

REGISTERED NUMBER 03737832 (England and Wales)

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD
1 JANUARY 2011 TO 30 SEPTEMBER 2011
FOR
SELWYN CARE LIMITED**

MONDAY



LD2 "L18TILH6" #8
25/06/2012
COMPANIES HOUSE

SELWYN CARE LIMITED (REGISTERED NUMBER 03737832)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Statement of Cash Flows	10
Notes to the Financial Statements	11

SELWYN CARE LIMITED
COMPANY INFORMATION
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011

DIRECTORS:

M G Hill
G Lapham
F Sheikh
H Sheikh

REGISTERED OFFICE

Leighton House
33-37 Darkes lane
Potters Bar
Hertfordshire
EN6 1BB

REGISTERED NUMBER

03737832 (England and Wales)

AUDITORS

KPMG Audit Plc
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

SELWYN CARE LIMITED (REGISTERED NUMBER 03737832)

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

The directors present their report with the financial statements of the company for the period 1 January 2011 to 30 September 2011

PRINCIPAL ACTIVITY

The company's principal activity during the year continued to be that of the provision of a range of specialist care services for people with learning and physical difficulties. The entire issued share capital of the company was acquired on 4 March 2011 by CareTech Community Services Limited, a subsidiary of CareTech Holdings PLC. Accordingly, the accounting reference date has been changed to that of its parent.

REVIEW OF BUSINESS

The income statement on page 5 sets out the results for the year.

Future prospects

The directors are satisfied with the results for the year and the future prospects of the company.

Key performance indicators

Client occupation levels and associated income streams are the key monitor of performance.

Principal risks and uncertainties

The company's performance and its reputation is underpinned by the quality of its services. To this end, the company invests significantly in its quality management processes.

Disabled persons

It is the company's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities should be based on a realistic assessment of their aptitudes and abilities. Wherever possible, the company will continue the employment of persons who become disabled during the course of their employment with the company through retraining, acquisition of special aids and equipment or the provision of suitable alternative employment.

Employee information programme

The directors recognise the benefits which arise from keeping employees informed of the company's progress and plans and through their participation in the company's performance. The company is, therefore, committed to providing its employees with information on a regular basis, to consulting with them on a regular basis so that their views may be taken into account in taking decisions which may affect their interests and to encouraging their participation in schemes through which they will benefit from the company's progress and profitability.

Payment to creditors policy

The company agrees payment terms and conditions with its suppliers according to local laws and generally accepted trading practices within its business and geographical region. It is the company's normal practice to pay suppliers in accordance with these terms provided that the suppliers meet their obligations.

Charitable and political donations

No charitable or political donations were made during the year (2010: £Nil).

DIVIDENDS

No dividends will be distributed for the period ended 30 September 2011.

DIRECTORS

The directors who have held office during the period from 1 January 2011 to the date of this report are as follows:

M G Hill - appointed 2 August 2011
G Lapham - appointed 4 March 2011
F Sheikh - appointed 4 March 2011
H Sheikh - appointed 4 March 2011
C H May - resigned 4 March 2011
D R Pugh - appointed 9 March 2011 - resigned 2 August 2011
R H Tuckwood - resigned 4 March 2011

SELWYN CARE LIMITED (REGISTERED NUMBER 03737832)

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 International Financial Reporting Standards as adopted by the European Union. 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 judgements and accounting 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.

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD



M G Hill - Director

Date 25/1/2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SELWYN CARE LIMITED

We have audited the financial statements of Selwyn Care Limited for the period ended 30 September 2011 on pages five to twenty three. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 website 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 profit for the period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Prior period financial statements

In forming our opinion on the financial statements, which is not qualified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditors to state that the corresponding figures contained within these financial statements are unaudited.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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.



Graham Neale (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date

25/1/2012

SELWYN CARE LIMITED (REGISTERED NUMBER 03737832)

**INCOME STATEMENT
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

	Notes	Period 1/1/11 to 30/9/11 £'000	Year Ended 31/12/10 £'000
CONTINUING OPERATIONS			
Revenue		2,453	3,251
Cost of sales		(1,327)	(1,976)
GROSS PROFIT		1,126	1,275
Administrative expenses		(615)	(1,091)
OPERATING PROFIT		511	184
Finance costs	3	-	(13)
PROFIT BEFORE INCOME TAX	4	511	171
Income tax	5	(127)	(38)
PROFIT FOR THE PERIOD		384	133

