

Care UK Mental Health Partnerships Limited

Directors' report and financial statements
For the year ended 30 September 2011
Registered number 01833385



Contents

Company Information	2
Directors' Report	3
Statement of Directors' Responsibilities	5
Independent auditors' report	6
Profit and Loss Account	7
Balance Sheet	8
Notes to the financial statements	9

Company Information

Directors

M R Parish
P J Humphreys
A J Rose-Quire
C R Brown

Secretary

J D Calow

Auditors

KPMG Audit Plc
6 Lower Brook Street
Ipswich
Suffolk
IP4 1AP

Registered Office

Connaught House
850 The Crescent
Colchester Business Park
Colchester
CO4 9QB

Registered number

01833385

Directors' Report

The directors present their report and financial statements for the year ended 30 September 2011

Principal activities

The company is principally engaged in the provision of care for the severe and enduring mentally ill in a range of dependencies from step down low secure units to 24 hour nurse care

Business review

The company strategy is to continue to grow both organically and through acquisition where market consolidation opportunities make this cost effective. Following a strategic review of the business a decision was made to close a number of mental health homes over a two year period. As at 30 September 2011, 5 of these homes had been closed.

The Key Performance Indicators (KPIs) used by the company to measure financial performance are revenue, operating profit, operating profit margin, bed numbers and occupancy. Turnover in the company has decreased by 8.9% from the previous year. Operating profit for the year amounted to £9,000 (2010 £196,000). Operating profit margin decreased year on year from 1.4% to 0.1%. Excluding the impact of a provision for home closure costs of £854,000 (2010 £2,179,000), the operating profit margin decreased from 17.4% in 2010 to 6.5%. Total bed numbers at the year end were 223 (2010 256).

The main financial risk in the business relates to the level of financial occupancy achieved in the non-block contracted services which comprise 63% (2010 61%) of total beds in the business at the year end. The company achieved an average financial occupancy across all of its beds of 87% in the year (2010 94%).

No interim dividend was paid in respect of the current year (2010 £nil). The directors do not recommend a final ordinary dividend to be paid in respect of the current year (2010 £nil).

On 3rd October 2012 three properties were transferred from a fellow subsidiary company, Care UK Properties Limited, to the company, at net book value of £4,820,000.

On 1st January 2012 the trade and assets of two subsidiaries, Generis Limited and Park Villa Limited, were transferred to the company at net book values of £162,000 and £563,000 respectively.

On 1st April 2012 the trade and assets of a fellow subsidiary company, Althea Park Limited, were transferred to the company at net book value of £279,000.

Directors

The directors who served during the year were as follows

M R Parish
P J Humphreys
A J Rose-Quire
C R Brown
A H Culhane (Resigned 3 May 2012)

Employees

It is group policy to give fair consideration to the employment needs of disabled people to comply with current legislation with regard to disabled persons and, wherever practicable, to continue to employ and promote the careers of existing employees who become disabled and to consider disabled persons for employment, subsequent training, career development and promotion on the basis of their aptitude and abilities.

Directors' Report (continued)

Employees (continued)

Management regularly visit local offices and discuss matters of current interest and concern to the business with members of staff

Management have developed a series of internal communications tools, including e-mail notices, newsletters and 'cascade' briefings in order to keep employees informed regarding the progress, financial position and commercial issues of the Care UK group

Political and charitable donations

The company made no political or charitable donations during the year (2010 £nil)

Statement on payment of suppliers

The company does not follow a specific code or statement on payment practice. However, it is the company's policy to pay its suppliers in accordance with the payment terms agreed at the outset of the relationship providing the supplier adheres to its obligations

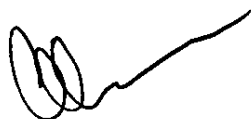
Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office

By order of the board



C R Brown
Director

Connaught House
850 The Crescent
Colchester Business Park
Colchester
CO4 9QB
28 June 2012

Statement of Directors' Responsibilities in respect of the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report to the members of Care UK Mental Health Partnerships Limited

We have audited the financial statements of Care UK Mental Health Partnerships Limited for the year ended 30 September 2011 set out on pages 7 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 explained more fully 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 APB's web-site 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 30 September 2011 and of its loss for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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

