

# Financial Statements Lakewood Limited

---

**For the year ended 31 July 2014**



**Registered number: 4076355**

**Lakewood Limited**

## Company Information

<b>Director</b>	S Lakhani
<b>Company secretary</b>	I Lakhani
<b>Registered number</b>	4076355
<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

## Contents

	Page
<b>Strategic report</b>	1 - 2
<b>Director's report</b>	3 - 4
<b>Independent auditor's report</b>	5 - 6
<b>Profit and loss account</b>	7
<b>Note of historical cost profits and losses</b>	8
<b>Balance sheet</b>	9
<b>Notes to the financial statements</b>	10 - 16

# 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 two nursing homes one in Stevenston, Scotland and one in Wolverhampton, England.

## **Business review**

The director is pleased to report 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 and having recovered from the previous year's performance issues.

Across the two homes occupancy has increased, however Three Towns has reduced slightly on the previous year and it 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. The company is regulated by the Care Inspectorate in Scotland and the grades at the end of the year were 3's and 4's.

In England, where CQC monitor the homes, the home faced some issues at the end of the year due to difficulties in staffing and leadership, these have now all been addressed, and the home is anticipating a follow up inspection any time.

## **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. In the English homes, 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.

**Lakewood 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 89.02% and had been 83.63% as an average acrosss the year.  
Staff costs for the company were 58.8% of turnover, in line with the industry average.  
The company achieved an profit of 20%, again in line with 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;
- 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 £519,860 (2013 - loss £247,542).

## **Director**

The director who served during the year was:

S Lakhani

## **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.

**Lakewood Limited**

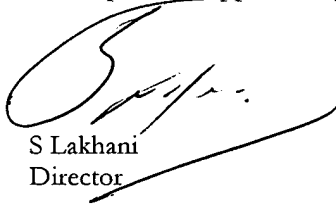
## Director's Report

For the year ended 31 July 2014

### **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 Lakewood Limited

We have audited the financial statements of Lakewood 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 Lakewood 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.

*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>3,378,780</b>	2,840,991
Cost of sales		<u>(2,241,899)</u>	<u>(2,279,867)</u>
<b>Gross profit</b>		<b>1,136,881</b>	561,124
Administrative expenses		<u>(449,191)</u>	<u>(581,555)</u>
<b>Operating profit/(loss)</b>	3	<b>687,690</b>	(20,431)
Interest payable and similar charges	5	<u>(41)</u>	<u>(241,701)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>687,649</b>	(262,132)
Tax on profit/(loss) on ordinary activities	6	<u>(167,789)</u>	<u>14,590</u>
<b>Profit/(loss) for the financial year</b>	13	<b><u>519,860</u></b>	<b><u>(247,542)</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 16 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/(loss) on ordinary activities before taxation</b>	<b>687,649</b>	<b>(262,132)</b>
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<b>51,760</b>	<b>51,760</b>
<b>Historical cost profit/(loss) on ordinary activities before taxation</b>	<b>739,409</b>	<b>(210,372)</b>
<b>Historical profit/(loss) for the year after taxation</b>	<b>571,620</b>	<b>(195,782)</b>

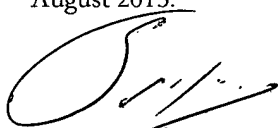
The notes on pages 10 to 16 form part of these financial statements.

## Balance Sheet

As at 31 July 2014

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Tangible assets	7		6,724,631		6,815,500
Investments	8		100		100
			<u>6,724,731</u>		<u>6,815,600</u>
<b>Current assets</b>					
Debtors	9	876,932		775,347	
Cash at bank and in hand		17,037		32,248	
		<u>893,969</u>		<u>807,595</u>	
<b>Creditors: amounts falling due within one year</b>	10	(4,117,542)		(4,661,129)	
<b>Net current liabilities</b>			<u>(3,223,573)</u>		<u>(3,853,534)</u>
<b>Total assets less current liabilities</b>			<u>3,501,158</u>		<u>2,962,066</u>
<b>Provisions for liabilities</b>					
Deferred tax	11		(67,917)		(48,685)
<b>Net assets</b>			<u>3,433,241</u>		<u>2,913,381</u>
<b>Capital and reserves</b>					
Called up share capital	12		100		100
Revaluation reserve	13		3,008,992		3,008,992
Profit and loss account	13		424,149		(95,711)
<b>Shareholders' funds</b>	14		<u>3,433,241</u>		<u>2,913,381</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 16 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.

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

### 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 operating 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 not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% Straight Line
Plant and machinery	-	20% - 25% Straight Line
Furniture, fittings and equipment	-	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.

# Notes to the Financial Statements

For the year ended 31 July 2014

## 1. Accounting Policies (continued)

### 1.7 Investments

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

### 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.

## 2. Turnover

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

All turnover arose within the United Kingdom.