The notes form part of these financial statements

SELWYN CARE LIMITED (REGISTERED NUMBER 03737832)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

	Period 1/1/11 to 30/9/11 £'000	Year Ended 31/12/10 £'000
PROFIT FOR THE PERIOD	384	133
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>384</u>	<u>133</u>

The notes form part of these financial statements

SELWYN CARE LIMITED (REGISTERED NUMBER. 03737832)

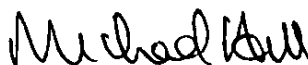
STATEMENT OF FINANCIAL POSITION
30 SEPTEMBER 2011

	Notes	30 9 11 £'000	31 12 10 £'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	172	164
CURRENT ASSETS			
Inventories	8	3	3
Trade and other receivables	9	254	146
Tax receivable		16	-
Cash and cash equivalents	10	290	1
		563	150
TOTAL ASSETS		735	314
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	38	-
Share premium	12	30	30
Retained earnings	12	330	(54)
TOTAL EQUITY		398	(24)
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax	16	-	14
CURRENT LIABILITIES			
Trade and other payables	13	198	192
Financial liabilities - borrowings			
Bank overdrafts	14	24	95
Tax payable		115	37
		337	324
TOTAL LIABILITIES		337	338
TOTAL EQUITY AND LIABILITIES		735	314

The financial statements were approved by the Board of Directors on its behalf by

25/1/2012

and were signed on



M G Hill - Director

The notes form part of these financial statements

SELWYN CARE LIMITED (REGISTERED NUMBER. 03737832)

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

	Called up share capital £'000	Profit and loss account £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2010	-	(187)	30	(157)
Changes in equity				
Total comprehensive income	-	133	-	133
Balance at 31 December 2010	-	(54)	30	(24)
Changes in equity				
Issue of share capital	38	-	-	38
Total comprehensive income	-	384	-	384
Balance at 30 September 2011	<u>38</u>	<u>330</u>	<u>30</u>	<u>398</u>

The notes form part of these financial statements

SELWYN CARE LIMITED (REGISTERED NUMBER 03737832)

**STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

		Period 1/1/11 to 30/9/11 £'000	Year Ended 31/12/10 £'000
Cash flows from operating activities			
Cash generated from operations	1	425	176
Interest paid		-	(3)
Interest element of hire purchase or finance lease rental payments paid		-	(10)
Tax paid		(53)	(13)
Net cash from operating activities		<u>372</u>	<u>150</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(12)	(8)
Net cash from investing activities		<u>(12)</u>	<u>(8)</u>
Cash flows from financing activities			
Loan repayments in year		-	(36)
Net cash from financing activities		<u>-</u>	<u>(36)</u>
Increase in cash and cash equivalents		<u>360</u>	<u>106</u>
Cash and cash equivalents at beginning of period	2	(94)	(200)
Cash and cash equivalents at end of period	2	<u>266</u>	<u>(94)</u>

The notes form part of these financial statements

SELWYN CARE LIMITED (REGISTERED NUMBER 03737832)

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

1 RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	Period 1/1/11 to 30/9/11 £'000	Year Ended 31/12/10 £'000
Profit before income tax	511	171
Depreciation charges	5	47
Changes in intercompany balance	(113)	-
Finance costs	-	13
	<u>403</u>	<u>231</u>
Decrease/(Increase) in trade and other receivables	16	(12)
Increase/(Decrease) in trade and other payables	6	(43)
	<u>6</u>	<u>(43)</u>
Cash generated from operations	<u>425</u>	<u>176</u>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

Period ended 30 September 2011

	30/9/11 £'000	1/1/11 £'000
Cash and cash equivalents	290	1
Bank overdrafts	(24)	(95)
	<u>266</u>	<u>(94)</u>

Year ended 31 December 2010

	31/12/10 £'000	1/1/10 £'000
Cash and cash equivalents	1	1
Bank overdrafts	(95)	(201)
	<u>(94)</u>	<u>(200)</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011

1 ACCOUNTING POLICIES

Background and basis of preparation

The Company is registered and domiciled in the UK

Accounting policies

(a) Applicable accounting standards

The company is a company incorporated in the UK

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements on the grounds that it is a wholly owned subsidiary of CareTech Holdings PLC, for which consolidated financial statements are prepared and are publicly available from Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire EN6 1AG

The company financial statements have been prepared for the first time and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

