

# Acorn Care (Welshpool) Limited

## REPORT AND FINANCIAL STATEMENTS

31 March 2010



Company Registration No 04227738

# Acorn Care (Welshpool) Limited

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# Acorn Care (Welshpool) Limited

## DIRECTORS AND ADVISORS

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### DIRECTORS

DJ Cole  
GH Blackoe  
TZ Gowers  
AC Muchatuta

### SECRETARY

TZ Gowers

### REGISTERED OFFICE

2<sup>nd</sup> Floor Bezant House  
Bradgate Park View  
Chellaston  
Derbyshire  
DE73 5UH

### AUDITORS

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

# Acorn Care (Welshpool) Limited

## DIRECTORS' REPORT

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The directors present their report and the audited financial statements for the year ended 31 March 2010

### PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of nursing care

### RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 6. The directors consider the performance of the company to be satisfactory.

No dividend has been paid in the year (2009: £nil)

### BUSINESS REVIEW

Patient numbers increased in the year resulting in profitability. The directors are pleased the facility is now profitable and are confident of increasing profitability 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.

### FUTURE DEVELOPMENTS

The directors anticipate growth in future years as occupancy levels increase.

### 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.

### MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors, the market value of the land and buildings of the company exceeds book values of those assets at 31 March 2010. However, as the company does not adopt a policy of valuation, the excess of market value over book value has not been quantified.

# Acorn Care (Welshpool) Limited

## DIRECTORS' REPORT (continued)

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### DIRECTORS

The directors who held office during the year were as follows

D Whittaker (resigned 26 May 2009)  
MA Cork (resigned 21 May 2009)  
KA Willis (resigned 26 May 2009)  
DJ Cole  
TZ Gowers (appointed 26 May 2009)  
GH Blackoe (appointed 1 June 2009)  
AC Muchatuta (appointed 23 February 2010)

### AUDITORS

A resolution for the re-appointment of Baker Tilly UK Audit LLP as auditors of the company is to be proposed at the annual general meeting

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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



**TZ Gowers**  
Company Secretary

22 September 2010

# Acorn Care (Welshpool) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 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 6 to 17. 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 auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 4, 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 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

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### Opinion on the 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 2010 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.

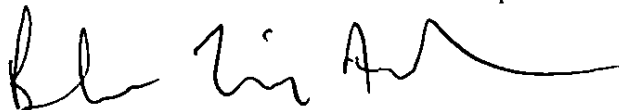
### Opinion on other matter prescribed by the Companies Act 2006

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.

### 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, or



Ronald Goodwin (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 2010

**Acorn Care (Welshpool) Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
<b>TURNOVER</b>	1	<b>2,165</b>	989
Cost of sales		(1,229)	(1,166)
<b>GROSS PROFIT/(LOSS)</b>		<b>936</b>	(177)
Administrative expenses		(719)	(529)
<b>OPERATING PROFIT/(LOSS)</b>		<b>217</b>	(706)
Interest receivable and similar income	3	-	1
Interest payable and similar charges	4	(2)	(2)
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2-5	<b>215</b>	(707)
Taxation	6	-	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	13	<b>215</b>	(707)

The 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 2010

	Note	2010		2009	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	7		2,996		3,082
<b>CURRENT ASSETS</b>					
Debtors	8	26		6	
Cash at bank and in hand		90		44	
		<u>116</u>		<u>50</u>	
<b>CREDITORS</b> Amounts falling due within one year	9	(98)		(76)	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>18</u>		<u>(26)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,014</u>		<u>3,056</u>
<b>CREDITORS</b> Amounts falling due in more than one year	10		(4,384)		(4,641)
<b>NET LIABILITIES</b>			<u>(1,370)</u>		<u>(1,585)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	12		1		1
Profit and loss account	13		(1,371)		(1,586)
<b>SHAREHOLDERS' DEFICIT</b>			<u>(1,370)</u>		<u>(1,585)</u>