S Beavis

**S Beavis (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor**

Chartered Accountants
6 Lower Brook Street
Ipswich
IP4 1AP

28 June 2012

Profit and Loss Account

For the year ended 30 September 2011

	Note	2011 £000	2010 £000
Turnover	2	13,190	14,476
Cost of sales		(9,683)	(11,126)
Gross profit		3,507	3,350
Administrative expenses		(3,498)	(3,154)
Operating profit		9	196
Income from shares in group undertakings		350	-
Interest payable and similar charges	3	(1,823)	(367)
Loss on ordinary activities before taxation	6	(1,464)	(171)
Tax on loss on ordinary activities	7	318	(757)
Loss for the financial year		(1,146)	(928)

All results derive from continuing activities

The company has no recognised gains or losses other than the profit for the above year

There were no material differences between the result as disclosed in the profit and loss account and that given by an unmodified historical cost basis during the current year

The notes on pages 9 to 20 form an integral part of these financial statements

Balance Sheet

As at 30 September 2011

	Note	2011 £000	2010 £000
Fixed assets			
Intangible assets	8	714	826
Tangible assets	9	11,461	11,071
Investments	10	12,568	5,846
		24,743	17,743
Current assets			
Stocks	11	2,621	3,782
Debtors	12	3,494	852
Cash at bank and in hand		2,418	5,438
		8,533	10,072
Creditors: amounts falling due within one year	13	(8,077)	(3,681)
Net current assets		456	6,391
Total assets less current liabilities		25,199	24,134
Creditors: amounts falling due after more than one year	14	(23,868)	(21,515)
Provisions for liabilities and charges			
Deferred taxation	15	(309)	(451)
Net assets		1,022	2,168
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	1,022	2,168
Shareholders' funds	18	1,022	2,168

Company registration number 01833385

The notes on pages 9 to 20 form an integral part of these financial statements

These financial statements were approved by the board of directors on 28 June 2012 and were signed on its behalf by



C R Brown
Director

Notes to the financial statements

1 Accounting policies

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

Basis of preparation

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

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Care UK Limited and its cash flows are included within the consolidated cash flow statement of that company

The company is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements present information about the Company as an individual undertaking and not about its group

As the company is a wholly owned subsidiary of Care UK Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard No 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Care UK Limited, within which this company is included, can be obtained from the address given in note 23

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Directors' Report on page 3. The company has access to funds provided by Care UK Limited, a parent company. The directors, having assessed the responses of the directors of Care UK Limited to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Care UK group to continue as a going concern. On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Care UK Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Investments

Investments in subsidiary undertakings are stated at cost less provisions for impairments

Goodwill

Purchased goodwill arises on acquisitions and is the difference between the fair value of the purchase consideration and associated costs and the fair values attributable to the net assets acquired. In accordance with FRS 10, the goodwill arising on acquisitions completed on or after 1 October 1998 is capitalised as an intangible fixed asset and amortised over its estimated useful life, which will not exceed 20 years. Goodwill arising on acquisitions prior to this date was taken directly to reserves in the year of acquisition. On the disposal of businesses, any unamortised goodwill in the balance sheet or goodwill previously taken to reserves in respect of such business is charged against the disposal in the profit and loss account

Notes to the financial statements (continued)

1 Accounting policies (continued)

Fixed assets

Freehold and long leasehold land and buildings are carried in the financial statements at cost. Assets in the course of construction are carried in the financial statements at cost, taken from the most recent valuation certificate received prior to the date of the financial statements.

The cost of land and buildings includes both the costs of financing assets in the course of construction and other costs that are directly attributable to bringing the asset into working condition for its intended use. Capitalisation of finance and other costs ceases at the date the asset is fully capable of providing the service for which it has been constructed.

Depreciation is provided to write off the cost, less estimated residual values, of fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold land	No depreciation provided
Freehold buildings	5 to 50 years
Fixtures, fittings, and equipment	3 to 10 years

Costs incurred in relation to contracts not yet signed where the company has been appointed preferred provider are capitalised in accordance with UITF Abstract 34. Such amounts are held within other debtors until such time as the contract is signed when they are transferred into assets in the course of construction.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the loss for the year and takes into account deferred taxation.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered managed funds. Contributions to defined contribution personal pension schemes are charged to the profit and loss account in the year in which they become payable.

