Oaktree Care Group Limited

Directors' report and financial statements
Registered number 04785303
31 December 2008

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal activities

The principal activity of the company is the provision of residential care services for people with mental health problems. No significant change in the nature of the company's business activity is envisaged in the immediate future.

Results and dividend

The result for the year ended 31 December 2008 is set out in the profit and loss statement on page 4.

The directors do not recommend the payment of a dividend.

Business Review

During the year the Company increased occupancy significantly and improved operational efficiency. In addition the Company has continued its programme of refurbishment of existing facilities, thereby ensuring the quality of its estate is maintained and it continues to be in a strong position to meet customer and service user needs.

The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Key Performance Indicators (KPIs)

Financial Performance
The company prepares detailed financial budgets and projections for all of its operations, against which actual performance is monitored.

These projections relate to both financial and operational performance of all units to provide a comprehensive analysis of both absolute and relative unit performance.

Quality and Compliance with regulations
The company operates in a highly regulated environment and its care facilities are registered by either the Healthcare Commission or the Commission for Social Care Inspection. In addition Mental Health units are regulated by the Mental Health Act Commission.

The quality of care provided by the company and its compliance with regulation, including those above, are monitored in a structured manner and subject to continuous review by the senior mangers and Executive Directors.

Position at the year end
The company's performance against these measures was satisfactory at the year end.

Employees
Our staff are key to providing the highest quality patient care. We have developed training programmes and recognised development and competence pathways for our staff. PiC recognises the value of diversity in the workplace and outstanding achievement is rewarded through a formal recognition scheme.

Principal Risks and Uncertainties

The company's main customer for its mental health services is the National Health Service and any change in government policy away from the independent sector would constitute a risk to the company. This has been a risk faced by the company since it began to trade.

Policy on Payment of Creditors

It is the company's policy to comply with the payment terms of suppliers.

Political and charitable contributions

The company made no political or charitable contributions during the current or prior period.

Directors and directors' interests

The directors who held office during the year were as follows:

Joy Chamberlain	
Frederick Sinclair-Brown	
Peter Thomas	appointed 4 August 2008

The company secretary during the period was as follows:

Sian Johnson	resigned 4 August 2008
Tony Rook	appointed 4 August 2008

There are no directors retiring by rotation.

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company as recorded in the register of directors' interests.

Disclosure of information to auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Tony Rook
Company Secretary

2 Imperial Place, Maxwell Road,
Borehamwood, Herts. WD6 1JN
13th August 2009

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Oaktree Care Group Limited

We have audited the financial statements of Oaktree Care Group Limited for the year ended 31 December 2008, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the Statement of directors' responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the Directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

London
13th August 2009

Profit and loss account
for the year ended 31 December 2008

	Note	2008	2007 Restated
		£	£
Turnover	2	7,209,784	4,590,819
Cost of sales		(5,842,529)	(4,978,040)
Gross profit/(loss)		1,367,255	(387,221)
Administrative expenses		(629,516)	(462,265)
Operating profit/(loss)		737,739	(849,485)
Interest receivable and similar income		-	-
Interest payable and similar charges		(551)	(2,004)
Profit/(loss) on ordinary activities before taxation	3	737,188	(851,489)
Tax on profit/(loss) on ordinary activities	5	384,107	(3,915)
Profit/(loss) for the financial year	11	1,121,295	(855,404)

All of the company's activities are continuing.

There is no difference between the results as stated and the results on a historical cost basis in the current year or prior period.

There were no gains or losses in the current year or prior period other than those shown above and those shown in the restatement detailed in note 1.

