

## Oaktree Care Group Limited

Directors' report and financial statements

For the year ended 31 December 2010



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# **Oaktree Care Group Limited**

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# **Oaktree Care Group Limited**

## **Directors' report**

**For the year ended 31 December 2010**

The directors present their report and the financial statements for the year ended 31 December 2010

### **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.

### **Business review**

The Company has continued its programme of refurbishment of existing facilities in the year, thereby ensuring the quality of its estate is maintained and it continues to be in a strong position to meet the expectations of our customers and service users.

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 the 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 Care Quality Commission (CQC) in England, the Care Commission Scotland or the Healthcare Inspectorate Wales.

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

#### **Position at the year end**

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

### **Results and dividends**

The profit for the year, after taxation, amounted to £1,642,426 (2009 - £633,035).

The directors do not recommend the payment of a dividend.

### **Directors**

The directors who served during the year were:

Joy Chamberlain  
Frederick Sinclair-Brown  
Peter Thomas  
Steven Woolgar

There are no directors retiring by rotation.

### **Principal risks and uncertainties**

The Group'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 result in reducing the number of patients referred. Similarly a reduction in the fee rate received for their treatment would constitute a risk to the Group. This has been a risk faced by the Group since it began to trade in 1991.

## **Oaktree Care Group Limited**

### **Directors' report**

**For the year ended 31 December 2010**

#### **Provision of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information

#### **Auditors**

Under section 487(2) of the Companies Act 2006, KPMG LLP, Statutory Auditor will be deemed to have been reappointed as auditors 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 28 September 2011 and signed on its behalf



**Tony Rook**  
Company secretary

2 Imperial Place  
Maxwell Road  
Borehamwood  
Hertfordshire  
WD6 1JN

## **Oaktree Care Group Limited**

### **Directors' responsibilities statement For the year ended 31 December 2010**

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 the directors have 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 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 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,
- 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.

## **Independent auditors' report to the shareholders of Oaktree Care Group Limited**

We have audited the financial statements of Oaktree Care Group Limited for the year ended 31 December 2010, set out on pages 5 to 14. 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 Auditors' 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 Directors' responsibilities statement, 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 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 Auditing Practices Board's website at [www.frc.org.uk/apb/scope/private.cfm](http://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 31 December 2010 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 Directors' report 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.



W. Meredith (Senior statutory auditor)  
for and on behalf of  
**KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
Canary Wharf  
London  
E14 5GL

28 September 2011

## Oaktree Care Group Limited

### Profit and loss account For the year ended 31 December 2010

	Note	2010 £	2009 £
<b>Turnover</b>	1,2	8,416,531	7,640,008
<b>Cost of sales</b>		<u>(5,937,277)</u>	<u>(6,050,425)</u>
<b>Gross profit</b>		2,479,254	1,589,583
<b>Administrative expenses</b>		<u>(698,333)</u>	<u>(701,506)</u>
<b>Profit on ordinary activities before taxation</b>		1,780,921	888,077
<b>Tax on profit on ordinary activities</b>	5	<u>(138,495)</u>	<u>(255,042)</u>
<b>Profit for the financial year</b>	13	<u><u>1,642,426</u></u>	<u><u>633,035</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and loss account

The notes on pages 7 to 14 form part of these financial statements

# Oaktree Care Group Limited

Registered number: 04785303

## Balance sheet

As at 31 December 2010

	Note	£	2010 £	£	2009 £
<b>Fixed assets</b>					
Tangible assets	6		515,347		596,472
<b>Current assets</b>					
Stocks	7	23,863		14,787	
Debtors	8	2,751,069		611,588	
Cash at bank and in hand		1,500		14,633	
			<u>2,776,432</u>	<u>641,008</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(916,653)</u>		<u>(666,157)</u>	
<b>Net current assets/(liabilities)</b>			<u>1,859,779</u>		<u>(25,149)</u>
<b>Total assets less current liabilities</b>			<u>2,375,126</u>		<u>571,323</u>
<b>Creditors amounts falling due after more than one year</b>	10		<u>(1,936,238)</u>		<u>(1,774,861)</u>
<b>Net assets/(liabilities)</b>			<u><u>438,888</u></u>		<u><u>(1,203,538)</u></u>
<b>Capital and reserves</b>					
Called up share capital	12		1		1
Profit and loss account	13		<u>438,887</u>		<u>(1,203,539)</u>
<b>Shareholders' funds/(deficit)</b>	14		<u><u>438,888</u></u>		<u><u>(1,203,538)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2011



