

# Acorn Care (Welshpool) Limited

## REPORT AND FINANCIAL STATEMENTS

31 March 2015



Company Registration No. 04227738

# Acorn Care (Welshpool) Limited

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# Acorn Care (Welshpool) Limited

## DIRECTORS AND ADVISORS

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### DIRECTORS

JC Ball  
NGA Ktori

### REGISTERED OFFICE

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

### AUDITOR

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

# Acorn Care (Welshpool) Limited

## STRATEGIC REPORT

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The directors have pleasure in submitting their Strategic Report for Acorn Care (Welshpool) Limited for the year ended 31 March 2015.

### BUSINESS REVIEW

The directors consider the performance of the company to be satisfactory. The company has continued to operate profitably during the year, and the directors are confident of future profitability.

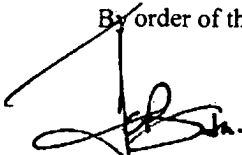
### KEY PERFORMANCE INDICATORS

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

18 December 2015

# 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 2015.

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 2.

### 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 (2014: £nil).

### FUTURE DEVELOPMENTS

The directors are confident that the company will continue to trade profitably.

### FINANCIAL INSTRUMENTS

The company operates its business using bank and cash balances, and continues to be supported by its parent company, Lighthouse Healthcare Limited, which in turn is supported by the ultimate parent company, Lighthouse Healthcare Group 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 2014 were as follows:

JC Ball  
NGA Ktori (appointed 28<sup>th</sup> August 2014)

### AUDITOR

RSM UK Audit LLP (formerly Baker Tilly UK Audit LLP), Chartered Accountants, was 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 RSM UK Audit LLP will continue in office.

# Acorn Care (Welshpool) Limited

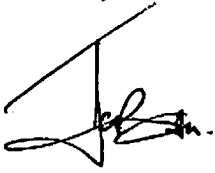
## DIRECTORS' REPORT

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### 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 auditor is 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

18 December 2015

# Acorn Care (Welshpool) Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 2015 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.

*RSM UK Audit LLP*

JONATHAN LOWE (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP), Statutory Auditor  
Chartered Accountants  
Festival Way  
Stoke-on-Trent  
Staffordshire  
ST1 5BB

*21 December* 2015



# Acorn Care (Welshpool) Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
TURNOVER	1	1,910	2,017
Cost of sales		(1,552)	(1,501)
<b>GROSS PROFIT</b>		<b>358</b>	<b>516</b>
Administrative expenses		(213)	(217)
<b>OPERATING PROFIT</b>		<b>145</b>	<b>299</b>
Interest receivable	3	10	1
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2-4	<b>155</b>	<b>300</b>
Taxation	5	(2)	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>	12	<b>153</b>	<b>300</b>

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 2015

	Note	2015		2014	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	6		2,780		2,819
<b>CURRENT ASSETS</b>					
Debtors	7	114		140	
Cash at bank and in hand		177		220	
		<u>291</u>		<u>360</u>	
<b>CREDITORS: Amounts falling due within one year</b>	8	(114)		(87)	
<b>NET CURRENT ASSETS</b>			<u>177</u>		<u>273</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,957</u>		<u>3,092</u>
<b>CREDITORS: Amounts falling due in more than one year</b>	9		(2,761)		(3,049)
<b>NET ASSETS</b>			<u>196</u>		<u>43</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		1		1
Profit and loss account	12		195		42
<b>SHAREHOLDER'S FUNDS</b>			<u>196</u>		<u>43</u>

The financial statements on pages 7 to 18 were approved by the board and authorised for issue on 13 December 2015 and are signed on its behalf by:

*MALT*

**NGA Ktori**  
Director

Company Registration No. 04227738

## Acorn Care (Welshpool) Limited

### RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

for the year ended 31 March 2015

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	2015 £'000	2014 £'000
PROFIT FOR THE FINANCIAL YEAR	153	300
Net increase in shareholder's funds	153	300
Opening shareholder's funds/(deficit)	43	(257)
CLOSING SHAREHOLDER'S FUNDS	196	43

# Acorn Care (Welshpool) Limited

## ACCOUNTING POLICIES

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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 Group Limited group of companies 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 immediate 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

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### 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.

### FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**Acorn Care (Welshpool) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

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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**

	2015 £'000	2014 £'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	90	106
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 (2014: £6,000) for audit services and £1,000 (2014: £1,000) in respect of tax compliance.

