
Registered number: 04785303

Oaktree Care Group Limited

Directors' report and financial statements

For the year ended 31 December 2011



Oaktree Care Group Limited

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Oaktree Care Group Limited

Directors' report

For the year ended 31 December 2011

The directors present their report and the financial statements for the year ended 31 December 2011

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. The Director of Policy and Regulation regularly visits the Company's facilities to check compliance with the statutory standards of care. Care quality is also 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 £3,187,249 (2010 - £1,642,427).

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the year were:

Frederick Sinclair-Brown (resigned 30 September 2011)

Joy Chamberlain

Peter Thomas

Steven Woolgar

Quazi Haque was appointed as a director on 29 March 2012.

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 2011

Provision of information to auditor

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 auditor is 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 auditor in connection with preparing its report and to establish that the Company's auditor is aware of that information

Auditor

Under section 487(2) of the Companies Act 2006, KPMG LLP, Statutory Auditor 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 7 June 2012 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 2011

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 auditor's 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 2011, set out on pages 5 to 15. 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 directors and auditor

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.

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 2011 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

7 June 2012

Oaktree Care Group Limited

Profit and loss account For the year ended 31 December 2011

	Note	2011 £	As restated 2010 £
Turnover	1,2	7,173,815	8,416,531
Cost of sales		(5,193,170)	(5,923,578)
Gross profit		<u>1,980,645</u>	<u>2,492,953</u>
Administrative expenses		(699,595)	(712,031)
Exceptional administrative income	5	1,936,238	-
Total administrative income/(expenses)		<u>1,236,643</u>	<u>(712,031)</u>
Operating profit	3	<u>3,217,288</u>	<u>1,780,922</u>
Profit on ordinary activities before taxation		3,217,288	1,780,922
Tax on profit on ordinary activities	6	(30,039)	(138,495)
Profit for the financial year	14	<u><u>3,187,249</u></u>	<u><u>1,642,427</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2011 or 2010 other than those included in the Profit and loss account

The notes on pages 7 to 15 form part of these financial statements

Oaktree Care Group Limited

Registered number: 04785303

Balance sheet

As at 31 December 2011

	Note	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	7		583,210		515,347
Current assets					
Stocks	8	16,043		23,863	
Debtors	9	3,581,038		2,751,069	
Cash in hand		1,500		1,500	
			<u>3,598,581</u>	<u>2,776,432</u>	
Creditors: amounts falling due within one year	10	(555,654)		(916,653)	
Net current assets			<u>3,042,927</u>		<u>1,859,779</u>
Total assets less current liabilities			<u>3,626,137</u>		<u>2,375,126</u>
Creditors: amounts falling due after more than one year	11		-		(1,936,238)
Net assets			<u><u>3,626,137</u></u>		<u><u>438,888</u></u>
Capital and reserves					
Called up share capital	13		1		1
Profit and loss account	14		<u>3,626,136</u>		<u>438,887</u>
Shareholders' funds	15		<u><u>3,626,137</u></u>		<u><u>438,888</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 June 2012



Peter Thomas
Director

The notes on pages 7 to 15 form part of these financial statements

Oaktree Care Group Limited

Notes to the financial statements For the year ended 31 December 2011

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

There has been a reclassification between cost of sales and administrative expenses for 2010. There has been no impact on the loss for the year or the shareholder deficit.

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 19), 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 2011

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. Operating profit

The operating profit is stated after charging/(crediting)

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	124,867	140,296
Operating lease rentals		
- plant and machinery	20,096	19,780
- other operating leases	1,204,974	1,615,470
Administration exceptional item	(1,936,238)	-

During the year, no director received any emoluments (2010 - £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 2011

4. Staff costs

Staff costs were as follows

	2011 £	2010 £
Wages and salaries	3,205,944	3,439,454
Social security costs	299,192	333,996
Other pension costs	27,101	26,067
	<u>3,532,237</u>	<u>3,799,517</u>

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

	2011 No	2010 No
Operations	126	116
Administration	10	9
	<u>136</u>	<u>125</u>

5. Exceptional items

	2011 £	2010 £
Rental expense accrual release	<u>1,936,238</u>	<u>-</u>

On 28 September 2011, the Company concluded discussions with its landlord to amend the terms of the property lease. Under this amendment the basis for the rental payable was adjusted such that future rents will be payable based on the future financial performance of the Company and is no longer subject to annual rent increases which had been specified in the original lease. As a result of this amendment the directors do not believe it appropriate to continue recognising the accrual for rent (see note 11) which had been accrued based on the terms of the original lease. Consequently the difference between the cumulative amount recognised in the profit and loss account to date and the actual rent paid in previous years has been released to the profit and loss account.

