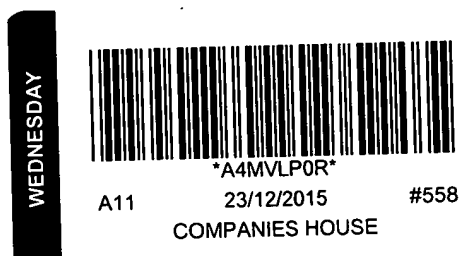


Financial Statements Lakewood Limited

For the period ended 31 March 2015



Registered number: 04076355

Lakewood Limited

Company Information

Director	S Lakhani
Company secretary	I Lakhani
Registered number	04076355
Registered office	228 St Mary's Lane Upminster Essex RM14 3DH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 80 Compair Crescent Ipswich Suffolk IP2 0EH

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Strategic Report

For the period ended 31 March 2015

The director presents his Strategic Report and the financial statements for the period ended 31st March 2015. During this period, the company changed its accounting date from 31st July to 31st March and as such this report covers an 8 month accounting period. The change in year end enables the company to work in line with Local Authorities who remain their biggest customers.

Principal activities

The principal 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 disappointed to report a decline in trading profitably and liquidity.

In the Scottish home, occupancy figures have improved on the previous year and as a consequence turnover has improved in a market that has been difficult to achieve any increases in fee rates from local authorities. However the other home has experienced several difficulties in the reporting year. Many of the issues have since been resolved with the introduction of a new Registered Manager at the service, improved relationships with the Local Authorities in the area and the lifting of the voluntary suspension of admissions.

The company has continued to focus on costs and drive efficiency savings where appropriate without impacting the quality of care or the environment. The company has 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 the 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. Furthermore, the impending increase in the Living Wage for all staff will have further cost implications for the care sector.

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.

Lakewood Limited

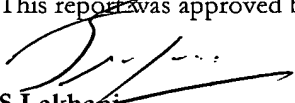
Strategic Report (continued)

For the period ended 31 March 2015

Financial key performance indicators

Occupancy as at the end of this financial period was 79.2% and had been 81.2% as an average across the period. Staffing costs for the company were 57.8% of turnover, compared to 56.9% in the prior year. The company achieved an EBITDA of 8.8%, compared to 24.4% in the prior year.

This report was approved by the board on 16 December 2015 and signed on its behalf.



S Lakhani
Director

Director's Report

For the period ended 31 March 2015

The director presents his report and the audited financial statements for the period ended 31 March 2015.

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.

Director

The director who served during the period 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.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 December 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 period ended 31 March 2015, which comprise the Profit and loss account, note of Historical Cost Profits and Losses, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditor

As explained more fully in the Director's responsibilities statement as set out on page 3, 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 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.

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 March 2015 and of its profit for the period 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 period 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.

A handwritten signature in black ink, appearing to read "James Brown".

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

18 December 2015

Profit and Loss Account

For the period ended 31 March 2015

	Note	8 months ended 31 March 2015 £	Year ended 31 July 2014 £
Turnover	1,2	2,227,477	3,378,780
Cost of sales		(1,731,512)	(2,241,899)
Gross profit		495,965	1,136,881
Administrative expenses		(363,969)	(449,191)
Operating profit	3	131,996	687,690
Interest payable and similar charges	5	(1,523)	(41)
Profit on ordinary activities before taxation		130,473	687,649
Tax on profit on ordinary activities	6	(12,066)	(167,789)
Profit for the financial period	13	118,407	519,860

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

The notes on pages 9 to 17 form part of these financial statements.

Note of Historical Cost Profits and Losses

For the period ended 31 March 2015

	8 months ended 31 March 2015 £	Year ended 31 July 2014 £
Reported profit on ordinary activities before taxation	130,473	687,649
Difference between a historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount	34,507	51,760
Historical cost profit on ordinary activities before taxation	164,980	739,409
Historical profit for the period after taxation	152,914	571,620


The notes on pages 9 to 17 form part of these financial statements.

Balance Sheet

As at 31 March 2015

	Note	£	31 March 2015 £	£	31 July 2014 £
Fixed assets					
Tangible assets	7		6,661,388		6,724,631
Investments	8		100		100
			<u>6,661,488</u>		<u>6,724,731</u>
Current assets					
Debtors	9	692,904		876,932	
Cash at bank and in hand		46,856		17,037	
		<u>739,760</u>		<u>893,969</u>	
Creditors: amounts falling due within one year	10	(3,782,740)		(4,117,542)	
Net current liabilities			<u>(3,042,980)</u>		<u>(3,223,573)</u>
Total assets less current liabilities			<u>3,618,508</u>		<u>3,501,158</u>
Provisions for liabilities					
Deferred tax	11		(66,860)		(67,917)
Net assets			<u>3,551,648</u>		<u>3,433,241</u>
Capital and reserves					
Called up share capital	12		100		100
Revaluation reserve	13		3,008,992		3,008,992
Profit and loss account	13		542,556		424,149
Shareholders' funds	14		<u>3,551,648</u>		<u>3,433,241</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 December 2015.



S Lakhani
Director

The notes on pages 9 to 17 form part of these financial statements.

Notes to the Financial Statements

For the period ended 31 March 2015

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 which has confirmed that it 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 provision of care through the operation of a nursing home during the period. Revenue is recognised based on the period for which the 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 period ended 31 March 2015

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.

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 period.

