

# Financial Statements Tower Bridge Homes Care Limited

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For the year ended 31 July 2014



Registered number: 03214702

## Tower Bridge Homes Care Limited

### Company Information

<b>Director</b>	S Lakhani
<b>Company secretary</b>	I Lakhani
<b>Registered number</b>	03214702
<b>Registered office</b>	228 St Mary's Lane Upminster Essex RM14 3DH
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 80 Compair Crescent Ipswich Suffolk IP2 0EH

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# Strategic Report

**For the year ended 31 July 2014**

The director presents his Strategic Report and the financial statements for the year ended 31st July 2014.

## **Principal Activities**

The principle activities of the company remain the ownership and operations of 6 care homes across the United Kingdom, offering either nursing or residential care.

## **Business review**

The director is pleased to report another solid year of trading with improvements in profitability and liquidity flowing from the focus on quality care delivered by trained staff and monitored by health care professionals.

Occupancy figures have improved on the previous year and as a consequence improved turnover in a market that has been difficult to achieve any increases in fee rates from local authorities.

The company has continued to focus on costs and drive efficiency savings where appropriate without impacting the quality of care or the environment. The group have also invested more into its corporate services, providing more robust support to the homes in terms of HR, Marketing and the Finance back office team as well as ensuring strong leadership is in place.

The company closely monitors market trends to address any issues and make the most of opportunities available to it. The company continues to successfully provide dementia care, care for the frail elderly and end of life care as well as care for the young physically disabled.

The company is regulated by CQC and all inspections received in the year have been positive and show that the company is meeting all required standards.

## **Principal risks and uncertainties**

Current economic and social care services climate:

The current economic environment and the pressure on public sector bodies to cut costs have an impact on the company's ability to achieve annual inflationary increases in residential and nursing fees. The local authority fee levels were maintained without any consideration to inflation or increase in care costs due to the introduction of Pension Reforms and staff welfare commitments.

Care needs:

The increasing care needs of the frail and elderly people under existing local authority and NHS/CCG contracts present significant risk of increasing cost and therefore impacting the profitability. The introduction of the Care Act in 2015 will also put additional pressure on the cost base of the company. )

**Tower Bridge Homes Care Limited**

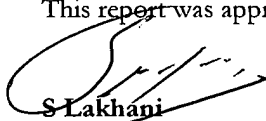
## **Strategic Report (continued)**

**For the year ended 31 July 2014**

### **Financial key performance indicators**

Occupancy as at the end of this financial period was 95.46% and had been 94.93% as an average across the year.  
Staffing costs for the company were 55% of turnover, a little lower than the industry average.  
The company achieved a profit before tax of 25%, just above the industry average.

This report was approved by the board on 6 August 2015 and signed on its behalf.



**S Lakhani**  
Director

## **Director's Report**

**For the year ended 31 July 2014**

The director presents his report and the financial statements for the year ended 31 July 2014.

### **Director's responsibilities statement**

The director is responsible for preparing the Strategic report, the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

### **Results**

The profit for the year, after taxation, amounted to £2,638,836 (2013 - £787,628).

### **Director**

The director who served during the year was:

S Lakhani

### **Employee involvement**

The group recognises the importance of employee involvement in increasing employees understanding of the organisation, utilising their talents, enabling them to influence decisions and thereby encouraging commitment to the goals of the organisation.

The group believes that such involvement will improve efficiency, quality, increase job satisfaction and encourage an environment of co-operation.

In recognition of the importance of employee involvement the group has devoted considerable time and effort to ensuring that employees are well informed about those aspects of its business which affect them.

Through such employee involvement, the success of the group will be ensured by effective team work leading to a consequential sharing of the rewards by all employees.

## Director's Report

For the year ended 31 July 2014

In January 2014 the Group entered its first company into a NEST pension scheme under the Auto-enrolment pension reforms.

### **Disabled employees**

In line with the policy on equal opportunities, the group endeavours to fulfil its responsibilities towards disabled persons. In all job functions active consideration is given to the employment of disabled persons and all such vacancies are advised to the appropriate Job Centre to assist in this matter.

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

### **Disclosure of information to auditor**

The director at the time when this Director's report is approved has confirmed that:

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

### **Auditor**

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 6 August 2015 and signed on its behalf.



S Lakhani  
Director



## Independent Auditor's Report to the Members of Tower Bridge Homes Care Limited

We have audited the financial statements of Tower Bridge Homes Care Limited for the year ended 31 July 2014, which comprise the Profit and loss account, 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 director and auditor**

As explained more fully in the Director's responsibilities statement, the director is 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://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 31 July 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and the Director's 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 Tower Bridge Homes Care 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 director's 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 that reads "Grant Thornton UK LLP".