Balance sheet
at 31 December 2008

	Note	2008	2007 Restated
		£	£
Fixed assets			
Tangible assets	6	298,231	286,452
Current assets			
Stocks		14,787	4,150
Debtors	7	1,213,059	967,311
Cash at bank and in hand		21,530	-
Creditors: amounts falling due within one year	8	(2,105,949)	(3,314,814)
Net current liabilities		(856,573)	(2,343,353)
Total assets less current liabilities		(558,342)	(2,056,901)
Creditors: amounts falling due after more than one year	9	(1,278,231)	(900,967)
Net liabilities		**(1,836,573)**	**(2,957,868)**
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account		(1,836,575)	(2,957,870)
Shareholders' deficit	11	**(1,836,573)**	**(2,957,868)**

These financial statements were approved by the board of directors on 13th August 2009 and were signed on its behalf by:

Peter Thomas
Director

Notes

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

Under Financial Reporting Standard ('FRS') 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Partnerships In Care Group Limited (as disclosed in note 12), the company has taken advantage of the exemption contained in FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Partnerships in Care Group Limited, the company's ultimate parent undertaking. Partnerships in Care Group Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continued to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Change of accounting treatment

The accounting policies adopted by the company are consistent with those of the previous financial year except in relation to the recognition of overtime and bank staff-related costs paid a month in arrears.

In previous financial years such costs have been recognised in the financial year in which they were paid. In the current financial year this policy has changed to an accruals basis. The Director's believe this is a more appropriate basis for recognition.

In accordance with FRS18 prior year figures have been restated accordingly.

The effect on the financial statements of this change of accounting treatment is an increase in cost of sales of £23,395 (2007: £2,704), an increase in administrative expenses of £2,599 (2007: £300) and an increase in accruals at 31 December 2008 of £80,979 (2007: £54,985).

Notes *(continued)*

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives. Depreciation rates are as follows:

Furniture and fittings	over 7 years straight line
Plant and machinery	over 10 years straight line
Computers and equipment	over 4 or 7 years straight line
Motor Vehicles	over 4 years straight line

No depreciation has been provided on freehold land.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

Rental expense

Rental expense under operating leases is charged to the profit and loss account on a straight-line basis over the period of the lease. The difference between the expense charged to the profit and loss account and the rental payment in the year is recorded in creditors.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Company turnover comprises goods and services supplied in the normal course of business net of all refunds, allowances and value added tax.

2 Segmental information

The directors are of the opinion that the businesses of the company are substantially similar in that they all relate to the provision of health care services. Turnover and profit before tax on ordinary activities arise from continuing operations entirely in the UK.

3 Notes to the profit and loss account

	2008	2007
	£	£
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets:		
Owned	76,999	58,567
Finance lease or hire purchase	7,602	9,789

The audit fee for the current year and prior period has been borne by another group company.
The directors of the company did not receive any emoluments from the company during the current year and prior period.

Notes *(continued)*

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees 2008	Number of employees 2007
Operations	112	99
Administration	5	2
	117	101

The aggregate payroll costs of these persons were as follows:

	2008 £	2007 Restated £
Wages and salaries	3,307,731	2,651,719
Social security costs	330,435	265,264
Other pension costs	29,121	23,780
	3,667,287	**2,940,763**

5 Taxation

Analysis of (credit)/charge in year

	2008 £	2008 £	2007 £	2007 £
UK corporation tax				
Current tax on income for the year/period	-		-	
Adjustment in respect of prior period	-		-	
Total current tax		-		-
Deferred tax				
Origination/reversal of timing differences	203,479		475	
Effect of change in tax rate	-		3,440	
Adjustment in respect of previous periods	(587,586)		-	
Total deferred tax		**(384,107)**		**3,915**
Tax on profit/loss on ordinary activities		**(384,107)**		**3,915**

Notes *(continued)*

5 Taxation *(continued)*

Factors affecting the tax (credit)/charge for the current year

The current tax charge for the period is lower than the standard rate of corporation tax in the UK 28%, (2007: 30%). The differences are explained below.

	2008	2007
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	737,188	(848,485)
Current tax at 28.5% (2007: 30%)	210,078	(254,546)
Effects of:		
Interest on intercompany balances for tax purposes	(63,736)	(77,141)
Group relief claimed before payment	63,072	332,162
Depreciation in excess of capital allowances	28,566	(475)
Expenses not deductible for tax purposes – fixed assets	(2,321)	-
Utilisation of tax losses	(235,659)	-
Total current tax charge (see above)	-	-

Factors that may affect future current and total tax charges
The company may expect group relief in future years and change in the tax rate to 28%.