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

The operating profit is stated after charging:

	8 months ended 31 March 2015 £	Year ended 31 July 2014 £
Depreciation of tangible fixed assets:		
- owned by the company	64,073	135,048
Auditor's remuneration	4,929	7,400
	<hr/>	<hr/>

During the period, no director received any emoluments (2014 - £NIL).

Notes to the Financial Statements

For the period ended 31 March 2015

4. Staff costs

Staff costs were as follows:

	8 months ended 31 March 2015 £	Year ended 31 July 2014 £
Wages and salaries	1,213,996	1,809,309
Social security costs	69,002	113,244
Other pension costs	5,500	-
	<u>1,288,498</u>	<u>1,922,553</u>

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

	8 months ended 31 March 2015 No.	Year ended 31 July 2014 No.
	<u>144</u>	<u>140</u>

5. Interest payable

	8 months ended 31 March 2015 £	Year ended 31 July 2014 £
On bank loans and overdrafts	<u>1,523</u>	<u>41</u>

Notes to the Financial Statements

For the period ended 31 March 2015

6. Taxation

	8 months ended 31 March 2015 £	Year ended 31 July 2014 £
Analysis of tax charge in the period/year		
Current tax (see note below)		
UK corporation tax charge on profit for the period/year	13,107	148,563
Adjustments in respect of prior periods	16	(6)
Total current tax	13,123	148,557
Deferred tax (see note 11)		
Origination and reversal of timing differences	(1,057)	19,232
Tax on profit on ordinary activities	12,066	167,789

Factors affecting tax charge for the period/year

The tax assessed for the period/year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 21% (2014 - 22.33%). The differences are explained below:

	8 months ended 31 March 2015 £	Year ended 31 July 2014 £
Profit on ordinary activities before tax	130,473	687,649
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014 - 22.33%)	27,399	153,552
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	932
Difference between capital allowances and depreciation	11,979	16,269
Utilisation of tax losses	-	(22,190)
Adjustments to tax charge in respect of prior periods	16	(6)
Group relief	(26,271)	-
Current tax charge for the period/year (see note above)	13,123	148,557

Notes to the Financial Statements

For the period ended 31 March 2015

7. Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 August 2014	6,800,000	29,731	250,011	7,079,742
Additions	-	-	830	830
At 31 March 2015	6,800,000	29,731	250,841	7,080,572
Depreciation				
At 1 August 2014	147,334	20,673	187,104	355,111
Charge for the period	49,110	3,755	11,208	64,073
At 31 March 2015	196,444	24,428	198,312	419,184
Net book value				
At 31 March 2015	6,603,556	5,303	52,529	6,661,388
At 31 July 2014	6,652,666	9,058	62,907	6,724,631

Included in land and buildings is freehold land at valuation of £3,116,667 (2014 - £3,116,667), (cost £1,997,331) which is not depreciated.

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:

	31 March 2015 £	31 July 2014 £
Cost	4,162,118	4,162,118
Accumulated depreciation	(276,094)	(261,489)
Net book value	3,886,024	3,900,629

Notes to the Financial Statements

For the period ended 31 March 2015

8. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 August 2014 and 31 March 2015	100
Net book value	
At 31 March 2015	100
At 31 July 2014	100

Subsidiary undertakings

The following was a subsidiary undertaking of the company:

Name	Class of shares	Holding
Lakewood Leisure Limited	Ordinary	100%

9. Debtors

	31 March 2015 £	31 July 2014 £
Trade debtors	554,573	468,646
Amounts owed by group undertakings	-	242,915
Other debtors	100	385
Prepayments and accrued income	138,231	164,986
	<u>692,904</u>	<u>876,932</u>

Notes to the Financial Statements

For the period ended 31 March 2015

10. Creditors:

Amounts falling due within one year

	31 March 2015	31 July 2014
	£	£
Trade creditors	187,143	298,944
Amounts owed to group undertakings	3,215,480	3,454,498
Corporation tax	161,680	148,557
Other taxation and social security	116	27,516
Other creditors	32,600	20,632
Accruals and deferred income	185,721	167,395
	<u>3,782,740</u>	<u>4,117,542</u>

11. Deferred taxation

	31 March 2015	31 July 2014
	£	£
At beginning of period/year	67,917	48,685
(Released during)/charge for period/year (P&L)	(1,057)	19,232
	<u>66,860</u>	<u>67,917</u>
At end of period/year		

The provision for deferred taxation is made up as follows:

	31 March 2015	31 July 2014
	£	£
Accelerated capital allowances	<u>66,860</u>	<u>67,917</u>

12. Share capital

	31 March 2015	31 July 2014
	£	£
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 period ended 31 March 2015

13. Reserves

	Revaluation reserve £	Profit and loss account £
At 1 August 2014	3,008,992	424,149
Profit for the period		118,407
At 31 March 2015	<u>3,008,992</u>	<u>542,556</u>

14. Reconciliation of movement in shareholders' funds

	31 March 2015 £	31 July 2014 £
Opening shareholders' funds	3,433,241	2,913,381
Profit for the financial period/year	<u>118,407</u>	<u>519,860</u>
Closing shareholders' funds	<u>3,551,648</u>	<u>3,433,241</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 £23,092,000 (2014 - £23,948,000).

16. Pension commitments

The company operates a defined contribution 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 £5,500 (2014: £nil).

17. 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.

Notes to the Financial Statements

For the period ended 31 March 2015

18. 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.