

Acorn Care (Welshpool) Limited

REPORT AND FINANCIAL STATEMENTS

31 March 2009



Company Registration No. 04227738

Acorn Care (Welshpool) Limited

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Acorn Care (Welshpool) Limited

DIRECTORS AND ADVISORS

DIRECTORS

DJ Cole
GH Blackoe
TZ Gowers

SECRETARY

TZ Gowers

REGISTERED OFFICE

2nd Floor Bezan 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 period ended 31 March 2009.

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The results for the period 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 period (2008: £nil).

BUSINESS REVIEW

The business has been loss making during the initial period whilst patient numbers are increased to sustainable levels.

KEY PERFORMANCE INDICATORS

Financial; The company monitors occupancy levels in order to manage profitability, the company is forecast to become profitable in the next financial year.

RISKS AND UNCERTAINTIES

The main risk faced by the company is the ability to fill spare capacity in a timely manner together with pressure from NHS purchasers to reduce prices, which could affect profitability.

FUTURE DEVELOPMENTS

The directors anticipate growth in future periods 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 2009. 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 held office during the year were as follows:

D Whittaker (resigned 26 May 2009)
MA Cork (appointed 2 June 2008, resigned 21 May 2009)
KA Willis (appointed 17 April 2008, resigned 26 May 2009)
EAD Haddon (resigned 11 June 2008)
DJ Cole (appointed 19 January 2009)

After the year end the following appointments were made:

TZ Gowers (appointed 26 May 2009)
GH Blackoe (appointed 1 June 2009)

AUDITORS

In accordance with section 384 of the Companies Act 1985, 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

26 January 2010

Acorn Care (Welshpool) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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). The financial statements are required by law to 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 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF ACORN CARE (WELSHPOOL) LIMITED

We have audited the financial statements on pages 7 to 18.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

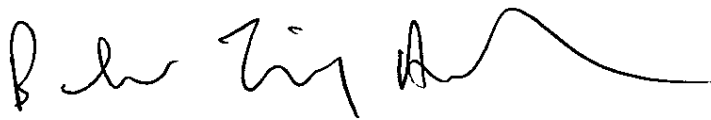
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACORN CARE
(WELSHPOOL) LIMITED (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2009 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

28 January 2010

Acorn Care (Welshpool) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2009

| | Note | 12 month period ended 31 March 2009 £'000 | 9 month period ended 31 March 2008 £'000 |
|--|------|---|--|
| TURNOVER | 1 | 989 | 258 |
| Cost of sales | | (1,166) | (438) |
| GROSS LOSS | | (177) | (180) |
| Administrative expenses | | (529) | (400) |
| OPERATING LOSS | | (706) | (580) |
| Interest receivable and similar income | 3 | 1 | - |
| Interest payable and similar charges | 4 | (2) | (45) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (707) | (625) |
| Taxation | 6 | - | (1) |
| LOSS FOR THE FINANCIAL PERIOD | 13 | (707) | (626) |

The operating loss 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 2009

| | Note | 2009 £'000 | 2008 £'000 |
|---|------|----------------|----------------|
| FIXED ASSETS | | | |
| Tangible assets | 7 | 3,082 | 2,874 |
| CURRENT ASSETS | | | |
| Debtors | 8 | 6 | 67 |
| Cash at bank and in hand | | 44 | 1 |
| | | <u>50</u> | <u>68</u> |
| CREDITORS: Amounts falling due within one year | 9 | (76) | (3,811) |
| NET CURRENT LIABILITIES | | (26) | (3,743) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 3,056 | (869) |
| CREDITORS: Amounts falling due in more than one year | 10 | (4,641) | (9) |
| NET LIABILITIES | | (1,585) | (878) |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 12 | 1 | 1 |
| Profit and loss account | 13 | (1,586) | (879) |
| SHAREHOLDERS' DEFICIT | | (1,585) | (878) |

The financial statements on pages 7 to 18 were approved by the board and authorised for issue on 26 January 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 2009

| | 12 month period ended 31 March 2009 £'000 | 9 month period ended 31 March 2008 £'000 |
|---------------------------------------|--|---|
| LOSS FOR THE FINANCIAL PERIOD | (707) | (626) |
| Net increase in shareholders' deficit | (707) | (626) |
| Opening shareholders' deficit | (878) | (252) |
| CLOSING SHAREHOLDERS' DEFICIT | (1,585) | (878) |

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.