The company also participates in a group pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company.

Because the company is unable to identify its share of the group scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement benefits' the scheme is accounted for by the company as if the scheme was a defined contribution scheme. Further information is available in the Care UK Limited group financial statements.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Leasing

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease

2 Turnover

Turnover represents sales and services to third party customers in the health and social care sector, stated net of any applicable value added tax. Turnover is recognised when services are provided

3 Interest payable

	2011 £000	2010 £000
Intercompany interest payable	1,823	367

4 Directors' emoluments

	2011 £000	2010 £000
Total emoluments	302	262

Total emoluments above include all amounts payable to A J Rose-Quirre and C R Brown. The highest paid director during the year received £195,000 (2010 £164,000)

The emoluments of M R Parish and P J Humphreys are disclosed in the financial statements of Care UK Limited. The emoluments of A H Culhane are disclosed in the financial statements of Care UK Healthcare (South East) Limited, a fellow group company

Retirement benefits under money purchase pension schemes are accruing to 3 directors (2010 6)

Notes to the financial statements (continued)

5 Staff numbers and cost

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

	Number of employees	
	2011	2010
Care staff	294	380
Management and administration	50	40
	<u>344</u>	<u>420</u>

The aggregate payroll costs of these persons were as follows

	2011 £000	2010 £000
Wages and salaries	6,666	6,891
Social security costs	586	576
Other pension costs	71	48
	<u>7,323</u>	<u>7,515</u>

6 Loss on ordinary activities before taxation

	2011 £000	2010 £000
<i>Loss on ordinary activities before taxation is stated after charging</i>		
Auditor's remuneration in respect of the audit of these financial statements	13	12
Depreciation of owned tangible fixed assets	777	614
Loss on disposal of fixed assets	-	15
Amortisation of intangible assets	90	90
Impairment of intangible assets	22	-
Impairment of assets held for resale	854	1,222
Provision for home closure costs	-	957
Rentals payable under operating leases		
Land and buildings	221	223
	<u> </u>	<u> </u>

Notes to the financial statements (continued)

7 Taxation

	2011 £000	2010 £000
UK corporation tax at 27% (2010 28%)	(149)	420
Adjustments in respect of prior periods	(27)	299
	<u>(176)</u>	<u>719</u>
Deferred tax		
Origination and reversal of timing differences	(65)	30
Effect of decreased tax rate on opening liability	(33)	(15)
Adjustments in respect of prior periods	(44)	23
	<u>(142)</u>	<u>(9)</u>
Tax on loss on ordinary activities	<u>(318)</u>	<u>757</u>

Current tax reconciliation

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows

	2011 £000	2010 £000
Loss on ordinary activities before tax	(1,464)	(171)
Loss on ordinary activities multiplied by the standard rate of corporation tax 27% (2010 28%)	(395)	(48)
Effects of		
Capital allowances for period in excess of depreciation	139	72
Goodwill amortisation	24	25
Expenses not deductible for tax purposes	183	415
Capitalised revenue expenditure allowable on accounts basis	(7)	(14)
Capitalised revenue expenditure	(16)	(34)
Loss on disposal of assets held for sale	20	4
Non taxable dividend income	(94)	-
Impairment	6	-
Capitalised interest	(9)	-
Adjustments in respect of prior periods	(27)	299
	<u>(176)</u>	<u>719</u>
Current tax (credit)/charge for year	<u>(176)</u>	<u>719</u>

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

Notes to the financial statements (continued)

7 Taxation (continued)

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax liability at 30 September 2011 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date) by approximately £12,000

The overall effect of the further reductions from 25% to 22%, if these applied to the deferred tax balance at 30 September 2011, would be to further reduce the deferred tax liability by approximately £37,000

8 Intangible assets

	Total £000
Cost	
At 1 October 2010 and 30 September 2011	1,814
	<hr/>
Amortisation and provision for impairment	
At 1 October 2010	988
Amortisation charge for year	90
Provision for impairment	22
	<hr/>
At 30 September 2011	1,100
	<hr/>
Net book value	
At 30 September 2011	714
	<hr/>
At 1 October 2010	826
	<hr/>

Intangible assets represent purchase goodwill related to acquisitions completed on or after 1 October 1998

