

# Financial Statements

## Monread Lodge Nursing Homes Limited

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**For the year ended 30 April 2012**

**Registered number: 03064433**

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## Company Information

<b>Directors</b>	P J Burgan C Ball P G Fagan
<b>Company number</b>	03064433
<b>Registered office</b>	Westcourt Gelderd Road Leeds LS12 6DB
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN
<b>Bankers</b>	Lloyds TSB Bank plc 6-7 Park Row Leeds LS1 1NX

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# **Directors' Report**

**For the year ended 30 April 2012**

The directors present their report and the financial statements for the year ended 30 April 2012

## **Principal activities**

The company's principal activity is the provision of residential care for the elderly

## **Business review**

During the previous year a refurbishment project was commenced to improve the home. This was completed in the current year and a 6.9% increase in turnover achieved from the improvements in occupancy. The costs of the refurbishment project and marketing impacted on the results and turnover per employee fell from £29,582 to £24,687 during the period. In view of the current economic climate the directors consider the results for the year to be satisfactory.

## **Results**

The loss for the year, after taxation, amounted to £139,192 (2011 - loss £53,734)

## **Directors**

The directors who served during the year were

P J Burgan  
C Ball  
P G Fagan

## **Financial risk management objectives and policies**

### **Financial instruments**

The company uses various financial instruments, which include loans, cash, and leases, as well as various items that arise directly from its operations, including trade debtors and trade creditors. The existence of these financial instruments exposes the group to a number of financial risks, which are described in more detail below.

### **Interest rate risk**

The company finances its operations through a mixture of retained profits, bank borrowings and leased assets. The directors review interest rate movements on a regular basis to determine whether it is appropriate to purchase variable or fixed rate interest rate hedging instruments.

### **Liquidity risk and going concern**

The company manages financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs, and to invest cash assets safely and profitably. The directors review three year cash flow requirements on a monthly basis to ensure that bank borrowings are sufficient to support the strategic plans of the company. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The Directors, having assessed the responses of the directors of the company's parent, Maria Mallaband Care Group Limited, to their enquiries have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the group to continue as a going concern or its ability to continue with appropriate banking arrangements.

### **Credit risk**

The company minimises its exposure to credit risk by ensuring that no more than 10% of its turnover is with one single organisation or client. The directors review debt ageing on a monthly basis.

# Directors' Report

For the year ended 30 April 2012

## **Directors' responsibilities statement**

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 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,
- 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.

## **Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

## **Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed appointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

This report was approved by the board on 26 February 2013 and signed on its behalf



**P G Fagan**  
Director

## Independent Auditor's Report to the Members of Monread Lodge Nursing Homes Limited

We have audited the financial statements of Monread Lodge Nursing Homes Limited for the year ended 30 April 2012, which comprise the Profit and loss account, the Note of Historical Cost Profits and Losses, the Balance sheet and the related notes. 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 explained more fully in the Directors' responsibilities statement, 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 Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 April 2012 and of its loss 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.



## Independent Auditor's Report to the Members of Monread Lodge Nursing Homes Limited

### **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

A handwritten signature in black ink, appearing to read "Andrew Wood".

Andrew Wood (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Leeds

26 February 2013

# Profit and Loss Account

For the year ended 30 April 2012

	Note	2012 £	2011 £
<b>Turnover</b>	1	1,802,181	1,686,176
Cost of sales		<u>(999,539)</u>	<u>(902,984)</u>
<b>Gross profit</b>		802,642	783,192
Administrative expenses		<u>(947,751)</u>	<u>(839,190)</u>
<b>Operating loss</b>	2	(145,109)	(55,998)
Interest receivable and similar income		-	227
Interest payable and similar charges	4	<u>(5,938)</u>	<u>(838)</u>
<b>Loss on ordinary activities before taxation</b>		(151,047)	(56,609)
Tax on loss on ordinary activities	5	<u>11,855</u>	<u>2,875</u>
<b>Loss for the financial year</b>	13	<u><u>(139,192)</u></u>	<u><u>(53,734)</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 8 to 15 form part of these financial statements



## Note of Historical Cost Profits and Losses

For the year ended 30 April 2012

	2012 £	2011 £
<b>Reported loss on ordinary activities before taxation</b>	<b>(151,047)</b>	<b>(56,609)</b>
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	28,660	28,658
<b>Historical cost loss on ordinary activities before taxation</b>	<b>(122,387)</b>	<b>(27,951)</b>
<b>Historical loss for the year after taxation</b>	<b>(110,532)</b>	<b>(25,076)</b>

