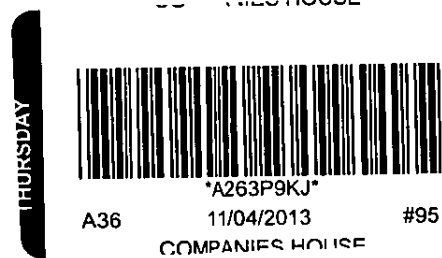


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Acorn Care (Welshpool) Limited

REPORT AND FINANCIAL STATEMENTS

31 March 2012



Company Registration No 04227738

Acorn Care (Welshpool) Limited

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Acorn Care (Welshpool) Limited
DIRECTORS AND ADVISORS

DIRECTORS

JC Ball
DBJ Sweetland

REGISTERED OFFICE

2nd 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

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

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 6. The directors consider the performance of the company to be satisfactory.

No dividend has been paid in the year (2011 £nil)

BUSINESS REVIEW

Patient numbers were maintained in the year resulting in continued profitability. The directors are confident of sustaining 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 2012. 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)

DIRECTORS

The directors who have held office since 1 April 2011 were as follows

DJ Cole (resigned 21/9/2012)
JC Ball (appointed 31/10/2011)
GH Blackoe (resigned 2/10/2012)
TZ Gowers (resigned 22/1/2013)
AC Muchatuta (resigned 13/5/2011)
DBJ Sweetland (appointed 22/1/2013)

AUDITORS

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

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



DBJ Sweetland
Director

4 April 2013

Acorn Care (Welshpool) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 auditor

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 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 APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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,



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

10 April 2013

Acorn Care (Welshpool) Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2012

	Note	2012 £'000	2011 £'000
TURNOVER	1	2,394	2,367
Cost of sales		(1,555)	(1,619)
GROSS PROFIT		839	748
Administrative expenses		(283)	(316)
OPERATING PROFIT		556	432
Interest payable and similar charges	3	-	(1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2-4	556	431
Taxation	5	-	5
PROFIT FOR THE FINANCIAL YEAR	12	556	436

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 2012

	Note	2012 £'000	2011 £'000
FIXED ASSETS			
Tangible assets	6	2,957	3,031
CURRENT ASSETS			
Debtors	7	53	60
Cash at bank and in hand		206	29
		<u>259</u>	<u>89</u>
CREDITORS Amounts falling due within one year	8	(70)	(100)
NET CURRENT ASSETS/(LIABILITIES)		<u>189</u>	<u>(11)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,146</u>	<u>3,020</u>
CREDITORS Amounts falling due in more than one year	9	(3,524)	(3,954)
NET LIABILITIES		<u>(378)</u>	<u>(934)</u>
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Profit and loss account	12	(379)	(935)
SHAREHOLDER'S DEFICIT		<u>(378)</u>	<u>(934)</u>

The financial statements on pages 6 to 17 were approved by the board and authorised for issue on 4 April 2013 and are signed on its behalf by



DBJ Sweetland
Director

Acorn Care (Welshpool) Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT for the year ended 31 March 2012

	2012 £'000	2011 £'000
PROFIT FOR THE FINANCIAL YEAR	556	436
Net decrease in shareholder's deficit	556	436
Opening shareholder's deficit	(934)	(1,370)
CLOSING SHAREHOLDER'S DEFICIT	(378)	(934)

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 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. As at the balance sheet date the group was in breach of its bank facilities. However, the group has successfully renegotiated these facilities, which were finalised on 4 April 2013, and the funding continues to be in place until October 2017. 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 continues to be the NHS and any changes in government purchasing policy would constitute a risk. Since the Winterbourne View abuse scandal in May 2011, the learning disability and mental health hospital sector has come under increased pressure and the directors believe that the Department of Health review announced in December 2012 may impact on the future financial performance of the company and group. The financial effect of this review is not quantifiable at the date of the approval of these accounts but the directors believe the company and group are well positioned to adapt to market demands and are confident the business can be sustained in the future

NHS, government bodies and local authorities continue to 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

Acorn Care (Welshpool) Limited

ACCOUNTING POLICIES

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
Motor vehicles	-	4 to 5 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.

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 2012

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**

	2012	2011
	£'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	86	115
- Leased assets	4	5
Operating lease rentals		
- Plant and Machinery	1	3
	<u> </u>	<u> </u>

The remuneration of the auditors 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 (2011 £6,000) for audit services and £1,000 (2011 £1,000) in respect of tax compliance.