		Effective for periods beginning on or after
Endorsed		
	Amendments to clarify scope and accounting for group settled share based payment transactions in the separate financial statements	1 January 2010
IFRS 2		
Improvements Project	Amendments to various standards including	
	Presentation of financial statements - current/non-current classification of convertible instruments	1 January 2010
IAS 1		
	Statement of cash flows - classification of expenditures on unrecognised assets	1 January 2010
IAS 7		
	Leases - classification of leases of land and buildings	1 January 2010
IAS 17		
	Revenue - determining whether an entity is acting as principle or agent	1 January 2010
IAS 18		
	Impairment of Assets - unit of accounting for goodwill impairment test	1 January 2010
IAS 36		
	Measuring the fair value of an intangible asset acquired in a business combination	1 January 2010
IAS 38		
	Financial Instruments Recognition and measurement - treating loan prepayment penalties as closely related embedded derivatives	1 January 2010
IAS 39		
	Financial Instruments, Recognition and measurement - cash flow hedge accounting	1 January 2010
IAS 39		

The Directors anticipate that all of the above Standards and Interpretations will be adopted in the Company's financial statements for the period commencing 1 October 2011 and/or 1 October 2012 as appropriate and that their adoption will have no material impact on the financial statements of the Company

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011

1 ACCOUNTING POLICIES - continued

Applicable accounting standards - continued

From the year ended 30 September 2011, the following accounting standards were adopted

IAS 1 Presentation of financial statements

The standard is effective for periods beginning on or after 1 January 2009 and has therefore been applied by the company from 1 May 2010. As a result, the company presents in the Statement of Changes in Equity all owner changes in equity. A Statement of Comprehensive Income is also revised standard (see note 20)

(b) Estimates

Estimates made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19

(c) Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments are stated at their fair value

The directors have a reasonable expectation that the group of which the company is now a member has adequate resources to continue in operational existence for the foreseeable future. Further details are given in the financial statements of the ultimate parent company, CareTech Holdings PLC. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

(d) Investment in debt and equity securities

Investments in associates and subsidiaries are carried at cost less impairment

(e) Classification of financial instruments issued by the company

Following the adoption of IAS 32, financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions

- They include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and
- Where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts present in these financial statements for called up share premium account exclude amounts in relation to those shares

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument

Finance payments associated with financial liabilities are dealt with as part of finance expenses. Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity

(f) Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011

1 ACCOUNTING POLICIES - continued

The fair value of interest rate swaps is the estimated amount that the company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases, the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the income statement over the estimated useful lives of each part of an item of property, plant and equipment. Land (which comprises approximately 50% of the land and buildings balance) is not depreciated. The Directors reassess the residual value estimates, particularly in respect of properties, on an annual basis. The estimated useful lives are as follows:

Freehold buildings	2% straight-line,
Long leasehold property	over the life of the lease (to a maximum of 50 years),
Short leasehold property	over the life of the lease,
Fixtures, fittings and equipment	15% straight line or 25% reducing balance dependent on date of acquisition
Motor Vehicles	25% reducing balance

(h) Intangible assets and goodwill

Subject to the transitional relief in IFRS 1, all business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of business. In respect of acquisitions that have occurred since 1 October 2007, goodwill represents the difference between the costs of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011

1 ACCOUNTING POLICIES - continued

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The Company elected not to restate business combinations that took place prior to 1 October 2007. In respect of acquisitions prior to 1 October 2007, goodwill is included at 1 October 2007 on the basis of its deemed cost, which represents the amount recorded under UK GAAP which was broadly comparable, save that only separable intangibles were recognised and goodwill was amortised. On transition, amortisation of goodwill has ceased.

Negative goodwill arising on an acquisition is recognised in profit or loss.

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

Other intangible assets that are acquired by the company are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Customer relationships	10 years, and
Software and licences	5 years

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011

1 ACCOUNTING POLICIES - continued

Applicable accounting standards - continued

(j) Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill and assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The company is part of a larger group of companies and as a result will be able to take advantage of group relief before paying any corporation tax. The tax benefits arising from group relief are recognised in the income statements of the surrendering and recipient companies.

Goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use were tested for impairment as at 1 October 2007, the date of transition to Adopted IFRSs, even though no indication of impairment existed.

Calculation of recoverable amount

The recoverable amount of the company's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(l) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

SELWYN CARE LIMITED (REGISTERED NUMBER. 03737832)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

1 ACCOUNTING POLICIES - continued

Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

(m) Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate.

