

Care UK Mental Health Partnerships Limited

Strategic Report, Directors' Report and financial statements

For the year ended 30 September 2014

Registered number 01833385

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Strategic Report

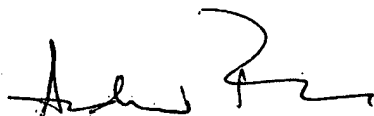
The company's strategy is to continue to grow both organically and through acquisition where market consolidation opportunities make this cost effective.

During the year operational management & responsibility for all the services was transferred into the Health Care division of Care UK which resulted in some consolidation of support function roles and reduction in the central overhead cost to support the services.

The Key Performance Indicators (KPIs) used by the company to measure financial performance are revenue, operating profit, operating profit margin, bed numbers and occupancy. Revenue has increased by 19.7% (2013: 32.9%). Operating profit for the year amounted to £3,617,000 (2013: £1,898,000). The operating profit margin in the year was 15.5% (2013: 9.7%). Total bed numbers at the year end were 321 (2013: 279).

The main financial risk in the business relates to the level of financial occupancy achieved in the non-block contracted services which comprise 64% (2013: 80%) of total beds in the business at the year end. The company achieved an average financial occupancy across all of its beds of 74.1% in the year (2013: 77%). The reduction reflects an expanded number of beds provided which will enable further profitable growth in the future as occupancy rises again.

By order of the board



Andrew Prosser
Director

1st May 2015

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

Directors' Report

The directors present their report and financial statements for the year ended 30 September 2014.

Principal activities

The company operates a range of residential mental health services including independent hospitals and homes specifically designed to build users' independence and support community living. The company also operates a number of specialist facilities for individuals living with eating disorders or who are prone to self-harm.

During the year, the Group that the company is a member of underwent a refinancing arrangement with the bankers. Please refer to note 22 for details of this.

Dividend

The directors do not recommend the payment of a dividend in respect of the current year (2013: £nil).

Directors

The directors who served during the year were as follows:

M Parish	
P Humphreys	(Resigned 07/10/2014)
P Whitecross	(Appointed 12/12/2014)
A Prosser	(Appointed 01/07/2014)
J Easton	(Appointed 01/07/2014)
A Rose-Quirie	(Resigned 31/05/2014)
C Brown	(Resigned 11/07/2014)

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.

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 (2013: £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 auditor

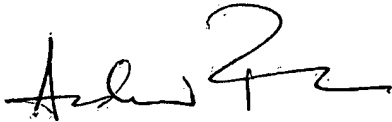
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make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

Directors' Report (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



A Prosser
Director

1st May 2015

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

Statement of Directors' Responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 auditor's 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 2014 set out on pages 6 to 19. 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 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 explained more fully 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 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 web-site at 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 30 September 2014 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;

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.



Ian Brokenshire (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
6 Lower Brook Street
Ipswich
IP4 1AP

1st May 2015,

Profit and Loss Account

For the year ended 30 September 2014

	Note	2014 £000	2013 £000
Turnover		23,337	19,497
Cost of sales		(16,436)	(13,098)
Gross profit		6,901	6,399
Administrative expenses		(3,284)	(4,501)
Operating profit		3,617	1,898
Income from shares in group undertakings	2	5	1,884
Interest receivable	3	295	340
Interest payable and similar charges	4	(2,721)	(2,428)
Profit on ordinary activities before taxation	7	1,196	1,694
Tax on profit on ordinary activities	8	(178)	(29)
Profit for the financial year		1,018	1,665

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 19 form an integral part of these financial statements.

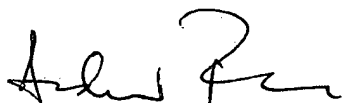
Balance Sheet

As at 30 September 2014

	Note	2014		2013	
		£000	£000	£000	£000
Fixed assets					
Intangible assets	9		11,139		11,961
Tangible assets	10		23,376		25,504
Investments	11		5,974		5,611
			<u>40,489</u>		<u>43,076</u>
Current assets					
Stocks	12	6		307	
Debtors	13	3,313		2,955	
Cash at bank and in hand		778		2,202	
			<u>4,097</u>	<u>5,464</u>	
Creditors: amounts falling due within one year	14	(3,185)		(3,043)	
Net current assets			<u>912</u>		<u>2,421</u>
Total assets less current liabilities			<u>41,401</u>		<u>45,497</u>
Creditors: amounts falling due after more than one year	15		(35,059)		(40,203)
Provisions for liabilities and charges					
Deferred taxation	16		(128)		(98)
Net assets			<u>6,214</u>		<u>5,196</u>
Capital and reserves					
Called up share capital	17		-		-
Profit and loss account	18		6,214		5,196
Shareholders' funds			<u>6,214</u>		<u>5,196</u>

The notes on pages 9 to 19 form an integral part of these financial statements.