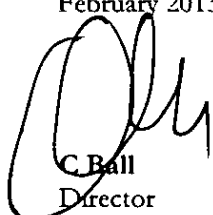
The notes on pages 8 to 15 form part of these financial statements

## Balance Sheet

As at 30 April 2012

	Note	£	2012 £	£	2011 £
<b>Fixed assets</b>					
Intangible assets	6		901,432		930,092
Tangible assets	7		316,905		185,021
			<u>1,218,337</u>		<u>1,115,113</u>
<b>Current assets</b>					
Debtors amounts falling due after more than one year	8	6,803,611		6,668,816	
Debtors amounts falling due within one year	8	194,958		276,046	
Cash at bank and in hand		10,710		12,652	
		<u>7,009,279</u>		<u>6,957,514</u>	
<b>Creditors</b> , amounts falling due within one year	9	(448,485)		(296,271)	
<b>Net current assets</b>			<u>6,560,794</u>		<u>6,661,243</u>
<b>Total assets less current liabilities</b>			<u>7,779,131</u>		<u>7,776,356</u>
<b>Creditors</b> : amounts falling due after more than one year	10		(1,040,800)		(896,833)
<b>Provisions for liabilities</b>					
Deferred tax	11		(17,000)		(19,000)
<b>Net assets</b>			<u><u>6,721,331</u></u>		<u><u>6,860,523</u></u>
<b>Capital and reserves</b>					
Called up share capital	12		700		700
Revaluation reserve	13		901,432		930,092
Profit and loss account	13		5,819,199		5,929,731
<b>Shareholders' funds</b>	14		<u><u>6,721,331</u></u>		<u><u>6,860,523</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 February 2013

  
**C. Ball**  
 Director

The notes on pages 8 to 15 form part of these financial statements

# Notes to the Financial Statements

For the year ended 30 April 2012

## 1. Accounting Policies

### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of lease interests and in accordance with applicable accounting standards

### 1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

### 1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

### 1.4 Intangible fixed assets and amortisation

Intangible fixed assets, comprising the company's interest in leases to operate care homes, are disclosed at market valuations at the date of acquisition, and are amortised over the life of the lease. The intangible assets are also subject to annual impairment reviews. Impairment losses are recognised in the profit and loss account where caused by a clear consumption of economic benefits. Other impairments are recognised in the statement of total recognised gains and losses until the carrying amount of the asset reaches its depreciated historical cost and thereafter in the profit and loss account

### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Fixtures & fittings	-	5 - 10 years straight line
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### 1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term

# Notes to the Financial Statements

For the year ended 30 April 2012

## 1. Accounting Policies (continued)

### 1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

## 2. Operating loss

The operating loss is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	40,348	16,971
Operating lease rentals		
- other operating leases	489,235	470,368
Amortisation of lease interests	28,660	28,658

During the year, no director received any emoluments (2011 - £NIL)

# Notes to the Financial Statements

For the year ended 30 April 2012

## 3. Staff costs

Staff costs were as follows

	2012 £	2011 £
Wages and salaries	975,433	896,930
Social security costs	74,190	70,791
	<u>1,049,623</u>	<u>967,721</u>

The average monthly number of employees, including the directors, during the year was as follows

	2012 No.	2011 No.
	<u>73</u>	<u>57</u>

## 4. Interest payable

	2012 £	2011 £
On bank loans and overdrafts	<u>5,938</u>	<u>838</u>

## 5. Taxation

	2012 £	2011 £
<b>Analysis of tax credit in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge/(credit) on loss for the year	-	(24,499)
Adjustments in respect of prior periods	(9,855)	2,624
<b>Total current tax</b>	<u>(9,855)</u>	<u>(21,875)</u>
<b>Deferred tax</b> (see note 11)		
Origination and reversal of timing differences	(2,000)	19,000
<b>Tax on loss on ordinary activities</b>	<u>(11,855)</u>	<u>(2,875)</u>

