

## Oaktree Care Group Limited

Directors' report and financial statements

For the year ended 31 December 2012

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# **Oaktree Care Group Limited**

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# **Oaktree Care Group Limited**

## **Directors' report**

### **For the year ended 31 December 2012**

The directors present their report and the financial statements for the year ended 31 December 2012

#### **Principal activities**

The principal activity of the Company is the provision of psychiatric healthcare services. No significant change in the nature of the Company's business activity is envisaged in the immediate future.

#### **Business review**

We have consistently invested in the quality of our built environments. Our capital expenditure programme has improved the physical and therapeutic environments offered to our patients and this has permitted us to innovate and respond to market changes.

For the immediate future we continue to focus on providing the highest quality of care, on extending our patient care pathways, continuing to innovate and add new services and maintain our position as a leader in the specialist healthcare sector.

#### **Key performance indicators (KPIs)**

#### **Financial performance**

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

These projections relate both to the operational performance of existing units and to capital projects, where emphasis is placed upon cost control and achievement of completion deadlines.

#### **Quality and compliance with regulations**

The Company operates in a highly regulated environment and its care facilities are registered by the Care Quality Commission (CQC) in England.

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 at regional, local and national level.

Senior managers and executive directors visit sites regularly and use dashboards supported by audits and local and regional scrutiny to maintain continuous review of care quality. The Company's management structure is one of accountable leadership with clear lines of accountability from ward and hospital level, through Regional Executive Directors located at the hospitals under their management, to the Group Chief Executive and the Board.

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

At year-end 2012, the Company's performance met or exceeded all financial performance measures and those set by regulatory authorities and by the Department of Health's Commissioning for Quality and Innovation (CQUIN) targets. CQC inspection visits of our hospital in the course of the year produced no major concerns.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £2,135,858 (2011 - £3,187,249).

The directors do not recommend the payment of a dividend.

#### **Directors**

The directors who served during the year were

Joy Chamberlain

Quazi Haque (appointed 29 March 2012)

Simon Lane (appointed 25 June 2012)

Peter Thomas (resigned 15 June 2012)

Steven Woolgar

There are no directors retiring by rotation.

# Oaktree Care Group Limited

## Directors' report

For the year ended 31 December 2012

### Principal risks and uncertainties

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential risks for the Company. The Company's funding and liquidity is managed by the Company's finance department and is subject to internal control procedures. All significant financing transactions are authorised by the Board of Directors. The most important components of financial risk impacting the Company are price risk, liquidity risk and to a lesser extent credit risk – these are discussed in turn below.

### Price risk

The Company's main customer for its mental health services is the National Health Service and any change in government policy resulting in a reduction in the fee rate received for the treatment of patients referred would constitute a risk to the Company. This has been a risk faced by the Company since it began to trade in 1991. Despite changes in the structure of NHS commissioning, the Company does not see the likelihood of any significant change in the close partnership between the Company and the NHS. The current government policy remains committed to the role of independent healthcare provision.

### Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. Cash forecasts identifying the liquidity requirements of the Company are produced frequently and are regularly reviewed to ensure that sufficient financial headroom exists for at least a 12-month period.

### Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full, when due. With over 90% of our customers being quasi government organisations, the default risk is low. Late payment risk is managed through focused collection activities, coupled with both cash clearance and outstanding debt targets.

### 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 each director 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 auditors are aware of that information.

### Auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP 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 30 April 2013 and signed on its behalf



Sarah Livingston  
Company secretary

2 Imperial Place  
Maxwell Road  
Borehamwood  
Hertfordshire  
WD6 1JN

## **Oaktree Care Group Limited**

### **Directors' responsibilities statement For the year ended 31 December 2012**

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 prepared 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 judgements and accounting 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 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 members of Oaktree Care Group Limited**

We have audited the financial statements of Oaktree Care Group Limited for the year ended 31 December 2012 which comprises the Profit and Loss Account, 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3 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.

This report, including the opinions, has been prepared for and only for the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2012 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

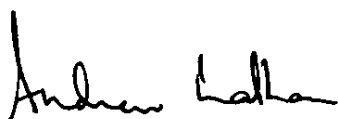
### **Opinion on other matter prescribed by the Companies Act 2006**

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



Andrew Latham (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans

30 April 2013

# Oaktree Care Group Limited

## Profit and loss account For the year ended 31 December 2012

	Note	2012 £	2011 £
<b>Turnover</b>	2	7,487,720	7,173,815
<b>Cost of sales</b>		(4,637,744)	(5,193,170)
<b>Gross profit</b>		2,849,976	1,980,645
Administrative expenses		(733,878)	(699,595)
Exceptional administrative income	5	-	1,936,238
<b>Total administrative (expenses)/income</b>		(733,878)	1,236,643
<b>Operating profit</b>	3	2,116,098	3,217,288
<b>Profit on ordinary activities before taxation</b>		2,116,098	3,217,288
<b>Tax on profit on ordinary activities</b>	6	19,760	(30,039)
<b>Profit for the financial year</b>	13	2,135,858	3,187,249

All amounts relate to continuing operations

There were no recognised gains or losses for 2012 or 2011 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 2012