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 holding company has renegotiated the repayment terms of its financing of the group to ensure that the group has adequate finance available to meet these repayments.

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 machinery | - | 3 to 10 years |
| Motor vehicles | - | 4 to 5 years |

During the year revised lives have been established for plant and equipment having considered the related cost benefit economics that are generated from these assets. The effect of this revision is a decrease in the depreciation charge for the year of £7,000.

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 period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Acorn Care (Welshpool) Limited

ACCOUNTING POLICIES (continued)

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 periods 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 periods 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 2009

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 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 12 month period ended 31 March 2009 £'000 | 9 month period ended 31 March 2008 £'000 |
|---|--|---|
| Loss on ordinary activities before taxation is stated after charging: | | |
| Auditors' remuneration | | |
| - Audit services | 6 | 4 |
| - Tax services | 1 | 1 |
| Depreciation and other amounts written off tangible fixed assets: Charge for the period: | | |
| - Owned assets | 100 | 84 |
| - Leased assets | 16 | 1 |
| | <u> </u> | <u> </u> |

3 INTEREST RECEIVABLE AND SIMILAR INCOME

| | 12 month period ended 31 March 2009 £'000 | 9 month period ended 31 March 2008 £'000 |
|--------------------------|--|---|
| Bank interest receivable | 1 | - |
| | <u> </u> | <u> </u> |

4 INTEREST PAYABLE AND SIMILAR CHARGES

| | 12 month period ended 31 March 2009 £'000 | 9 month period ended 31 March 2008 £'000 |
|-----------------------------|--|---|
| Bank interest payable | - | 45 |
| Hire purchase interest paid | 2 | - |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |

Acorn Care (Welshpool) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2009

5 EMPLOYEES

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

| | 12 month period ended 31 March 2009 Number | 9 month period ended 31 March 2008 Number |
|-------------------------------|---|--|
| Nursing and other staff | 38 | 23 |
| Management and administration | 3 | 3 |
| | <hr/> | <hr/> |
| | 41 | 26 |
| | <hr/> <hr/> | <hr/> <hr/> |

The aggregate payroll costs of these persons were as follows:

| | 12 month period ended 31 March 2009 £'000 | 9 month period ended 31 March 2008 £'000 |
|-----------------------|--|---|
| Wages and salaries | 791 | 249 |
| Social security costs | 77 | 24 |
| Pension costs | 8 | - |
| | <hr/> | <hr/> |
| | 876 | 273 |
| | <hr/> <hr/> | <hr/> <hr/> |

DIRECTORS' REMUNERATION

The directors received no emoluments for services to the company during the year (2008: £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 2009

6 TAXATION

a) Analysis of charge in the period:

| | 12 month period ended 31 March 2009 £'000 | 9 month period ended 31 March 2008 £'000 |
|--|--|---|
| UK corporation tax for period | - | - |
| Total current tax | - | - |
| Deferred taxation: | | |
| Origination and reversal of timing differences | (49) | 1 |
| Adjustment in respect of prior periods | 49 | - |
| Tax on loss on ordinary activities | - | 1 |

b) Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK being 28% (2008: 30%). The differences are explained below:

| | 12 month period ended 31 March 2009 £'000 | 9 month period ended 31 March 2008 £'000 |
|--|--|---|
| Loss on ordinary activities before taxation | (707) | (625) |
| Corporation tax at standard rate 28% (2008: 30%) | (198) | (187) |
| Expenses not deductible for tax purposes | 10 | 7 |
| Capital allowances in excess of depreciation | (35) | (50) |
| Tax losses carried forward | 223 | 230 |
| Current period tax charge | - | - |