3 **INTEREST PAYABLE AND SIMILAR CHARGES**

	2012	2011
	£'000	£'000
Interest on finance leases	-	1
	<u> </u>	<u> </u>

Acorn Care (Welshpool) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

4 EMPLOYEES

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

	2012	2011
	Number	Number
Directors	4	4
Management and administration	7	6
Nursing and other staff	47	50
	<hr/> 58 <hr/>	<hr/> 60 <hr/>

The aggregate payroll costs of these persons were as follows

	2012	2011
	£'000	£'000
Wages and salaries	1,078	1,149
Social security costs	100	109
Pension costs	2	2
	<hr/> 1,180 <hr/>	<hr/> 1,260 <hr/>

DIRECTORS' REMUNERATION

The directors received no emoluments for services to the company during the year (2011 £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 2012

5 TAXATION

	2012	2011
	£'000	£'000
a) Analysis of charge in the year		
UK corporation tax	-	-
Adjustments in respect of previous periods	-	(5)
Total current tax	-	(5)
Deferred taxation		
Origination and reversal of timing differences	-	-
Adjustment in respect of prior years	-	-
Tax on profit on ordinary activities	-	(5)

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

The tax assessed for the year is lower (2011 lower) than the standard rate of corporation tax in the UK being 26% (2011 28%). The differences are explained below

	2012	2011
	£'000	£'000
Profit on ordinary activities before taxation	556	431
Corporation tax at standard rate 26% (2011 28%)	145	121
Expenses not deductible for tax purposes	10	10
Capital allowances in excess of depreciation	(19)	(15)
UK/UK transfer pricing adjustment	(29)	(25)
Tax losses utilised in the year	(107)	(91)
Adjustments in respect of previous periods	-	(5)
Current year tax charge/(credit)	-	(5)

Acorn Care (Welshpool) Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 31 March 2012

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At beginning of year	3,092	341	19	3,452
Additions	-	17	-	17
Disposals	-	-	(19)	(19)
At end of year	3,092	358	-	3,450
Depreciation				
At beginning of year	209	198	14	421
Charge for the year	54	32	4	90
Disposals	-	-	(18)	(18)
At end of year	263	230	-	493
Net book value At 31 March 2012	2,829	128	-	2,957
At 31 March 2011	2,883	143	5	3,031

Included in freehold land and buildings is land with a value of £360,000 (2011 £360,000) which is not depreciated

7 DEBTORS

	2012 £'000	2011 £'000
<i>Due within one year</i>		
Trade debtors	46	11
Other debtors	4	-
Prepayments and accrued income	3	49
	53	60

Acorn Care (Welshpool) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2012

8 CREDITORS Amounts falling due within one year

	2012	2011
	£'000	£'000
Trade creditors	8	10
Other taxation and social security costs	23	31
Other creditors	14	1
Accruals and deferred income	25	58
	<u>70</u>	<u>100</u>

9 CREDITORS Amounts falling due in more than one year

	2012	2011
	£'000	£'000
Amounts owed to group undertakings	3,524	3,954
	<u>3,524</u>	<u>3,954</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

	2012		2011	
	Provided £'000	Unprovided £'000	Provided £'000	Unprovided £'000
Difference between accumulated depreciation and capital allowance	110	17	118	-
Tax losses	(110)	(129)	(118)	(247)
	<u>-</u>	<u>(112)</u>	<u>-</u>	<u>(247)</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 2012

11 CALLED UP SHARE CAPITAL

	2012 £'000	2011 £'000
Allotted, called up and fully paid 1,000 Ordinary shares of £1 each	1	1

12 PROFIT AND LOSS ACCOUNT

	£'000
At beginning of year	(935)
Profit for the financial year	556
At end of year	(379)

13 COMMITMENTS UNDER OPERATING LEASES

Annual commitments under non cancellable operating leases are as follows

	2012 Other £'000	2011 Other £'000
Operating leases which expire		
Within one year	3	-
Between two and five years	-	3

14 PENSION SCHEME

The company operates a defined contribution pension scheme that is administered independently to the company. There were £2,000 (2011 £2,000) of contributions during the year, and £nil (2011 £nil) of outstanding contributions at the year end, which are included in other creditors.

15 CONTINGENT LIABILITIES

The company is also a guarantor, along with other members of the Lighthouse Healthcare Limited group, in respect of the parent company loans with Alcentra Mezzanine No 1 Fund LP, Alcentra Mezzanine QPAM Fund LP, Alcentra Mezzanine Fund II (No 1) Limited Partnership and Alcentra Mezzanine Fund II (No 2 Unlevered) Limited Partnership. At the balance sheet date the loans outstanding amounted to £13,705,000 (2011 £12,545,000).

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.

Acorn Care (Welshpool) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2012

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
CF14 3UZ