**Peter Thomas**  
Director



# **Oaktree Care Group Limited**

## **Notes to the financial statements For the year ended 31 December 2010**

### **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

#### **1.1 Basis of preparation of financial statements**

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

#### **1.2 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

#### **1.3 Related party disclosures**

As the Company is a wholly owned subsidiary of Partnerships in Care Group Limited, (as disclosed in note 18), 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)

#### **1.4 Turnover**

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

#### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Building structural alterations and refurbishment	-	over 5 or 10 years straight line
Plant & machinery	-	over 7 or 10 years straight line
Motor vehicles	-	over 4 years straight line
Fixtures & fittings	-	over 5 to 10 years straight line
Equipment	-	over 2 to 5 years straight line
Computer equipment	-	over 3 to 7 years straight line

#### **1.6 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2010

### 1. Accounting policies (continued)

#### 1.7 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

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

#### 1.8 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 year

### 2. Turnover

The directors are of the opinion that the businesses of the Company are substantially similar in that they all relate to the provision of healthcare services

All turnover arose within the United Kingdom

### 3. Profit

The profit is stated after charging

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	140,296	103,727
Operating lease rentals		
- plant and machinery	19,780	20,894
- other operating leases	1,615,470	1,630,136

During the year, no director received any emoluments (2009 - £NIL)

The audit fee of £8,000 net of VAT for the current year and prior year has been borne by another group company

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2010

### 4. Staff costs

Staff costs were as follows

	2010 £	2009 £
Wages and salaries	3,439,454	3,503,710
Social security costs	333,996	345,664
Other pension costs	26,067	27,783
	<u>3,799,517</u>	<u>3,877,157</u>

The average monthly number of employees, including the directors, during the year was as follows

	2010 No	2009 No
Operations	116	127
Administration	9	9
	<u>125</u>	<u>136</u>

### 5. Taxation

	2010 £	2009 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	2,423	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	122,015	250,847
Effect of decreased tax rate on opening liability	6,044	-
Adjustment in respect of prior periods	8,013	4,195
<b>Total deferred tax</b> (see note 11)	<u>136,072</u>	<u>255,042</u>
<b>Tax on profit on ordinary activities</b>	<u>138,495</u>	<u>255,042</u>

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2010

### 5 Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2009 - lower than) the standard rate of corporation tax in the UK of 21% (2009 - 28%) The differences are explained below

	2010 £	2009 £
Profit on ordinary activities before tax	1,780,921	888,077
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2009 - 28%)	373,993	248,662
<b>Effects of:</b>		
Expenses not deductible for tax purposes - fixed assets	10,746	2,172
Depreciation in excess of capital allowances	2,869	30,432
Utilisation of tax losses	(97,770)	(281,280)
Non-taxable income	(967)	(28,217)
Group relief claimed before payment	(286,448)	28,231
<b>Current tax charge for the year (see note above)</b>	<b>2,423</b>	<b>-</b>

#### Factors that may affect future tax charges

Future tax charges will depend on the Company's ability to use tax losses it is carrying forward

Finance (no 2) Act 2010 enacted the reduction in corporation tax rate from 28% to 27% with effect from 1 April 2011 In addition, the UK Government announced three further annual 1% cuts to reduce the rate to 24% from 1 April 2014

At Budget 2011 on 23rd March 2011 the UK Government announced that the corporation tax rate would instead reduce to 26% from 1 April 2011 with three further annual 1% cuts to 23% by 1 April 2014

Other than the enacted change to 27%, the effects of the announced changes are not reflected in the financial statements for the year ended 31 December 2010 as they were not substantively enacted at the balance sheet date The future reductions in the corporation tax rate will reduce the Company's future current tax charge accordingly