	2008	2007
	£	£
Deferred tax asset		
At start of period	(48,165)	(52,080)
Accelerated capital allowances	(40,684)	(1,027)
Short term timing differences	(890)	4,942
Tax losses carried forward and other deductions	(342,532)	-
At end of period (see note 7)	**(432,271)**	**(48,165)**

	2008	2007
	£	£
Deferred tax consists of		
Accelerated capital allowances	(19,658)	21,026
Short term timing differences	(890)	-
Tax losses carried forward and other deductions	(411,723)	(69,191)
	(432,271)	**(48,165)**

Notes *(continued)*

6 Tangible fixed assets

	Plant and Equipment	Motor Vehicles	Furniture and Fittings	Computers and equipment	Total
	£	£	£	£	£
Cost					
At beginning of period	44,404	39,160	348,266	69,608	501,438
Additions	14,835	-	79,235	2,310	96,380
Disposals	-	-	-	-	-
At end of period	59,239	39,160	427,501	71,918	597,818
Depreciation					
At beginning of period	5,481	30,557	133,408	45,540	214,986
Charge for period	14,641	8,603	51,858	9,499	84,601
On disposals	-	-	-	-	-
At end of period	20,122	39,160	185,266	55,039	299,587
Net book value					
At 31 December 2008	**39,117**	**-**	**242,235**	**16,879**	**298,231**
Net book value					
At 31 December 2007	38,923	8,603	214,858	24,068	286,452

Included in the total net book value of motor vehicles is £nil (2007: £7,602) in respect of assets held under hire purchase contracts, depreciation for the period on these assets was £7,602 (2007: £9,789).

Notes *(continued)*

7 Debtors

	2008 £	2007 £
Trade debtors	386,873	512,137
Other debtors	2,134	407
Prepayments and accrued income	391,781	406,602
Deferred tax (see note 5)	432,271	48,165
	1,213,059	**967,311**

The Directors believe the deferred tax asset will be recovered through utilisation of losses against future profitable trading.

8 Creditors: amounts falling due within one year

	2008 £	2007 Restated £
Bank overdraft	-	920
Net obligations under finance lease and hire purchase contracts	-	3,849
Trade creditors	45,507	104,858
Loan from group undertakings	312,778	312,778
Amounts owed to group undertakings	1,345,595	2,636,339
Other creditors	205,091	143,977
Accruals and deferred income	196,978	112,093
	2,105,949	**3,314,814**

The above loan from group undertakings is in respect of an inter-company loan from Partnerships In Care Property 6 Limited. The loan is non-interest bearing, payable at the end of one quarter, and is secured by a charge on the assets of the company.

9 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Amounts owed to group undertaking in respect of property operating leases	1,278,231	900,967
	1,278,231	**900,967**

Notes *(continued)*

10 Called up share capital

	2008 £	2007 £
Authorised		
Ordinary shares of 50p each	10,000	10,000
Allotted, called up and fully paid		
Ordinary shares of 50p each	2	2

11 Reconciliation of movements in shareholders' deficit

	2008 £	2007 Restated £
Opening shareholders' deficit	(2,957,868)	(2,102,464)
Profit/(loss) for the financial year	1,121,295	(855,404)
Net movement in shareholders' deficit	1,121,295	(855,404)
Closing shareholders' deficit	**(1,836,573)**	**(2,957,868)**

Opening shareholders' deficit was originally £2,902,883 (2007: £2,050,483) before deducting the restatement of £54,985 (2007: £51,981).

12 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Company is a subsidiary undertaking of Partnerships In Care Group Limited which is the ultimate parent company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Partnerships In Care Group Limited, incorporated in England and Wales. No other group financial statements include the results of the Company. The consolidated financial statements of these groups may be obtained from 2 Imperial Place, Maxwell Road, Borehamwood, Herts WD6 1JN.