These financial statements were approved by the board of directors on 1st May 2015 and were signed on its behalf by:



A Prosser
Director

Reconciliation of movements in Shareholders' Funds
for the year ended 30 September 2014

	2014 £000	2013 £000
At beginning of the year	5,196	3,531
Profit for the financial year	1,018	1,665
At end of the year	6,214	5,196

The notes on pages 9 to 19 form an integral part of these financial statements.

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.

Under Financial Reporting Standard (FRS) 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 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 Ltd, a member of a group whose ultimate parent company is Care UK Health and Social Care Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of the ultimate parent company can be obtained from the address given in note 23.

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report on page 1. 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 joint venture 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.

In the year ended 30 September 2013 the trade and net assets of a subsidiary undertaking were transferred to the company at their book value. As a result of this transfer, the excess value of the company's investment in the subsidiary undertaking over their remaining net assets has been reallocated to goodwill (see note 9).

Notes to the financial statements (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

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
AICC	No depreciation provided

Stocks

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

Taxation

The charge for taxation is based on the profit 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 Health and Social Care Holdings Limited group financial statements.

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.

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.

Notes to the financial statements (continued)

2 Income from shares in group undertakings

During the year, a final dividend of £5,000 (2013: £25,000) was received from Care UK Trent Partnership. There will be no future dividends from this investment as the investment was disposed of in the previous financial year. During the year a final dividend of £nil (2013: £1,859,000) was received upon the hive up of Nexvale Limited, a 100% owned subsidiary.

3 Interest receivable

	2014 £000	2013 £000
Interest receivable to group undertakings	295	340

4 Interest payable

	2014 £000	2013 £000
Interest payable to group undertakings	2,721	2,428

5 Directors' emoluments

	2014 £000	2013 £000
Total emoluments	432	326

Total emoluments above include all amounts payable to A Rose-Quirie and C Brown. The highest paid director during the year received £219,000 (2013: £208,000). The emoluments of M Parish and P Humphreys are disclosed in the financial statements of Care UK Limited, and the emoluments of A Prosser and J Easton are disclosed in the financial statements of Care UK Clinical Services Limited. Retirement benefits under money purchase pension schemes were accruing to 2 directors (2013: 3).

6 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	
	2014	2013
Care staff	396	363
Management and administration	12	106
	408	469

Notes to the financial statements (continued)

6 Staff numbers and cost (continued)

The aggregate payroll costs of these persons were as follows:

	2014 £000	2013 £000
Wages and salaries	10,557	9,742
Social security costs	918	878
Other pension costs	134	102
	<hr/> 11,609	<hr/> 10,722

7 Profit on ordinary activities before taxation

	2014 £000	2013 £000
<i>Profit on ordinary activities before taxation is stated after :</i>		
Auditor's remuneration in respect of the audit of these financial statements.	24	10
Depreciation of owned tangible fixed assets	824	735
(Profit)/loss on disposal of assets held for resale	(776)	66
Amortisation of intangible assets	822	795
Rentals payable under operating leases for land and buildings	29	23
	<hr/> 148	<hr/> 148

Amounts receivable by the company's auditor in respect of services to the company and its associates, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the company's parent, Care UK Health & Social Care Holdings Limited. The remuneration of the auditor in the current and prior financial years was borne by another group company. The amount above is management's best estimate of the proportion relating to this company.

8 Taxation

	2014 £000	2013 £000
UK corporation tax	-	119
Adjustments in respect of prior periods	148	90
	<hr/> 148	<hr/> 209
Deferred tax:		
Origination and reversal of timing differences	(71)	(66)
Effect of decreased tax rate on opening liability	-	(36)
Adjustments in respect of prior periods	101	(78)
	<hr/> 178	<hr/> 29

Notes to the financial statements (continued)

8 Taxation (continued)

Current tax reconciliation

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

	2014 £000	2013 £000
Profit on ordinary activities before tax	1,196	1,694
Profit on ordinary activities multiplied by the standard rate of corporation tax 22% (2013: 23.5%)	263	398
Effects of:		
Capital allowances for the period less than depreciation	181	173
Goodwill amortisation	181	19
Expenses not deductible for tax purposes	-	24
Capitalised revenue expenditure	(6)	(14)
Loss on disposal	(12)	-
Non-taxable dividend income	-	(437)
Capitalised interest	(3)	(44)
Group relief	(604)	-
Adjustments in respect of prior periods	148	90
Current tax charge for year	148	209

Factors that may affect future tax charges

The reduction in the UK corporation tax rate from 23% to 21% was effective from 1 April 2014. The main rate of corporation tax will further reduce to 20% from 1 April 2015, this was substantively enacted on 2 July 2013.