# Notes to the Financial Statements

For the year ended 30 April 2012

## 5. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 24% (2011 - 26%) The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	<u>(151,047)</u>	<u>(56,609)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 - 26%)	(36,251)	(14,718)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	14,094	7,805
Capital allowances for year in excess of depreciation	681	(18,074)
Adjustments to tax charge in respect of prior periods	(9,855)	2,624
Short term timing difference leading to an increase (decrease) in taxation	-	2,238
Group relief	21,476	-
Marginal relief	-	(1,750)
<b>Current tax credit for the year (see note above)</b>	<u>(9,855)</u>	<u>(21,875)</u>

## 6. Intangible fixed assets

	Lease interests £
<b>Cost</b>	
At 1 May 2011 and 30 April 2012	<u>975,000</u>
<b>Amortisation</b>	
At 1 May 2011	44,908
Charge for the year	28,660
At 30 April 2012	<u>73,568</u>
<b>Net book value</b>	
At 30 April 2012	<u>901,432</u>
At 30 April 2011	<u>930,092</u>

# Notes to the Financial Statements

For the year ended 30 April 2012

## 7. Tangible fixed assets

	Fixtures & fittings £
<b>Cost</b>	
At 1 May 2011	202,531
Additions	172,232
At 30 April 2012	<u>374,763</u>
<b>Depreciation</b>	
At 1 May 2011	17,510
Charge for the year	40,348
At 30 April 2012	<u>57,858</u>
<b>Net book value</b>	
At 30 April 2012	<u>316,905</u>
At 30 April 2011	<u>185,021</u>

## 8. Debtors

	2012 £	2011 £
<b>Due after more than one year</b>		
Amounts owed by group undertakings	<u>6,803,611</u>	<u>6,668,816</u>
<b>Due within one year</b>		
Trade debtors	36,047	7,647
Other debtors	-	687
Prepayments and accrued income	124,557	100,185
Tax recoverable	34,354	167,527
	<u>194,958</u>	<u>276,046</u>

# Notes to the Financial Statements

For the year ended 30 April 2012

## 9. Creditors: Amounts falling due within one year

	2012	2011
	£	£
Bank loans and overdrafts	292,160	125,999
Trade creditors	98,363	114,019
Social security and other taxes	18,747	14,322
Other creditors	711	-
Accruals and deferred income	38,504	41,931
	<u>448,485</u>	<u>296,271</u>

## 10. Creditors: Amounts falling due after more than one year

	2012	2011
	£	£
Amounts owed to group undertakings	<u>1,040,800</u>	<u>896,833</u>

## 11. Deferred taxation

	2012	2011
	£	£
At beginning of year	19,000	-
(Released during)/charge for year	(2,000)	19,000
At end of year	<u>17,000</u>	<u>19,000</u>

The provision for deferred taxation is made up as follows

	2012	2011
	£	£
Accelerated capital allowances	19,000	21,000
Tax losses carried forward	(2,000)	(2,000)
	<u>17,000</u>	<u>19,000</u>

## 12. Share capital

	2012	2011
	£	£
Allotted, called up and fully paid		
700 Ordinary shares of £1 each	<u>700</u>	<u>700</u>



# Notes to the Financial Statements

For the year ended 30 April 2012

## 13. Reserves

	Revaluation reserve £	Profit and loss account £
At 1 May 2011	930,092	5,929,731
Loss for the year	-	(139,192)
Transfer between Revaluation reserve and P/L account	(28,660)	28,660
At 30 April 2012	<u>901,432</u>	<u>5,819,199</u>

## 14. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	6,860,523	6,914,257
Loss for the year	(139,192)	(53,734)
Closing shareholders' funds	<u>6,721,331</u>	<u>6,860,523</u>

## 15. Contingent liabilities

The company is party to an unlimited inter-company composite guarantee securing the borrowings of the members of the Maria Mallaband Care Group Limited group. At 30 April 2012 these amounted to £38,343,842 (2011 £38,876,379)

## 16. Operating lease commitments

At 30 April 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2012 £	2011 £
Expiry date:		
After more than 5 years	<u>478,400</u>	<u>478,400</u>

## 17. Transactions with directors

There were no transactions with the directors during the period under review

## Notes to the Financial Statements

For the year ended 30 April 2012

### **18. Ultimate parent undertaking and controlling party**

Mr P J Burgan is this company's controlling related party by virtue of his majority shareholding in Maria Mallaband Care Group Limited

In the opinion of the directors the ultimate parent undertaking is Maria Mallaband Care Group Limited, a company incorporated in Great Britain and registered in England and Wales. Copies of the ultimate parent undertaking's financial statements may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF14 3UZ