcare Limited are available from:

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

Following a restructuring of the group on 28 August 2014, the ultimate parent undertaking of Acorn Care (Welshpool) Limited became Lighthouse Healthcare Group Limited.