(n) Revenue

Revenue comprises the fair value of fee income receivable for the period in respect of the provision of care services and is recognised in respect of the days that care has been provided in the relevant period. Revenue invoiced in advance is included in deferred income until service is provided.

(o) Expenses

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing costs

Financing costs, comprising interest payable on bank loans and overdrafts, finance charges on finance leases, the unwinding of the discount on provisions and the costs incurred in connection with the arrangement of borrowings are recognised in the income statement using the effective interest rate method.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Interest income also includes gains arising on the change in fair value of hedging instruments in the income statement.

Financing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset.

Financing costs also include losses arising on the change in fair value of hedging instruments that are recognised in the income statement.

Pre-contract costs

Pre-contract costs include the costs attributable to a contract for the period from the date of securing the contract to the date at which financial close is achieved. The award of preferred bidder status is considered as the point at which it is probable that the contract has been secured, although contracts are individually reviewed in order to apply the most appropriate treatment. Costs that relate directly to a contract and which are incurred in this period are included as part of pre-contract costs where they can be separately identified and reliably measured. Such amounts are held within other debtors until such time as financial close of the contract is achieved, at which time they are transferred to assets in the course of construction.

(p) Operating leases

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

The company accounts for sale and leaseback transactions according to the nature of the lease arrangement which arises. Transactions which give rise to an operating lease, in which substantially all the risks and rewards of ownership are transferred, result in a profit or loss on disposal being recognised immediately, calculated by reference to the sale price and the previous carrying value. Profits or losses arising on transactions giving rise to a finance lease, where the company retains substantially all the risks and rewards of ownership, are deferred and amortised over the shorter of the lease term and the life of the asset.

SELWYN CARE LIMITED (REGISTERED NUMBER 03737832)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

1 ACCOUNTING POLICIES - continued

(q) Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date.

(r) Segmental analysis

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Based on an analysis of risks and returns, the directors consider that the company has one identifiable business segment, being the provision of care services. The company likewise operates entirely in the UK and the directors consider the risks and returns do not differ between geographical locations. As such, no additional segmental disclosure is necessary.

(s) Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

2 EMPLOYEES AND DIRECTORS

	Period 1/1/11 to 30/9/11 £'000	Year Ended 31/12/10 £'000
Wages and salaries	1,227	1,874
Social security costs	100	156
Other pension costs	-	4
	<u>1,327</u>	<u>2,034</u>

The average monthly number of employees during the period was as follows

	Period 1/1/11 to 30/9/11	Year Ended 31/12/10
Residential care staff	61	59
Administrative staff	1	1
Maintenance staff	2	2
	<u>64</u>	<u>62</u>

None of the directors received any emoluments for their services to the company during the year (2010: none)

The number of directors to whom pension contributions are accruing is £nil (2010: £nil)

SELWYN CARE LIMITED (REGISTERED NUMBER. 03737832)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

3 NET FINANCE COSTS

	Period 1/1/11 to 30/9/11 £'000	Year Ended 31/12/10 £'000
Finance costs		
Bank interest	-	2
Bank loan interest	-	1
Leasing	-	10
	<u>-</u>	<u>13</u>

4 PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging

	Period 1/1/11 to 30/9/11 £'000	Year Ended 31/12/10 £'000
Depreciation - owned assets	5	47
Pension costs	-	4
Operating lease costs	-	244
Directors' remuneration and other benefits etc	-	195
	<u>-</u>	<u>195</u>

5 INCOME TAX

Analysis of the tax charge

	Period 1/1/11 to 30/9/11 £'000	Year Ended 31/12/10 £'000
Current tax		
Tax	127	37
Deferred tax	-	1
	<u>-</u>	<u>1</u>
Total tax charge in income statement	<u>127</u>	<u>38</u>

6 AUDITORS' REMUNERATION

	30 09 11 £'000	31 12 10 £'000
Audit of these financial statements	<u>5</u>	<u>5</u>

Amounts paid to the company's auditors and their associates in respect of services to the company, 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 financial statements of the company's parent, CareTech Holdings PLC

SELWYN CARE LIMITED (REGISTERED NUMBER 03737832)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