3 **INTEREST RECEIVABLE**

	2015 £'000	2014 £'000
Bank interest receivable	10	1
	<u>          </u>	<u>          </u>

**Acorn Care (Welshpool) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

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4 EMPLOYEES

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

	2015 Number	2014 Number
Directors	2	2
Management and administration	4	4
Nursing and other staff	46	38
	<u>52</u>	<u>44</u>

The aggregate payroll costs of these persons were as follows:

	2015 £'000	2014 £'000
Wages and salaries	776	683
Social security costs	58	56
Pension costs	6	2
	<u>840</u>	<u>741</u>

**DIRECTORS' REMUNERATION**

The directors received no emoluments for services to the company during the year (2014: £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 2015

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5 TAXATION

a) Analysis of charge in the year:

	2015 £'000	2014 £'000
UK corporation tax	-	-
Payment for group relief	2	-
	<hr/>	<hr/>
Total current tax	2	-
Deferred taxation:		
Origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	2	-
	<hr/> <hr/>	<hr/> <hr/>

b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK being 20% (2014: 20%). The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	155	300
	<hr/>	<hr/>
Corporation tax at the standard rate 20% (2014: 20%)	31	60
Expenses not deductible for tax purposes	8	8
Capital allowances in excess of depreciation	(9)	(2)
Transfer pricing adjustment	(6)	(22)
Tax losses utilised in the year	(22)	(44)
	<hr/>	<hr/>
Current year tax charge	2	-
	<hr/> <hr/>	<hr/> <hr/>



**Acorn Care (Welshpool) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 March 2015**

**6 TANGIBLE FIXED ASSETS**

	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
<b>Cost</b>			
At beginning of year	3,092	414	3,506
Additions	-	51	51
	<hr/>	<hr/>	<hr/>
At end of year	3,092	465	3,557
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At beginning of year	372	315	687
Charge for the year	54	36	90
	<hr/>	<hr/>	<hr/>
At end of year	426	351	777
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 31 March 2015</b>	<b>2,666</b>	<b>114</b>	<b>2,780</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2014	2,720	99	2,819
	<hr/>	<hr/>	<hr/>

Included in freehold land and buildings is land with a value of £360,000 (2014: £360,000) which is not depreciated.

**7 DEBTORS**

	2015 £'000	2014 £'000
<i>Due within one year:</i>		
Trade debtors	37	137
Prepayments and accrued income	77	3
	<hr/>	<hr/>
	<b>114</b>	<b>140</b>
	<hr/>	<hr/>

**Acorn Care (Welshpool) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2015

8 CREDITORS: Amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	61	45
Other taxation and social security costs	12	14
Other creditors	2	-
Accruals and deferred income	39	28
	<u>114</u>	<u>87</u>

9 CREDITORS: Amounts falling due in more than one year

	2015 £'000	2014 £'000
Amounts owed to group undertakings	2,761	3,049
	<u>2,761</u>	<u>3,049</u>

10 DEFERRED TAXATION

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

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

	2015		2014	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowance	125	-	116	-
Tax losses	(125)	(7)	(116)	(38)
	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>(38)</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 2015**

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11 CALLED UP SHARE CAPITAL

	2015 £'000	2014 £'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	42
Profit for the financial year	153
At end of year	<u>195</u>

13 COMMITMENTS UNDER OPERATING LEASES

Annual commitments under non cancellable operating leases are as follows:

	2015 Other £'000	2014 Other £'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 £6,000 (2014: £2,000) of contributions during the year, and £nil (2014: £nil) of outstanding contributions at the year end, which are included in other creditors.

# Acorn Care (Welshpool) Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2015

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### 15 CONTINGENT LIABILITIES

As at 31 March 2015, the company, along with other members of the Lighthouse Healthcare Group Limited group, was a guarantor in respect of the syndicated parent company loan with the Bank of Scotland and 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 loan outstanding amounted to £36,200,000 (2014: £62,334,000).

Please note that, as at 31 March 2014, the loan was held by Lighthouse Healthcare Limited, but was amended and novated to Lighthouse Healthcare Group Limited under the financial restructuring of the group completed on 28 August 2014.

Up until 28 August 2014, the company was also a guarantor, along with other members of the Lighthouse Healthcare Limited group, in respect of the parent company loans with the Alcentra lenders. These loans were satisfied in full as part of the financial restructuring on 28 August 2014. At the balance sheet date the loans outstanding amounted to £nil (2014: £16,259,000).

The loans were 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. In terms of security, the Alcentra debt ranked secondary to the Bank of Scotland senior debt.

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 only, was released. At the same time, the company entered into an additional debenture in favour of the Bank of Scotland as security trustee for the Bank of Scotland and the Alcentra lenders.

### 16 ULTIMATE PARENT COMPANY

The directors consider that the ultimate parent undertaking as at 31 March 2015 was Lighthouse Healthcare Group Limited. The company's immediate parent is Lighthouse Healthcare Limited.

The consolidated accounts of Lighthouse Healthcare Group Limited are the only consolidated accounts which include the results of Acorn Care (Welshpool) Limited, and are available from:

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