Oaktree Care Group Limited

Notes to the financial statements For the year ended 31 December 2011

6. Taxation

	2011 £	2010 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	2,168	2,423
Deferred tax		
Origination and reversal of timing differences	37,133	122,015
Effect of decreased tax rate on opening liability	4,034	6,044
Adjustment in respect of prior periods	(13,296)	8,013
Total deferred tax (see note 12)	<u>27,871</u>	<u>136,072</u>
Tax on profit on ordinary activities	<u>30,039</u>	<u>138,495</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 26.493% (2010 - 21%). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	<u>3,217,288</u>	<u>1,780,922</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26.493% (2010 - 21%)	852,356	373,994
Effects of:		
Expenses not deductible for tax purposes - fixed assets	19,566	10,746
Capital allowances in excess of depreciation	(772)	2,869
Utilisation of tax losses	(38,578)	(97,770)
Adjustments to tax charge in respect of prior periods	(1)	-
Tax credits	(669)	-
Transfer pricing adjustments	46,039	(967)
Group relief claimed before payment	(875,773)	(286,449)
Current tax charge for the year (see note above)	<u>2,168</u>	<u>2,423</u>

Oaktree Care Group Limited

Notes to the financial statements For the year ended 31 December 2011

6. Taxation (continued)

Factors that may affect future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the Company's future current tax charge accordingly and further reduce the deferred tax asset at 31 December 2011 (which has been calculated based on the rate of 25% substantively enacted at the balance sheet date) by £531.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax asset accordingly.

7. Tangible fixed assets

	Long term leasehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £
Cost				
At 1 January 2011	74,208	228,719	15,000	639,693
Additions	101,739	17,168	-	68,995
Transfers intra group	-	-	-	-
At 31 December 2011	175,947	245,887	15,000	708,688
Depreciation				
At 1 January 2011	13,205	84,105	15,000	337,416
Charge for the year	8,462	31,409	-	80,092
Transfers intra group	-	-	-	-
At 31 December 2011	21,667	115,514	15,000	417,508
Net book value				
At 31 December 2011	154,280	130,373	-	291,180
At 31 December 2010	61,003	144,614	-	302,277

Oaktree Care Group Limited

Notes to the financial statements For the year ended 31 December 2011

7. Tangible fixed assets (continued)

	Computer equipment £	Total £
Cost		
At 1 January 2011	77,177	1,034,797
Additions	1,679	189,581
Transfers intra group	7,974	7,974
	<u>86,830</u>	<u>1,232,352</u>
At 31 December 2011		
Depreciation		
At 1 January 2011	69,724	519,450
Charge for the year	4,904	124,867
Transfers intra group	4,825	4,825
	<u>79,453</u>	<u>649,142</u>
At 31 December 2011		
Net book value		
At 31 December 2011	<u>7,377</u>	<u>583,210</u>
At 31 December 2010	<u>7,453</u>	<u>515,347</u>

8. Stocks

	2011 £	2010 £
Food, pharmaceuticals and other consumables	<u>16,043</u>	<u>23,863</u>

9. Debtors

	2011 £	2010 £
Trade debtors	77,295	168,114
Amounts owed by group undertakings	3,462,704	2,165,525
Other debtors	533	7,479
Prepayments and accrued income	27,219	368,793
Deferred tax asset (see note 12)	13,287	41,158
	<u>3,581,038</u>	<u>2,751,069</u>

Oaktree Care Group Limited

Notes to the financial statements For the year ended 31 December 2011

10. Creditors: Amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	326	308,374
Trade creditors	18,687	25,981
Amounts owed to group undertakings	312,778	312,778
Corporation tax	2,168	2,423
Social security and other taxes	79,168	94,681
Other creditors	3,585	40,432
Accruals and deferred income	138,942	131,984
	<u>555,654</u>	<u>916,653</u>

11. Creditors: Amounts falling due after more than one year

	2011 £	2010 £
Amounts owed to group undertakings	-	1,936,238

Creditors include amounts not wholly repayable within 5 years as follows

	2011 £	2010 £
Repayable other than by instalments	-	1,936,238

12 Deferred tax asset

	2011 £	2010 £
At beginning of year	41,158	177,230
Charged for year	(27,871)	(136,072)
At end of year	<u>13,287</u>	<u>41,158</u>

The deferred tax asset is made up as follows

	2011 £	2010 £
Accelerated capital allowances	12,358	1,006
Tax losses carried forward	-	39,317
Short term timing differences	929	835
	<u>13,287</u>	<u>41,158</u>

Oaktree Care Group Limited

Notes to the financial statements For the year ended 31 December 2011

13. Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
2 Ordinary shares of £0.50 each	1	1

14. Reserves

	Profit and loss account £
At 1 January 2011	438,887
Profit for the year	3,187,249
At 31 December 2011	3,626,136

15. Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Opening shareholders' funds/(deficit)	438,888	(1,203,539)
Profit for the year	3,187,249	1,642,427
Closing shareholders' funds	3,626,137	438,888

16. Capital commitments

At 31 December 2011 the Company had capital commitments as follows

	2011 £	2010 £
Contracted for but not provided in these financial statements	2,028	-

17. 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 £27,101 (2010 - £26,067). Contributions totalling £Nil (2010 - £Nil) were payable to the fund at the balance sheet date and are included in creditors.

Oaktree Care Group Limited

Notes to the financial statements For the year ended 31 December 2011

18. Operating lease commitments

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2011	2010	2011	2010
	£	£	£	£
Expiry date:				
Within 1 year	-	-	12,849	-
Between 2 and 5 years	-	-	1,065	-
After more than 5 years	691,857	1,283,012	-	-
	<u>691,857</u>	<u>1,283,012</u>	<u>-</u>	<u>-</u>

19. 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