9 Intangible assets

	Total £000
Cost	
At 1 October 2013 and at 30 September 2014	14,247
Accumulated amortisation	
At 1 October 2013	2,286
Amortisation charge for year	822
At 30 September 2014	3,108
Net book value	
At 30 September 2014	11,139
At 30 September 2013	11,961

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

Notes to the financial statements (continued)

10 Tangible fixed assets

	Land and buildings	Fixtures, fittings and equipment	Assets in course of construction	Total
	£000	£000	£000	£000
Cost				
At 1 October 2013	24,374	5,490	1,116	30,980
Additions	163	557	86	806
Disposal	(2,645)	(1,044)	-	(3,689)
Transfer to/from AICC	-	235	(235)	-
At 30 September 2014	21,892	5,238	967	28,097
Depreciation				
At 1 October 2013	2,023	3,453	-	5,476
Charge for year	292	532	-	824
Disposal	(689)	(890)	-	(1,579)
At 30 September 2014	1,626	3,095	-	4,721
Net book value				
At 30 September 2014	20,266	2,143	967	23,376
At 30 September 2013	22,351	2,037	1,116	25,504

Land and buildings include depreciable assets with an original cost of £12,951,000 (2013: £15,016,000) and capitalised interest of £595,000 (2013: £595,000).

11 Investments

	Investment in joint ventures £000
Cost and Net book value	
At 1 October 2013	5,611
Additions – equity investment	81
Additions – loans to investments	282
At 30 September 2014	5,974

Additions during the year relate to an increase in equity and loan value for the Horsham project of Recovery and Rehabilitation Partnership Limited, a 50% owned joint venture with Sussex Partnership NHS Foundation Trust.

Notes to the financial statements (continued)

12 Stocks

	2014 £000	2013 £000
Raw materials and consumables	6	7
Assets held for resale	-	300
	<u>6</u>	<u>307</u>

13 Debtors

	2014 £000	2013 £000
Trade debtors	1,785	1,391
Amounts owed by group undertakings	1,197	944
Other debtors	31	127
Prepayments and accrued income	300	493
	<u>3,313</u>	<u>2,955</u>

Amounts owed by group undertakings include £447,000 which is a long term intercompany balance (2013: £152,000). The amounts owed by group undertakings are unsecured, repayable on demand and carry no interest charge.

14 Creditors: amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	440	664
Amounts owed to group undertakings	678	897
Other taxes and social security costs	290	258
Accruals and deferred income	1,520	1,224
Other creditors	257	-
	<u>3,185</u>	<u>3,043</u>

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

Notes to the financial statements (continued)

15 Creditors: amounts falling due after more than one year

	2014 £000	2013 £000
Amounts owed to group undertakings	35,059	40,203

The amounts owed to Care UK Limited, a parent undertaking, bear interest at the fixed rate of 7.5% (2013: 7.5%). The loan is unsecured. The amounts advanced are repayable in full by 30 September 2020. The company may, at its discretion, make repayments on account of the principal amounts outstanding.

16 Deferred taxation

	2014 £000	2013 £000
Accelerated capital allowances	128	98
Undiscounted deferred tax provision	128	98
At 1 October	98	275
Credited to profit and loss account – current year	(71)	(66)
Charged/(credited) to profit and loss account – prior year	101	(78)
Effect of decreased tax rate on opening liability	-	(36)
Movement arising from the acquisition of businesses	-	3
At 30 September	128	98

17 Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

Notes to the financial statements (continued)

18 Profit and loss account

	2014 £000	2013 £000
At beginning of the year	5,196	3,531
Profit for the financial year	1,022	1,665
At end of the year	6,218	5,196

19 Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings 2014 £000	Land and buildings 2013 £000
Operating leases which expire:		
Within one year	12	-
Between one and five years	-	12
	12	12

20 Capital commitments

	2014 £000	2013 £000
Contracted for, but not provided	8	596

Notes to the financial statements (continued)

21 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 £134,000 (2013: £102,000).

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 2012. Further information is available in the Care UK Limited group financial statements.