Notes to the financial statements (continued)

9 Tangible fixed assets

	Land and buildings	Fixtures, fittings And equipment	Assets in course of construction	Total
	£000	£000	£000	£000
Cost				
At 1 October 2010	10,879	2,634	157	13,670
Additions	544	213	839	1,596
Transfers to current assets	(443)	(282)	-	(725)
Transfer to/from AICC	(62)	25	37	-
Transfers to fellow group subsidiaries	-	27	-	27
Disposals	-	(7)	-	(7)
At 30 September 2011	10,918	2,610	1,033	14,561
Depreciation				
At 1 October 2010	920	1,679	-	2,599
Charge for year	378	399	-	777
Transfers to current assets	(88)	(193)	-	(281)
Transfers to fellow group subsidiaries	-	11	-	11
Disposals	-	(6)	-	(6)
At 30 September 2011	1,210	1,890	-	3,100
Net book value				
At 30 September 2011	9,708	720	1,033	11,461
At 1 October 2010	9,959	955	157	11,071

Land and buildings include depreciable assets with an original cost of £5,902,000 (2010 £5,875,000) and capitalised interest of £260,000 (2010 £260,000)

Notes to the financial statements (continued)

10 Investments

	Investments in subsidiary undertakings £000
Cost	
At 1 October 2010	6,635
Additions	6,722
At 30 September 2011	13,357
Provision for impairment	
At 1 October 2010 and 30 September 2011	789
Net book value	
At 30 September 2011	12,568
At 1 October 2010	5,846

The following subsidiaries, which are incorporated in England and Wales and operate in the United Kingdom, have been included in the consolidated financial statements of Care UK Limited and are all directly held by the holding company

Subsidiaries	Class of share capital held	Effective holding percentage	Nature of business
Park Villa Limited	Ordinary	100%	Provision of care to service users with complex needs and some dual diagnosis with a learning disability
Generis Limited	Ordinary	100%	Provision of low security psychiatric care
Nexvale Limited	Ordinary	100%	Treatment of acute eating disorders

The company formed a joint venture company called Care UK - Trent Mental Health Partnerships Limited with Trent CBT Services Limited on 9 August 2010. The company and Trent CBT Services Limited each own 50% of the ordinary share capital of the joint venture company and each have equal voting rights. The joint venture commenced trading on 27 May 2011.

11 Stocks

	2011 £000	2010 £000
Raw materials and consumables	6	7
Assets held for resale	2,615	3,775
	2,621	3,782

Notes to the financial statements *(continued)*

12 Debtors

	2011 £000	2010 £000
Trade debtors	479	622
Amounts owed by group undertakings	2,521	-
Corporation tax	149	-
Other debtors	232	87
Prepayments and accrued income	113	143
	<u>3,494</u>	<u>852</u>

13 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	259	212
Amounts owed to group undertakings	404	1,050
Other taxes and social security costs	282	261
Corporation tax	-	420
Other creditors, accruals and deferred income	1,888	1,738
Deferred consideration	5,244	-
	<u>8,077</u>	<u>3,681</u>

The amounts owed to group undertakings are unsecured, repayable on demand and carry no interest charge

14 Creditors' amounts falling due after more than one year

	2011 £000	2010 £000
Amounts owed to group undertakings	<u>23,868</u>	<u>21,515</u>

The amounts owed to group undertakings bear interest at the rate of 1.5% over 3-month LIBOR, with the interest rate being reset quarterly. The loan is unsecured. The amounts advanced are repayable in full by 31 January 2015. The company may, at its discretion, make repayments on account of the principal amounts outstanding. Any capital not paid by 31 January 2015 shall immediately generate interest at the rate of 5.0% over the interest rate then in force.