The financial statements on pages 6 to 17 were approved by the board and authorised for issue on 22 September 2010 and are signed on its behalf by



**DJ Cole**  
Director

## Acorn Care (Welshpool) Limited

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT for the year ended 31 March 2010

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	2010 £'000	2009 £'000
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	215	(707)
Net decrease/(increase) in shareholders' deficit	215	(707)
Opening shareholders' deficit	(1,585)	(878)
CLOSING SHAREHOLDERS' DEFICIT	<u>(1,370)</u>	<u>(1,585)</u>

# Acorn Care (Welshpool) Limited

## ACCOUNTING POLICIES (continued)

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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

### 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 and Acorn Care (Welshpool) Limited to offer support to ensure that the company can continue to trade and meet its liabilities as they fall due

The group has bank funding in place until October 2017, with significant headroom on current and forecast performance to meet its obligations. The group currently hedges 77% of its bank debt to mitigate the risk of increased interest costs as a result of adverse LIBOR fluctuations

The company's main customer is the NHS and any changes in government purchasing policy away from the independent sector would constitute a risk. NHS, government bodies and local authorities will be under pressure to cut spending, which represents a risk to the business in terms of fees for new admissions and inflationary increases on fees for existing users of the services

Wherever possible the company mitigates price risk through negotiating long term contracts for patients and service users with fixed price agreements and it is committed to working with its purchasers to find solutions that provide demonstrable value for money. In an increasingly competitive market, the strategy is to continue to focus on providing high quality person-centred services at fee levels which are competitive and represent good value

On this basis the directors consider it appropriate to prepare financial statements on a going concern basis

### TANGIBLE FIXED ASSETS

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
Plant and equipment	-	3 to 10 years
Motor vehicles	-	4 to 5 years

# Acorn Care (Welshpool) Limited

## ACCOUNTING POLICIES (continued)

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### LEASED ASSETS AND OBLIGATIONS

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases 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.

### 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 substantially 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 nursing care services to customers during the year. Turnover relating to the supply of nursing care 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 2010

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### 1 TURNOVER

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

### 2 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010 £'000	2009 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration		
- Audit services	6	6
- Tax services	1	1
Profit on disposal of fixed assets	(5)	-
Depreciation and other amounts written off tangible fixed assets		
Charge for the year		
- Owned assets	110	100
- Leased assets	9	16
	<u>          </u>	<u>          </u>

### 3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £'000	2009 £'000
Bank interest receivable	-	1
	<u>          </u>	<u>          </u>

### 4 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Interest on finance leases	2	2
	<u>          </u>	<u>          </u>

# Acorn Care (Welshpool) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

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### 5 EMPLOYEES

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

	2010 Number	2009 Number
Directors	3	4
Nursing and other staff	49	38
Management and administration	4	3
	<hr/>	<hr/>
	56	45
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows

	2010 £'000	2009 £'000
Wages and salaries	1,019	791
Social security costs	94	77
Pension costs	2	8
	<hr/>	<hr/>
	1,115	876
	<hr/> <hr/>	<hr/> <hr/>

### DIRECTORS' REMUNERATION

The directors received no emoluments for services to the company during the year (2009 £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 2010**

**6 TAXATION**

a) Analysis of charge in the year	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
UK corporation tax for year	-	-
Total current tax	-	-
Deferred taxation		
Origination and reversal of timing differences	-	(49)
Adjustment in respect of prior years	-	49
Tax on loss on ordinary activities	-	-

**b) Factors affecting tax charge for the year**

The tax assessed for the year is lower (2009 higher) than the standard rate of corporation tax in the UK being 28% (2009 28%) The differences are explained below

	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Profit/(loss) on ordinary activities before taxation	<b>215</b>	<b>(707)</b>
Corporation tax at standard rate 28% (2009 28%)	<b>60</b>	<b>(198)</b>
Expenses not deductible for tax purposes	<b>11</b>	<b>10</b>
Capital allowances in excess of depreciation	<b>(27)</b>	<b>(35)</b>
Tax losses carried forward	-	223
Tax losses utilised in the year	<b>(44)</b>	-
Current year tax charge	-	-