22 Contingent Liabilities

As well as the unsecured loan (disclosed in note 14) that the Company has from its parent undertaking, Care UK Limited (the loan is repayable by the borrower in full by 30 September 2020. Interest is payable on the amount of the advance outstanding at a rate of 7.5%), the Company is a guarantor to the funding arrangements disclosed in the financial statements of Care UK Health & Social Care Investments Limited – please refer to those financial statements for full details.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considered these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

i) Senior Secured Notes

Up until 17 July 2014 Care UK Health & Social Care Plc ("the Issuer") had £325.0m of 9¾% Senior Secured Notes in issue (the "2010 Notes").

On 17 July 2014 the Issuer issued £400.0m of floating rate Senior Secured Notes ("the 2014 Notes"). The proceeds of the issue were used to redeem all of the outstanding 2010 Notes, the associated accrued interest and the related redemption premium. The remaining proceeds were used to repay outstanding amounts under the Revolving Credit Facility and pay transaction fees and expenses in connection with the issue of the 2014 Notes.

The 2014 Notes are divided into two tranches, a First Lien tranche of £325.0m (the "2014 Senior Secured Notes"), which mature on 15 July 2019, and a Second Lien tranche of £75.0m (the "2014 Second Lien Notes"), which mature on 15 January 2020. Interest on the 2014 Senior Secured Notes accrues at a rate per annum, reset quarterly, equal to three-month GBP LIBOR plus 5.0%. Interest on the 2014 Second Lien Notes accrues at a rate per annum, reset quarterly, equal to three-month GBP LIBOR plus 7.5%. For both liens interest is payable quarterly in arrears on each of 15 October, 15 January, 15 April and 15 July.

Notes to the financial statements *(continued)*

22 Contingent Liabilities *(continued)*

i) Senior Secured Notes *(continued)*

The Issuer may redeem the 2014 Notes in whole or in part at any time on or after 15 July 2015 at the redemption prices set out in the Offering Memorandum. Prior to 15 July 2015, the Issuer may redeem all or part of the 2014 Notes by paying a 'make whole' premium as set out in the Offering Memorandum.

The 2014 Senior Secured Notes are guaranteed on a senior basis and the 2014 Second Lien Notes are guaranteed on a senior subordinated basis by Care UK Health & Social Care Investments Limited and certain subsidiary guarantors.

ii) Super Senior Revolving Credit Facility

On the 11 July 2014 the £115.0m Senior Revolving Credit Facility (the "original RCF") was replaced by an amended £65.0m Revolving Credit Facility (the "amended RCF"). On 17 July 2014 the original RCF utilisations were repaid in full from the proceeds of the issue of the 2014 Notes together with utilisations drawn on the amended RCF.

As at 30 September 2014, £4.0m (2013: £46.5m) of the amended RCF has been utilised as cash drawings. The remainder of the facility remained undrawn, with the exception of £10.1m (2013: £9.4m) utilised in relation to performance bonds provided in relation certain contracts in the Health Care division and £nil (2013: £0.5m) in relation to other ancillary utilisations.

The margin payable on any loan utilisation under the amended RCF is in the range of 2.25% to 3.25% above LIBOR plus any mandatory costs depending on the total net leverage of the group. Each utilisation under the facility is repayable and capable of being redrawn at the end of each interest period. The final repayment date is 11 May 2019.

The Amended and Restated Senior Revolving Facility Agreement requires Care UK Health & Social Care Investments Limited, as the parent guarantor, to ensure compliance with a financial covenant relating to super senior gross leverage (calculated as the ratio of the aggregate amount of all outstanding loans under the Amended Revolving Credit Facility to Consolidated EBITDA of the Group for the 12 months ending on that quarter end). "Consolidated EBITDA" for the purposes of the covenants under the Amended and Restated Senior Revolving Facility Agreement allows for certain adjustments and therefore is not exactly equivalent to the definition of Adjusted EBITDA as outlined in the Accounting Policies - Non-GAAP Performance Measures.

23 Post balance sheet events

On 1 May 2015 the company's parent, Care UK Limited, entered into an agreement to sell the entire issued share capital of the company to Partnerships in Care Management 2 Limited. The proposed transaction is expected to complete approximately one month from the agreement.

24 Ultimate Parent and Controlling Party

The company is a wholly owned subsidiary of Care UK Limited, which is registered in England and Wales. On 1 May 2015 the company's parent, Care UK Limited, entered into an agreement to sell the entire issued share capital of the company to Partnerships in Care Management 2 Limited (see note 23 post balance sheet events).

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. 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.