Notes to the financial statements (continued)

15 Deferred taxation

	2011 £000	2010 £000
Accelerated capital allowances	248	387
Other short term timing differences	61	64
	<hr/>	<hr/>
Undiscounted deferred tax provision	309	451
	<hr/>	<hr/>
At 1 October	451	413
(Credited)/charged to profit and loss account – current year	(65)	30
(Credited)/charged to profit and loss account – prior year	(44)	23
Effect of decreased tax rate on opening liability	(33)	(15)
	<hr/>	<hr/>
At 30 September	309	451
	<hr/>	<hr/>

16 Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
100 (2010 100) ordinary shares of £1 each	100	100
	<hr/>	<hr/>

17 Profit and loss account

	Profit and loss account £000
At 1 October 2010	2,168
Loss for the financial year	(1,146)
	<hr/>
At 30 September 2011	1,022
	<hr/>

18 Reconciliation of movement in shareholders' funds

	Shareholders' funds 2011 £000	Shareholders' funds 2010 £000
At 1 October 2010	2,168	3,096
Loss for the financial year	(1,146)	(928)
	<hr/>	<hr/>
At 30 September 2011	1,022	2,168
	<hr/>	<hr/>

Notes to the financial statements (continued)

19 Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings 2011 £000	Land and buildings 2010 £000
Operating leases which expire After more than five years	179	174
	<hr/> 179 <hr/>	<hr/> 174 <hr/>

20 Pension commitments

a) *Defined contribution scheme*

The Care UK Limited group has an HM Revenue & Customs approved defined contributions group pension plan. Contributions to this scheme are charged to the profit and loss account evenly throughout the year. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost for the year represents contributions payable by the company to the fund and amounted to £71,000 (2010 £48,000).

b) *Defined benefit scheme*

The company also participates in a group pension scheme providing benefits based on final pensionable pay, the Care UK LG pension scheme. The assets of the scheme are held separately from those of the company being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company.

Because the company is unable to identify its share of the group scheme assets and liabilities on a consistent and reasonable, as permitted by FRS 17 'Retirement benefits' the scheme will be accounted for by the company as if the scheme was a defined contribution scheme.

The latest full actuarial valuation was carried out at 1 April 2009. Further information is available in the Care UK Limited group financial statements.

21 Contingent Liabilities

The company has an unsecured loan from its immediate parent undertaking, Care UK Limited. The loan is repayable by the borrower in full by 31 January 2015. Interest is payable on the amount of the advance outstanding at a rate above LIBOR agreed between the parties.

In addition the company is a guarantor to the funding arrangements disclosed in the financial statements of Care UK Health and Social Care Investments Limited (formerly Care UK Health and Social Care Newco Limited) – please refer to those financial statements for full details, a brief summary of which is given below.

i) **Senior Secured Notes**

In July 2010 Care UK Health & Social Care Plc (the Issuer) issued £250 million 9.75% Senior Secured Notes. Interest is payable semi-annually in arrears.

The Senior Secured Notes will mature on 1 August 2017. The Senior Secured Notes are guaranteed on a senior secured basis by each of Care UK Health & Social Care Investments Limited (formerly Care UK Health & Social Care Newco Limited), Care UK Limited, and certain of the Issuer's other operating subsidiaries.

Notes to the financial statements *(continued)*

21 Contingent Liabilities *(continued)*

ii) Super Senior Revolving Credit Facility

The group has an £80 million Super Senior Revolving Credit Facility, a revolving facility loan. The facility expires on 13 July 2016. The margin payable on the outstanding loan is in the range of 2.5% to 4.0% above LIBOR plus any mandatory costs depending on the total net leverage of the group. The final repayment date is 13 July 2016. The facility remains undrawn with the exception of £17.0m million as at 30 September 2011 (2010 £22.0 million) in relation to performance bonds.

22 Post balance sheet events

On 3rd October 2012 three properties were transferred from a fellow subsidiary company, Care UK Properties Limited, to the company, at net book value of £4,820,000.

On 1st January 2012 the trade and assets of two subsidiaries, Geners Limited and Park Villa Limited, were transferred to the company at net book values of £162,000 and £563,000 respectively.

On 1st April 2012 the trade and assets of a fellow subsidiary company, Althea Park Limited, were transferred to the company at net book value of £279,000.

23 Ultimate Parent and Controlling Party

The company is a wholly owned subsidiary of Care UK Limited, which is registered in England and Wales.

The company's ultimate parent company and controlling party is Care UK Health and Social Care Holdings Limited, which is registered in England and Wales and prepares group financial statements.

Copies of the financial statements of Care UK Health and Social Care Holdings Limited, which include the consolidated results of this company, are available from its registered office at Connaught House, 850 The Crescent, Colchester Business Park, Colchester, Essex, CO4 9QB.