**Acorn Care (Welshpool) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2010**

**7 TANGIBLE FIXED ASSETS**

	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At beginning of year	2,946	288	42	3,276
Additions	6	36	-	42
Disposals	-	-	(18)	(18)
<b>At end of year</b>	<b>2,952</b>	<b>324</b>	<b>24</b>	<b>3,300</b>
<b>Depreciation</b>				
At beginning of year	104	79	11	194
Charge for the year	52	57	10	119
Disposals	-	-	(9)	(9)
<b>At end of year</b>	<b>156</b>	<b>136</b>	<b>12</b>	<b>304</b>
<b>Net book value</b>				
<b>At 31 March 2010</b>	<b>2,796</b>	<b>188</b>	<b>12</b>	<b>2,996</b>
At 31 March 2009	2,842	209	31	3,082

The net book value of motor vehicles includes £10,000 (2009 £27,000) in respect of fixed assets held under finance leases and hire purchase contracts. Depreciation charged for the year on these assets was £9,000 (2009 £16,000)

Included in freehold land and buildings is land with a value of £360,000 (2009 £360,000) which is not depreciated

**8 DEBTORS**

	2010 £'000	2009 £'000
Trade debtors	8	-
Prepayments and accrued income	10	6
Other debtors	8	-
	<b>26</b>	<b>6</b>



**Acorn Care (Welshpool) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2010**

**9 CREDITORS** Amounts falling due within one year

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	19	11
Obligations under finance leases	5	10
Other taxation and social security costs	29	36
Other creditors	-	2
Accruals and deferred income	45	17
	<u>98</u>	<u>76</u>

**10 CREDITORS** Amounts falling due in more than one year

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases	-	10
Amounts owed to group undertakings	4,384	4,631
	<u>4,384</u>	<u>4,641</u>

The maturity of obligations under finance leases is as follows

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Within one year	5	10
In the second to fifth years	-	10
	<u>5</u>	<u>20</u>

Obligations under finance leases are secured against the underlying assets

**Acorn Care (Welshpool) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2010**

**11 PROVISIONS FOR LIABILITIES**

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

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

	2010		2009	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowance	110	-	84	-
Tax losses	(110)	(304)	(84)	(399)
	<u>-</u>	<u>(304)</u>	<u>-</u>	<u>(399)</u>

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

**12 CALLED UP SHARE CAPITAL**

	2010 £'000	2009 £'000
Allotted, called up and fully paid 1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

**13 PROFIT AND LOSS ACCOUNT**

	£'000
At beginning of year	(1,586)
Profit for the financial year	215
<b>At end of year</b>	<b><u>(1,371)</u></b>

# Acorn Care (Welshpool) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

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### 14 PENSION SCHEME

The company operates a defined contribution pension scheme that is administered independently to the company. There were £2,000 (2009 £8,000) of contributions during the year, and £nil (2009 £1,000) of outstanding contributions at the year end, which are included in other creditors.

### 15 CONTINGENT LIABILITIES

The company is a guarantor, along with other members of the Lighthouse Healthcare Limited group, in respect of the parent company loans with Alcentra Limited. At the balance sheet date the loans outstanding amounted to £11,508,000 (2009 £10,755,000).

The loans are secured by legal charges dated 19 October 2007 and 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.

### 16 ULTIMATE PARENT COMPANY

The directors consider that the ultimate parent undertaking is Lighthouse Healthcare Limited. Lighthouse Healthcare Limited is the immediate parent company, and is the smallest and largest group for which consolidated accounts including Acorn Care (Welshpool) Limited are prepared.

The consolidated accounts of Lighthouse Healthcare Limited are available from

The Registrar of Companies  
Companies House  
Crown Way  
Cardiff  
CF4 3UZ