Oaktree Care Group Limited

Directors' report and financial statements
Registered number 04785303
31 December 2007

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

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 2007 is set out in the profit and loss statement on page 4

The directors do not recommend the payment of a dividend

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
10th September 2008

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 2007, 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 2007 and of its loss 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
10th September 2008

Profit and loss account
for the year ended 31 December 2007

	Note	2007	2006
		£	£
Turnover	2	4,590,819	2,851,989
Cost of sales		(4,975,336)	(4,375,551)
Gross loss		(384,517)	(1,523,562)
Administrative expenses		(461,964)	(406,254)
Operating loss	3	(846,481)	(1,929,816)
Interest receivable and similar income		-	1,692
Interest payable and similar charges		(2,004)	(3,041)
Loss on ordinary activities before taxation		(848,485)	(1,931,165)
Tax on loss on ordinary activities	5	(3,915)	3,422
Loss for the financial year	11	(852,400)	(1,927,743)

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

Balance sheet
at 31 December 2007

	Note	2007 £	2006 £
Fixed assets			
Tangible assets	*6*	286,452	241,628
Current assets			
Stocks		4,150	4,150
Debtors	*7*	967,311	1,006,019
Creditors amounts falling due within one year	*8*	(3,259,829)	(2,806,140)
Net current liabilities		(2,288,368)	(1,795,971)
Total assets less current liabilities		(2,001,916)	(1,554,343)
Creditors: amounts falling due after more than one year	*9*	(900,967)	(496,140)
Net liabilities		**(2,902,883)**	**(2,050,483)**
Capital and reserves			
Called up share capital	*10*	2	2
Profit and loss account		(2,902,885)	(2,050,485)
Shareholders' deficit	*11*	**(2,902,883)**	**(2,050,483)**

These financial statements were approved by the board of directors on 10th September 2008 and were signed on its behalf by

Frederick Sinclair Brown
Director

Notes

1 Accountıng polıcıes

The followıng accountıng polıcıes have been applıed consıstently ın dealıng wıth ıtems whıch are consıdered materıal ın relatıon to the company's financıal statements except as noted below

Basis of preparation

The financıal statements have been prepared ın accordance wıth applıcable accountıng standards, and under the hıstorıcal cost accountıng rules

The company ıs exempt by vırtue of s228 of the Companıes Act 1985 from the requırement to prepare group financıal statements These financıal statements present ınformatıon about the company as an ındıvıdual undertakıng and not about ıts group

Under Fınancıal Reportıng Standard ('FRS') 1 the company ıs exempt from the requırement to prepare a cash flow statement on the grounds that a parent undertakıng ıncludes the company ın ıts own publıshed consolıdated financıal statements

As the company ıs a wholly owned subsıdıary of Partnershıps In Care Group Lımıted (as dısclosed ın note 12), the company has taken advantage of the exemptıon contaıned ın FRS 8 'Related party dısclosures' and has therefore not dısclosed transactıons or balances wıth entıtıes whıch form part of the group (or ınvestees of the group qualıfyıng as related partıes)

Going concern

The financıal statements have been prepared on the goıng concern basıs whıch the dırectors belıeve to be approprıate for the followıng reasons The company ıs dependent for ıts workıng capıtal on funds provıded to ıt by Partnershıps ın Care Group Lımıted, the company's ultımate parent undertakıng Partnershıps ın Care Group Lımıted has provıded the company wıth an undertakıng that for at least 12 months from the date of approval of these financıal statements, ıt wıll contınued to make avaılable such funds as are needed by the company Thıs should enable the company to contınue ın operatıonal exıstence for the foreseeable future by meetıng ıts lıabılıtıes as they fall due for payment As wıth any company placıng relıance on other group entıtıes for financıal support, the dırectors acknowledge that there can be no certaınty that thıs support wıll contınue although, at the date of approval of these financıal statements, they have no reason to belıeve that ıt wıll not do so

Based on thıs undertakıng the dırectors belıeve that ıt remaıns approprıate to prepare the financıal statements on a goıng concern basıs

Fixed assets and depreciation

Depreciatıon ıs provıded to wrıte off the cost less the estımated resıdual value of tangıble fixed assets by equal ınstalments over theır estımated useful economıc lıves Depreciatıon rates are as follows

Furnıture and fittıngs	over 7 years straıght lıne
Plant and machınery	over 10 years straıght lıne
Computers and equıpment	over 4 or 7 years straıght lıne
Motor Vehıcles	over 4 years straıght lıne

No depreciatıon has been provıded on freehold land

Notes *(contınued)*

Leases

Assets acquıred under finance leases are capıtalısed and the outstandıng future lease oblıgatıons are shown ın credıtors Operatıng lease rentals are charged to the profit and loss account on a straıght-lıne basıs over the perıod of the lease

Rental expense

Rental expense under operatıng leases ıs charged to the profit and loss account on a straıght-lıne basıs over the perıod of the lease The dıfference between the expense charged to the profit and loss account and the rental payment ın the year ıs recorded ın credıtors

Taxatıon

The charge for taxatıon ıs based on the profit for the perıod and takes ınto account taxatıon deferred because of tımıng dıfferences between the treatment of certaın ıtems for taxatıon and accountıng purposes

Deferred tax ıs recognısed, wıthout dıscountıng, ın respect of all tımıng dıfferences between the treatment of certaın ıtems for taxatıon and accountıng purposes whıch have arısen but not reversed by the balance sheet date, except as otherwıse requıred by FRS 19