## 3. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2014	2013
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	135,048	91,222
Auditor's remuneration	7,400	7,400

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

# Notes to the Financial Statements

For the year ended 31 July 2014

## 4. Staff costs

Staff costs were as follows:

	2014	2013
	£	£
Wages and salaries	1,809,309	1,902,254
Social security costs	113,244	120,327
	<u>1,922,553</u>	<u>2,022,581</u>

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

2014	2013
No.	No.
<u>140</u>	<u>159</u>

## 5. Interest payable

	2014	2013
	£	£
On bank loans and overdrafts	<u>41</u>	<u>241,701</u>

## 6. 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/loss for the year	148,563	-
Adjustments in respect of prior periods	(6)	-
<b>Total current tax</b>	<u>148,557</u>	<u>-</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	19,232	1,673
Effect of increased tax rate on opening liability	-	(16,263)
<b>Total deferred tax</b> (see note 11)	<u>19,232</u>	<u>(14,590)</u>
<b>Tax on profit/loss on ordinary activities</b>	<u>167,789</u>	<u>(14,590)</u>

## Notes to the Financial Statements

For the year ended 31 July 2014

**6. 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 - 20%). The differences are explained below:

	2014 £	2013 £
Profit/loss on ordinary activities before tax	687,649	(262,132)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.33% (2013 - 20%)	153,552	(52,426)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	932	14,733
Difference between capital allowances and depreciation	16,269	(1,673)
Utilisation of tax losses	(22,190)	39,366
Adjustments to tax charge in respect of prior periods	(6)	-
<b>Current tax charge for the year</b> (see note above)	148,557	-

**7. Tangible fixed assets**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
<b>Cost or valuation</b>				
At 1 August 2013	6,800,000	29,731	205,832	7,035,563
Additions	-	-	44,179	44,179
At 31 July 2014	6,800,000	29,731	250,011	7,079,742
<b>Depreciation</b>				
At 1 August 2013	73,667	18,499	127,897	220,063
Charge for the year	73,667	2,174	59,207	135,048
At 31 July 2014	147,334	20,673	187,104	355,111
<b>Net book value</b>				
At 31 July 2014	6,652,666	9,058	62,907	6,724,631
At 31 July 2013	6,726,333	11,232	77,935	6,815,500

Included in land and buildings is freehold land at valuation of £3,116,667 (2013 - £3,116,667), (cost £1,997,331) which is not depreciated.

# Notes to the Financial Statements

For the year ended 31 July 2014

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.

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	4,162,118	4,162,118
Accumulated depreciation	(261,489)	(239,582)
Net book value	<u>3,900,629</u>	<u>3,922,536</u>

## 8. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 August 2013 and 31 July 2014	<u>100</u>
<b>Net book value</b>	
At 31 July 2014	<u>100</u>
At 31 July 2013	<u>100</u>

### Subsidiary undertakings

The following was a subsidiary undertaking of the company:

Name	Class of shares	Holding
Lakewood Leisure Limited	Ordinary	100%

## 9. Debtors

	2014 £	2013 £
Trade debtors	468,646	257,911
Amounts owed by group undertakings	242,915	460,360
Amounts owed by related undertakings	-	934
Other debtors	385	28,389
Prepayments and accrued income	164,986	27,753
	<u>876,932</u>	<u>775,347</u>

# Notes to the Financial Statements

For the year ended 31 July 2014

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

	2014	2013
	£	£
Bank loans and overdrafts	-	3,263
Trade creditors	298,944	33,153
Amounts owed to group undertakings	3,454,498	4,418,300
Amounts owed to related undertakings	-	100
Corporation tax	148,557	6
Other taxation and social security	27,516	25,219
Other creditors	20,632	20,543
Accruals and deferred income	167,395	160,545
	<u>4,117,542</u>	<u>4,661,129</u>

## 11. Deferred taxation

	2014	2013
	£	£
At beginning of year	48,685	63,275
Charge for year (P&L)	19,232	1,673
Adjustment in respect of prior years	-	(16,263)
	<u>67,917</u>	<u>48,685</u>

The provision for deferred taxation is made up as follows:

	2014	2013
	£	£
Accelerated capital allowances	67,917	68,560
Tax losses carried forward	-	(19,875)
	<u>67,917</u>	<u>48,685</u>

## 12. 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

## 13. Reserves

	Revaluation reserve £	Profit and loss account £
At 1 August 2013	3,008,992	(95,711)
Profit for the year		519,860
At 31 July 2014	<u>3,008,992</u>	<u>424,149</u>

## 14. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	2,913,381	3,160,923
Profit/(loss) for the financial year	<u>519,860</u>	<u>(247,542)</u>
Closing shareholders' funds	<u>3,433,241</u>	<u>2,913,381</u>

## 15. Contingent liabilities

The company has guaranteed loans taken out by certain other group companies. The potential liability in respect of this guarantee is £23,948,000 (2013 - £25,690,384).

## 16. 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 Lakewood Limited.

## 17. 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.