7 PROPERTY, PLANT AND EQUIPMENT

	Improvements to property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST				
At 1 January 2011	74	348	114	536
Additions	-	12	-	12
At 30 September 2011	<u>74</u>	<u>360</u>	<u>114</u>	<u>548</u>
DEPRECIATION				
At 1 January 2011	44	263	64	371
Charge for period	-	5	-	5
At 30 September 2011	<u>44</u>	<u>268</u>	<u>64</u>	<u>376</u>
NET BOOK VALUE				
At 30 September 2011	<u>30</u>	<u>92</u>	<u>50</u>	<u>172</u>
	Improvements to property £'000	Fixtures and fittings £'000	Motor vehicles £'000	Totals £'000
COST				
At 1 January 2010	74	340	114	528
Additions	-	8	-	8
At 31 December 2010	<u>74</u>	<u>348</u>	<u>114</u>	<u>536</u>
DEPRECIATION				
At 1 January 2010	36	242	47	325
Charge for year	8	22	17	47
At 31 December 2010	<u>44</u>	<u>264</u>	<u>64</u>	<u>372</u>
NET BOOK VALUE				
At 31 December 2010	<u>30</u>	<u>84</u>	<u>50</u>	<u>164</u>

8 INVENTORIES

	30 9 11 £'000	31 12 10 £'000
Stocks	<u>3</u>	<u>3</u>

9 TRADE AND OTHER RECEIVABLES

	30 9 11 £'000	31 12 10 £'000
Current		
Trade debtors	91	129
Amounts owed by group undertakings	123	-
Other debtors	39	-
Prepayments and accrued income	1	17
	<u>254</u>	<u>146</u>

10 CASH AND CASH EQUIVALENTS

	30 9 11 £'000	31 12 10 £'000
Cash in hand	<u>290</u>	<u>1</u>

SELWYN CARE LIMITED (REGISTERED NUMBER 03737832)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

11 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number	Class	Nominal value £1	30 9 11 £	31 12 10 £
37,626	Ordinary shares		<u>37,626</u>	<u>120</u>

12 RESERVES

	Retained earnings £'000	Share premium £'000	Totals £'000
At 1 January 2011	(54)	30	(24)
Profit for the period	<u>384</u>		<u>384</u>
At 30 September 2011	<u>330</u>	<u>30</u>	<u>360</u>

13 TRADE AND OTHER PAYABLES

	30 9 11 £'000	31 12 10 £'000
Current		
Trade creditors	-	34
Social security and other taxes	-	48
Other creditors	73	64
Deferred income	28	-
Accrued expenses	<u>97</u>	<u>46</u>
	<u>198</u>	<u>192</u>

14 FINANCIAL LIABILITIES - BORROWINGS

	30 9 11 £'000	31 12 10 £'000
Current		
Bank overdrafts	<u>24</u>	<u>95</u>
Terms and debt repayment schedule		
		1 year or less £'000
Bank overdrafts		<u>24</u>

15 LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows

	30 9 11 £'000	31 12 10 £'000
Within one year	493	493
Between one and five years	1,971	1,971
In more than five years	<u>5,876</u>	<u>6,368</u>
	<u>8,340</u>	<u>8,832</u>

16 DEFERRED TAX

SELWYN CARE LIMITED (REGISTERED NUMBER: 03737832)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011**

16 DEFERRED TAX - continued

The deferred tax assets and liabilities are attributable to the following

Assets/(liabilities)

	30 09 11 £000	31 12 10 £000
Property, plant and equipment	-	14
Net deferred tax liabilities	-	14

The company had no unrecognised deferred tax assets at the balance sheet date (2010 £Nil)

17 RELATED PARTY DISCLOSURES

The company has conducted a commercial trading relationship with a number of companies in its wider group

The company had the following transactions in the year with related parties

	30 09 11 £'000 Debtor/ (creditor) balance	£'000 Revenue	£'000 Purchases	31 12 10 £'000 Debtor/ (creditor) balance	£'000 Revenue	£'000 Purchases
Wider group companies	123	-	-	-	-	-

The directors are considered to be the key management personnel of the company. Their emoluments are discussed in note 2.

18 ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is CareTech Holdings PLC. The consolidated financial statements of this Group are available to the public and may be obtained from Metropolitan House, 3 Darkes Lane, Potters Bar, Hertfordshire, EN6 1AG.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011

19 FINANCIAL INSTRUMENTS

The use of financial instruments is managed under policies and procedures approved by the Board. These are designed to reduce the financial risks faced by the company, which primarily relate to credit, interest and liquidity risks, which arise in the normal course of the company's business.

Credit risk

Financial instruments which potentially expose the company to credit risk consist primarily of cash equivalents and trade receivables. Cash equivalents are deposited only with major financial institutions that satisfy certain credit criteria.