Acorn Care (Welshpool) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2009

7 TANGIBLE FIXED ASSETS

| | Freehold land and buildings £'000 | Plant and equipment £'000 | Motor vehicles £'000 | Total £'000 |
|-------------------------|---|---------------------------------|----------------------------|---------------------|
| Cost | | | | |
| At beginning of year | 2,737 | 199 | 23 | 2,959 |
| Additions | 209 | 89 | 55 | 353 |
| Disposals | - | - | (36) | (36) |
| At end of year | <u>2,946</u> | <u>288</u> | <u>42</u> | <u>3,276</u> |
| Depreciation | | | | |
| At beginning of year | 55 | 29 | 1 | 85 |
| Charge for the year | 49 | 50 | 17 | 116 |
| Disposals | - | - | (7) | (7) |
| At end of year | <u>104</u> | <u>79</u> | <u>11</u> | <u>194</u> |
| Net book value | | | | |
| At 31 March 2009 | <u>2,842</u> | <u>209</u> | <u>31</u> | <u>3,082</u> |
| At 31 March 2008 | <u>2,682</u> | <u>170</u> | <u>22</u> | <u>2,874</u> |

The net book value of motor vehicles includes £27,000 (2008: £18,000) in respect of fixed assets held under finance leases and hire purchase contracts. Depreciation charged for the period on these assets was £16,000 (2008: £1,000).

Included in freehold land and buildings is land with a value of £360,000 (2008: £360,000) which is not depreciated.

8 DEBTORS

| | 2009 £'000 | 2008 £'000 |
|--------------------------------|---------------|---------------|
| Trade debtors | - | 60 |
| Prepayments and accrued income | 6 | 7 |
| | <u>6</u> | <u>67</u> |

Acorn Care (Welshpool) Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2009

9 CREDITORS: Amounts falling due within one year

| | 2009 £'000 | 2008 £'000 |
|--|---------------|---------------|
| Obligations under finance leases | 10 | 5 |
| Trade creditors | 11 | 66 |
| Amounts owed to group undertakings | - | 3,658 |
| Other taxation and social security costs | 36 | 22 |
| Other creditors | 2 | 48 |
| Accruals and deferred income | 17 | 12 |
| | <u>76</u> | <u>3,811</u> |

10 CREDITORS: Amounts falling due in more than one year

| | 2009 £'000 | 2008 £'000 |
|------------------------------------|---------------|---------------|
| Obligations under finance leases | 10 | 9 |
| Amounts owed to group undertakings | 4,631 | - |
| | <u>4,641</u> | <u>9</u> |

The maturity of obligations under finance leases is as follows:

| | 2009 £'000 | 2008 £'000 |
|------------------------------|---------------|---------------|
| Within one year | 10 | 5 |
| In the second to fifth years | 10 | 9 |
| | <u>20</u> | <u>14</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 2009

11 DEFERRED TAXATION

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

Deferred taxation

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

| | 2009 | | 2008 | |
|--|-------------------|---------------------|-------------------|---------------------|
| | Provided £'000 | Unprovided £'000 | Provided £'000 | Unprovided £'000 |
| Difference between accumulated depreciation and capital allowance | 84 | - | 52 | - |
| Tax losses | (84) | (399) | (52) | (209) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | - | (399) | - | (209) |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

12 CALLED UP SHARE CAPITAL

| | 2009 £'000 | 2008 £'000 |
|---|---------------|---------------|
| Authorised: 1,000 Ordinary shares of £1 each | 1 | 1 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid: 1,000 Ordinary shares of £1 each | 1 | 1 |
| | <hr/> | <hr/> |

13 PROFIT AND LOSS ACCOUNT

| | £'000 |
|-----------------------------|----------------|
| At beginning of year | (879) |
| Loss for the financial year | (707) |
| | <hr/> |
| At end of year | (1,586) |
| | <hr/> <hr/> |

Acorn Care (Welshpool) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2009

14 PENSION SCHEME

The company operates a defined contribution pension scheme that is administered independently to the company. There were £8,000 (2008: £nil) of contributions during the period, and £1,000 (2008: £nil) of outstanding contributions at the period 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 £10,755,000 (2008: £9,500,000).

The loans are also secured by a deed of accession and charge dated 19 October 2007 securing the debt against all of the company's freehold property by way of legal mortgage.

16 ULTIMATE PARENT COMPANY

The ultimate parent company of Acorn Care (Welshpool) Limited is Lighthouse Healthcare Limited, a company incorporated and registered in the United Kingdom.

Copies of the group financial statements may be obtained from:

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