Turnover

Company turnover comprıses goods and servıces supplıed ın the normal course of busıness net of all refunds, allowances and value added tax

2 Segmental ınformatıon

The dırectors are of the opınıon that the busınesses of the company are substantıally sımılar ın that they all relate to the provısıon of health care servıces Turnover and profit before tax on ordınary actıvıtıes arıse from contınuıng operatıons entırely ın the UK

3 Notes to the profit and loss account

	2007	2006
	£	£
Loss on ordınary actıvıtıes before taxatıon ıs stated after chargıng·		
Depreciatıon and other amounts wrıtten off tangıble fixed assets		
Owned	58,567	50,111
Fınance lease or hıre purchase	9,789	11,684

The audıt fee for the current year and prıor perıod has been borne by another group company
The dırectors of the company dıd not receıve any emoluments from the company durıng the current year and prıor perıod

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 2007	Number of employees 2006
Operations	99	88
Administration	2	4
	101	92

The aggregate payroll costs of these persons were as follows

	2007	2006
	£	£
Wages and salaries	2,648,843	1,894,872
Social security costs	265,136	190,069
Other Pension Costs	23,780	9,323
	2,937,759	2,094,264

5 Taxation

Analysis of charge/ (credit) in year

	2007	2007	2006	2006
	£	£	£	£
UK corporation tax				
Current tax on income for the year/period	-		-	
Adjustment in respect of prior period	-		(116)	
Total current tax		-		**(116)**
Deferred tax				
Origination/reversal of timing differences	475		(2,351)	
Effect of change in tax rate	3,440		-	
Adjustment in respect of previous periods	-		(955)	
Total deferred tax		**3,915**		**(3,306)**
Tax on loss on ordinary activities		**3,915**		**(3,422)**

Notes *(continued)*

5 Taxation *(continued)*

Factors affecting the tax charge for the current year

The current tax charge for the period is lower than the standard rate of corporation tax in the UK 30%, (2006 30%) The differences are explained below

	2007	2006
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	(848,485)	(1,931,165)
Current tax at 30% (2006 30%)	(254,546)	(579,350)
Effects of		
Interest on intercompany balances for tax purposes	(77,141)	(44,192)
Group relief claimed before payment	332,162	621,191
Depreciation in excess of capital allowances	(475)	2,351
Utilisation of tax losses and other deductions		-
Adjustment in respect of prior periods		(116)
Total current tax charge (see above)	**-**	**(116)**

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%

	2007	2006
	£	£
Deferred tax asset		
At start of period	(52,080)	(48,774)
Accelerated capital allowances	(1,027)	(1,033)
Short term timing differences	4,942	(2,273)
At end of period (see note 7)	**(48,165)**	**(52,080)**

	2007	2006
	£	£
Deferred tax consists of		
Accelerated capital allowances	21,026	22,053
Short term timing differences	(69,191)	(74,133)
	(48,165)	**(52,080)**

Notes *(continued)*

6 Tangible fixed assets

	Plant and Equipment £	Motor Vehicles £	Furniture and Fittings £	Computers and equipment £	Total £
Cost					
At beginning of period	10,437	39,160	284,196	54,465	388,258
Additions	33,967	-	64,070	15,143	113,180
Disposals	-	-	-	-	-
At end of period	44,404	39,160	348,266	69,608	501,438
Depreciation					
At beginning of period	2,602	20,768	90,486	32,774	146,630
Charge for period	2,879	9,789	42,922	12,766	68,356
On disposals					
At end of period	5,481	30,557	133,408	45,540	214,986
Net book value					
At 31 December 2007	**38,923**	**8,603**	**214,858**	**24,068**	**286,452**
Net book value					
At 31 December 2006	7,835	18,392	193,710	21,691	241,628

Included in the total net book value of motor vehicles is £7,602 (2006 £17,381) in respect of assets held under hire purchase contracts, depreciation for the period on these assets was £9,789 (2006 £9,920)

Included in the total net book value of computers and equipment is £nil (2006 £nil) in respect of assets held under hire purchase contracts, depreciation for the period on these assets was £nil (2006 £2,394)

Notes *(continued)*

7 Debtors

	2007 £	2006 £
Trade debtors	512,137	350,890
Other debtors	407	601
Prepayments and accrued income	406,602	602,448
Deferred tax (see note 5)	48,165	52,080
	967,311	**1,006,019**

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

	2007 £	2006 £
Bank overdraft	920	322,439
Net obligations under finance lease and hire purchase contracts	3,849	10,012
Trade creditors	104,858	86,389
Loan from group undertakings	312,778	305,000
Amounts owed to group undertakings	2,636,339	1,846,363
Other creditors	143,977	77,139
Accruals and deferred income	57,108	158,798
	3,259,829	**2,806,140**

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

	2007 £	2006 £
Amounts owed to group undertaking in respect of property operating leases	900,967	492,592
Net obligations under finance lease and hire purchase contracts	-	3,548
	900,967	**496,140**

Notes *(continued)*

10 Called up share capital

	2007 £	2006 £
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

	2007 £	2006 £
Opening shareholders' deficit	(2,050,483)	(122,740)
Loss for the financial year	(852,400)	(1,927,743)
Net movement in shareholders' deficit	(852,400)	(1,927,743)
Closing shareholders' deficit	**(2,902,883)**	**(2,050,483)**

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