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are carried out on all significant prospective customers and all existing customers requiring credit beyond a certain threshold. Varying approval levels are set on the extension of credit depending upon the value of the sale.

Where the credit risk is deemed to have risen to an unacceptable level, remedial actions including the variation of terms of trade are implemented under the guidance of senior management until the level of credit risk has been normalised.

The company provides credit to customers in the normal course of business with a provision for specific doubtful receivables. The balance includes the amounts considered recoverable which also equals their fair value. The company does not require collateral in respect of financial assets. During the year there was no charge to the income statement for bad or doubtful debts (31 December 2010: £Nil).

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

The trade receivables as at 30 September are aged as follows:

	30 09 11 £'000	31 12 10 £'000
Not due	91	129
Not more than three months past due	-	-
More than three months but not more than six months past due	-	-
More than six months past due	-	-
Trade receivables	<u>91</u>	<u>129</u>

Interest rate risk

The company finances its operations through called up share capital, retained profits, intergroup borrowings and bank borrowings. The company's income is by its nature relatively stable and its growth is, inter alia, impacted by inflation. Group policy is to balance interest rate fixes between the short, medium and long term. The benchmark rate for bank borrowings is LIBOR.

Liquidity Risk

The company prepares annual cash flow forecasts reflecting known commitments and anticipated projects. Borrowing facilities are arranged as necessary to finance requirements. The wider group has available bank and overdraft facilities, sufficient, with cash flow from profits, to fund present commitments. Term facilities are utilised to fund capital expenditure and short term flexibility is achieved by the utilisation of overdraft facilities in respect of financial liabilities. There were no contractual cash flow maturities at 30 September 2011 (31 December 2010: £Nil).

Capital risk management

The company manages its capital to ensure that activities of the company will be able to continue as going concerns whilst maximising returns for stakeholders through the optimisation of debt and equity.

Foreign currency risk

The company operates entirely in the UK and is not exposed to any foreign currency risks.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1 JANUARY 2011 TO 30 SEPTEMBER 2011

Sensitivity analysis

In managing interest rate risks the company aims to reduce the impact of short-term fluctuations on the company's earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on earnings. However, the wider group's financing arrangements mean that there is not expected to be a significant impact from interest rate changes on the company.

Fair values

Book values are considered to be equivalent to fair values.

20 ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions which effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the company's accounting policies, the directors have made the following estimates and judgements which have the most significant effect on the amounts recognised in the financial statements:

Property, plant and equipment

It is company policy to depreciate property, plant and equipment to their estimated residual value over their estimated useful lives. This applies an appropriate matching of the revenue earned with the capital costs of delivery of services. A key element of this policy is the annual estimate of the residual value of such assets. Similarly the directors estimate the useful life applied to each category of property, plant and equipment which, in turn, determines the annual depreciation charge. Variations in residual values or asset lives could impact significantly company profit through an increase in the depreciation charge.

Current asset provisions

In the course of normal trading activities, judgement is used to establish the net realisable value of various elements of working capital, principally trade receivables. Provisions are established for bad and doubtful debts. Provisions are based on the facts available at the time and are also determined by using profiles, based upon past practice, applied to aged receivables.

In estimating the collectability of trade receivables, judgement is required assessing their likely realisation, including the current creditworthiness of each customer and related ageing of past due balance. Specific accounts are assessed in situations where a customer may not be able to meet its financial obligations due to deterioration of its financial condition, credit ratings or bankruptcy.

Deferred taxation

The company may recognise deferred tax assets in respect of temporary differences arising. This requires to management to make decisions on the recoverability of such deferred tax assets based on future forecasts of taxable profit. If these forecast profits do not materialise, or there are changes in the tax rates or to the period over which the losses or timing difference might be recognised, the value of the deferred tax asset will need to be revised in a future period.

21 EXPLANATION OF TRANSITION TO ADOPTED IFRS

As stated on note 3, these are the Company's first consolidated financial statements prepared in accordance with Adopted IFRSs.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the period ended 30 September 2011, the comparative information presented in these financial statements for the year ended 31 December 2010 and in the presentation of an opening IFRS balance sheet at 1 January 2011 (the Company's date of transition).

In preparing its opening IFRS balance sheet, no adjustments were required to amounts reported previously in financial statements in accordance with its old basis of accounting (UK GAAP).

Under IFRS, the company presents a cash flow statement.