James Brown (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
Ipswich

14 August 2015

## Profit and Loss Account

For the year ended 31 July 2014

	Note	2014 £	2013 £
<b>Turnover</b>	1,2	<b>11,200,438</b>	10,691,267
Cost of sales		<u>(6,881,596)</u>	<u>(6,684,717)</u>
<b>Gross profit</b>		<b>4,318,842</b>	4,006,550
Administrative expenses		<u>(1,476,514)</u>	<u>(2,236,525)</u>
<b>Operating profit</b>	3	<b>2,842,328</b>	1,770,025
Interest payable and similar charges	6	<u>(1,262)</u>	<u>(732,378)</u>
<b>Profit on ordinary activities before taxation</b>		<b>2,841,066</b>	1,037,647
Tax on profit on ordinary activities	7	<u>(202,230)</u>	<u>(250,019)</u>
<b>Profit for the financial year</b>	14	<b><u>2,638,836</u></b>	<b><u>787,628</u></b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 10 to 17 form part of these financial statements.

## Note of Historical Cost Profits and Losses

For the year ended 31 July 2014

	2014 £	2013 £
<b>Reported profit on ordinary activities before taxation</b>	<b>2,841,066</b>	<b>1,037,647</b>
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<b>256,136</b>	<b>256,136</b>
<b>Historical cost profit on ordinary activities before taxation</b>	<b>3,097,202</b>	<b>1,293,783</b>
<b>Historical profit for the year after taxation</b>	<b>2,894,972</b>	<b>1,043,764</b>

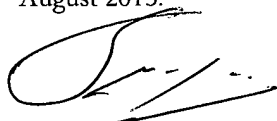
The notes on pages 10 to 17 form part of these financial statements.

## Balance Sheet

As at 31 July 2014

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	8		26,996,591		27,561,148
Investments	9		-		50
			<u>26,996,591</u>		<u>27,561,198</u>
<b>Current assets</b>					
Debtors	10	8,669,352		5,785,772	
Cash at bank and in hand		226,128		146,233	
		<u>8,895,480</u>		<u>5,932,005</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(15,696,293)</u>		<u>(15,919,085)</u>	
<b>Net current liabilities</b>			<u>(6,800,813)</u>		<u>(9,987,080)</u>
<b>Total assets less current liabilities</b>			<u>20,195,778</u>		<u>17,574,118</u>
<b>Provisions for liabilities</b>					
Deferred tax	12		<u>(656,208)</u>		<u>(673,384)</u>
<b>Net assets</b>			<u>19,539,570</u>		<u>16,900,734</u>
<b>Capital and reserves</b>					
Called up share capital	13		100		100
Revaluation reserve	14		14,052,664		14,052,664
Profit and loss account	14		<u>5,486,806</u>		<u>2,847,970</u>
<b>Shareholders' funds</b>	15		<u>19,539,570</u>		<u>16,900,734</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 August 2015.



S Lakhani  
Director

The notes on pages 10 to 17 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 July 2014

## **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 land and buildings and in accordance with applicable accounting standards.

### **1.2 Going concern**

These financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on finance from the ultimate parent company who have confirmed that they will continue to provide financial support. As a result, the director considers it appropriate for the financial statements to be prepared on the going concern basis.

### **1.3 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.

### **1.4 Turnover**

Turnover comprises revenue recognised by the company in respect of the operation of nursing homes during the year, exclusive of Value Added Tax and trade discounts. Revenue is recognised based on the period for which the service (care) has been provided.

### **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:

Freehold property	-	2% Straight Line
Motor vehicles	-	20% - 22% Straight Line
Fixtures and fittings	-	20% Straight Line

### **1.6 Revaluation of tangible fixed assets**

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and loss account.

### **1.7 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

# Notes to the Financial Statements

For the year ended 31 July 2014

## 1. Accounting Policies (continued)

### 1.8 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.

### 1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

## 2. Turnover

The whole of the turnover is attributable to the business activity of the company.

All turnover arose within the United Kingdom.

## 3. Operating profit

The operating profit is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets: - owned by the company	758,063	591,244

During the year, no director received any emoluments (2013 - £NIL).

## 4. Auditors' remuneration

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	14,400	14,400

# Notes to the Financial Statements

For the year ended 31 July 2014

## 5. Staff costs

Staff costs were as follows:

	2014	2013
	£	£
Wages and salaries	5,719,028	5,562,193
Social security costs	344,912	347,309
Other pension costs	13,045	-
	<u>6,076,985</u>	<u>5,909,502</u>

The average monthly number of employees during the year was as follows:

2014	2013
No.	No.
<u>469</u>	<u>483</u>

## 6. Interest payable

	2014	2013
	£	£
On bank loans and overdrafts	<u>1,262</u>	<u>732,378</u>

## 7. Taxation

	2014	2013
	£	£
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	435,987	346,213
Adjustments in respect of prior periods	(216,581)	4,819
<b>Total current tax</b>	<u>219,406</u>	<u>351,032</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(17,176)	31,409
Effect of increased tax rate on opening liability	-	(95,215)
Increase in discount	-	(37,207)
<b>Total deferred tax</b> (see note 12)	<u>(17,176)</u>	<u>(101,013)</u>
<b>Tax on profit on ordinary activities</b>	<u>202,230</u>	<u>250,019</u>