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2010

### 6. Tangible fixed assets

	Long term leasehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>						
At 1 January 2010	71,736	191,200	15,000	622,396	75,294	975,626
Additions	3,000	27,546	-	28,077	548	59,171
Transfer between classes	(528)	9,973	-	(10,780)	1,335	-
At 31 December 2010	<u>74,208</u>	<u>228,719</u>	<u>15,000</u>	<u>639,693</u>	<u>77,177</u>	<u>1,034,797</u>
<b>Depreciation</b>						
At 1 January 2010	6,759	47,158	15,000	247,182	63,055	379,154
Charge for the year	6,446	36,947	-	90,234	6,669	140,296
At 31 December 2010	<u>13,205</u>	<u>84,105</u>	<u>15,000</u>	<u>337,416</u>	<u>69,724</u>	<u>519,450</u>
<b>Net book value</b>						
At 31 December 2010	<u>61,003</u>	<u>144,614</u>	<u>-</u>	<u>302,277</u>	<u>7,453</u>	<u>515,347</u>
At 31 December 2009	<u>64,977</u>	<u>144,042</u>	<u>-</u>	<u>375,214</u>	<u>12,239</u>	<u>596,472</u>

### 7. Stocks

	2010 £	2009 £
Food, pharmaceuticals and other consumables	<u>23,863</u>	<u>14,787</u>

### 8. Debtors

	2010 £	2009 £
Trade debtors	168,114	81,483
Amounts owed by group undertakings	2,165,525	-
Other debtors	7,479	4,247
Prepayments and accrued income	368,793	348,628
Deferred tax asset (see note 11)	41,158	177,230
	<u>2,751,069</u>	<u>611,588</u>

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2010

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

	2010 £	2009 £
Bank loans and overdrafts	308,374	-
Trade creditors	25,981	78,707
Amounts owed to group undertakings	312,778	312,778
Corporation tax	2,423	-
Social security and other taxes	94,681	108,524
Other creditors	40,432	7,412
Accruals and deferred income	131,984	158,736
	<u>916,653</u>	<u>666,157</u>

### 10. Creditors: Amounts falling due after more than one year

	2010 £	2009 £
Amounts owed to group undertakings	<u>1,936,238</u>	<u>1,774,861</u>

Creditors include amounts not wholly repayable within 5 years as follows

	2010 £	2009 £
Repayable other than by instalments	<u>1,936,238</u>	<u>1,636,501</u>

### 11. Deferred tax asset

	2010 £	2009 £
At beginning of year	177,230	432,272
Charged for year	(136,072)	(255,042)
At end of year	<u>41,158</u>	<u>177,230</u>

The deferred tax asset is made up as follows

	2010 £	2009 £
Accelerated capital allowances	1,006	46,470
Tax losses carried forward	39,317	130,039
Short term timing differences	835	721
	<u>41,158</u>	<u>177,230</u>

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2010

### 12. Share capital

	2010 £	2009 £
<b>Allotted, called up and fully paid</b>		
2 Ordinary shares of £0.50 each	1	1
	<u>1</u>	<u>1</u>

### 13. Reserves

	Profit and loss account £
At 1 January 2010	(1,203,539)
Profit for the year	1,642,426
	<u>438,887</u>
At 31 December 2010	<u>438,887</u>

### 14. Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Opening shareholders' deficit	(1,203,538)	(1,836,573)
Profit for the year	1,642,426	633,035
	<u>438,888</u>	<u>(1,203,538)</u>
Closing shareholders' funds/(deficit)	<u>438,888</u>	<u>(1,203,538)</u>

### 15. Pension commitments

The Company operates a defined contributions 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 £26,067 (2009 - £27,783). Contributions totalling £Nil (2009 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

### 16. Operating lease commitments

At 31 December 2010 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2010 £	2009 £	2010 £	Other 2009 £
<b>Expiry date:</b>				
Within 1 year	-	-	-	5,316
After more than 5 years	1,283,012	1,283,012	-	-
	<u>1,283,012</u>	<u>1,283,012</u>	<u>-</u>	<u>-</u>

## **Oaktree Care Group Limited**

### **Notes to the financial statements For the year ended 31 December 2010**

#### **17. Post balance sheet events**

On 28 September 2011 the Company concluded discussions with its landlord to amend the terms of its property lease. Under this amendment the basis for the rental payable was adjusted such that future rents will be payable based on the financial performance of the business.

#### **18. Ultimate parent undertaking and controlling party**

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, Hertfordshire, WD6 1JN.