## Notes to the Financial Statements

For the year ended 31 July 2014

**7. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2013 - higher than) the standard rate of corporation tax in the UK of 22.33% (2013 - 23.67%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	2,841,066	1,037,647
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.33% (2013 - 23.67%)	634,410	245,567
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	90	132,055
Difference between capital allowances and depreciation	125,977	(31,409)
Adjustments to tax charge in respect of prior periods	(216,581)	4,819
Group relief	(324,490)	-
<b>Current tax charge for the year</b> (see note above)	219,406	351,032

**8. Tangible fixed assets**

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 August 2013	27,900,000	52,814	666,211	28,619,025
Additions	-	-	193,506	193,506
At 31 July 2014	27,900,000	52,814	859,717	28,812,531
<b>Depreciation</b>				
At 1 August 2013	558,000	25,506	474,371	1,057,877
Charge for the year	558,000	9,051	191,012	758,063
At 31 July 2014	1,116,000	34,557	665,383	1,815,940
<b>Net book value</b>				
At 31 July 2014	26,784,000	18,257	194,334	26,996,591
At 31 July 2013	27,342,000	27,308	191,840	27,561,148

The freehold land and buildings were revalued in November 2012 by Christie & Co. Chartered Surveyors, on an open market value basis, in accordance with the RICS Appraisal and Valuation Manual.



# Notes to the Financial Statements

For the year ended 31 July 2014

## 8. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2014 £	2013 £
Cost	15,093,231	15,093,231
Accumulated depreciation	(830,126)	(528,262)
Net book value	<u>14,263,105</u>	<u>14,564,969</u>

## 9. Fixed asset investments

	Investment in joint ventures £
<b>Cost or valuation</b>	
At 1 August 2013	50
Disposals	(50)
At 31 July 2014	-
<b>Net book value</b>	
At 31 July 2014	-
At 31 July 2013	50

### Participating interests

The investment in the joint venture represents a 50% stake of the £1 ordinary share capital of Flagship Tower Limited, an unlisted company incorporated in England and Wales. The company was dissolved in Feb 2012.

## 10. Debtors

	2014 £	2013 £
Trade debtors	2,532,761	1,334,890
Amounts owed by group undertakings	6,090,539	4,115,011
Amounts owed by undertakings in which the company has a participating interest	-	10,756
Other debtors	2,205	224,070
Prepayments and accrued income	43,847	101,045
	<u>8,669,352</u>	<u>5,785,772</u>

# Notes to the Financial Statements

For the year ended 31 July 2014

## 11. Creditors:

### Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	324,442	127,551
Amounts owed to group undertakings	14,323,065	14,427,141
Corporation tax	219,406	665,617
Other taxation and social security	80,879	81,503
Other creditors	33,144	97,690
Accruals and deferred income	715,357	519,583
	<u>15,696,293</u>	<u>15,919,085</u>

## 12. Deferred taxation

	2014	2013
	£	£
At beginning of year	673,384	774,397
Released during year (P&L)	(17,176)	(5,798)
Adjustments in respect of prior year	-	(95,215)
	<u>656,208</u>	<u>673,384</u>

The provision for deferred taxation is made up as follows:

	2014	2013
	£	£
Accelerated capital allowances	<u>656,208</u>	<u>673,384</u>

## 13. Share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

# Notes to the Financial Statements

For the year ended 31 July 2014

## 14. Reserves

	Revaluation reserve £	Profit and loss account £
At 1 August 2013	14,052,664	2,847,970
Profit for the year		2,638,836
At 31 July 2014	<u>14,052,664</u>	<u>5,486,806</u>

## 15. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	16,900,734	16,863,106
Profit for the financial year	2,638,836	787,628
Dividends (Note 16)	-	(750,000)
Closing shareholders' funds	<u>19,539,570</u>	<u>16,900,734</u>

## 16. Dividends

	2014 £	2013 £
Dividends paid on equity capital	-	750,000

## 17. Contingent liabilities

The company has guaranteed loans taken out by certain other group companies. The potential liability in respect of this guarantee is £23,948,00 (2013 - £25,690,384).

## 18. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to be £13,045 (2013 - £NIL).

Contributions totalling £8,942 (2013 - £NIL) were payable to the fund at the balance sheet date and are included in creditors.

# Notes to the Financial Statements

For the year ended 31 July 2014

## **19. Related party transactions**

As a wholly owned subsidiary undertaking of The Holmes Care (Group) Limited, the company has taken advantage of the exemption in FRS 8 "Related Party Disclosure" not to disclose transactions with other members of the group headed by The Holmes Care (Group) Limited, since that company produces consolidated financial statements which are available to the public and which include Tower Bridge Homes Care Limited.

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

The company's immediate holding company is The Holmes Care Limited, a company incorporated in England and Wales. The company's ultimate holding company is The Holmes Care (Group) Limited, a company incorporated in England and Wales. Consolidated financial statements for this company are available from Companies House.

The Holmes Care (Group) Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements.

The company is controlled by S Lakhani, the company's Director.