	Note	£	2012 £	2011 £
<b>Fixed assets</b>				
Tangible assets	7		787,599	583,210
<b>Current assets</b>				
Stocks	8	17,845	16,043	
Debtors	9	5,584,271	3,580,728	
Cash at bank and in hand		1,500	1,500	
		<u>5,603,616</u>	<u>3,598,271</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(629,220)</u>	<u>(555,344)</u>	
<b>Net current assets</b>			<u>4,974,396</u>	<u>3,042,927</u>
<b>Net assets</b>			<u><u>5,761,995</u></u>	<u><u>3,626,137</u></u>
<b>Capital and reserves</b>				
Called up share capital	12		1	1
Profit and loss reserve	13		<u>5,761,994</u>	<u>3,626,136</u>
<b>Shareholders' funds</b>	14		<u><u>5,761,995</u></u>	<u><u>3,626,137</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 April 2013



Simon Lane  
Director

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



# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2012

### 1. Accounting policies

#### 1.1 Basis of preparation of financial statements

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### 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:

Leasehold improvement	-	over 5 or 10 years straight line
Plant & machinery	-	over 7 to 10 years straight line
Motor vehicles	-	over 4 years straight line
Fixtures & fittings	-	over 5 to 10 years straight line
Computer equipment	-	over 3 to 7 years straight line

#### 1.6 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

#### 1.7 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 direct purchase costs.

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2012

### 1. Accounting policies (continued)

#### 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

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 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, therefore there is only one class of business

All turnover arose within the United Kingdom

### 3. Operating profit

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	138,973	124,867
Operating lease rentals		
- plant and machinery	35,808	20,096
- other operating leases	694,833	1,204,974
Administration exceptional item	-	(1,936,238)

During the year, no director received any emoluments (2011 - £NIL) The directors are remunerated by Partnerships in Care Limited as their services to the Company are merely incidental to their services in other companies

The audit fee of £8,000 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 2012

### 4. Staff costs

Staff costs including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	3,021,837	3,205,944
Social security costs	276,408	299,192
Other pension costs (see note 16)	31,504	27,101
	<u>3,329,749</u>	<u>3,532,237</u>

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

	2012 No	2011 No
Operations	118	126
Administration	9	10
	<u>127</u>	<u>136</u>

### 5. Exceptional items

	2012 £	2011 £
Rental expense accrual release	<u>-</u>	<u>1,936,238</u>

### 6 Taxation

	2012 £	2011 £
<b>Analysis of tax (credit)/charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	-	2,168
<b>Deferred tax</b>		
Origination and reversal of timing differences	(20,992)	37,133
Effect of decreased tax rate on opening liability	1,048	4,034
Adjustment in respect of prior periods	184	(13,296)
<b>Total deferred tax</b> (see note 11)	<u>(19,760)</u>	<u>27,871</u>
<b>Tax on profit on ordinary activities</b>	<u>(19,760)</u>	<u>30,039</u>

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2012

### 6. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24 49724% (2011 - 26 493%) The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	2,116,098	3,217,288
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24 49724% (2011 - 26 493%)	518,386	852,356
Effects of		
Expenses not deductible for tax purposes - fixed assets	14,738	19,566
Depreciation in excess of capital allowances	22,359	(772)
Utilisation of tax losses	-	(38,578)
Adjustments to tax charge in respect of prior periods	-	(1)
Tax credits	-	(669)
Transfer pricing adjustments	48,285	46,039
Group relief	(603,768)	(875,773)
<b>Current tax charge for the year (see note above)</b>	<b>-</b>	<b>2,168</b>

#### Factors that may affect future tax charges

The level of disallowable expenses and utilisation of tax losses carried forward will impact future tax charges

A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 6 July 2012 respectively

This will reduce the Company's future current tax charge accordingly The deferred tax asset at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the Company's future current tax charge and increase the Company's deferred tax asset accordingly

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2012

### 7. Tangible fixed assets

	Leasehold improvement £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>						
At 1 January 2012	175,947	245,887	15,000	708,688	87,089	1,232,611
Additions	179,886	21,577	22,253	91,554	28,092	343,362
At 31 December 2012	355,833	267,464	37,253	800,242	115,181	1,575,973
<b>Depreciation</b>						
At 1 January 2012	21,667	115,514	15,000	417,508	79,712	649,401
Charge for the year	26,841	27,724	3,245	75,607	5,556	138,973
At 31 December 2012	48,508	143,238	18,245	493,115	85,268	788,374
<b>Net book value</b>						
At 31 December 2012	307,325	124,226	19,008	307,127	29,913	787,599
At 31 December 2011	154,280	130,373	-	291,180	7,377	583,210

### 8. Stocks

	2012 £	2011 £
Food, pharmaceuticals and other consumables	17,845	16,043

### 9. Debtors

	2012 £	2011 £
Trade debtors	90,116	77,295
Amounts owed by group undertakings	5,419,038	3,462,704
Other debtors	121	223
Prepayments and accrued income	41,949	27,219
Deferred tax asset (see note 11)	33,047	13,287
	5,584,271	3,580,728

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2012

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

	2012 £	2011 £
Bank loans and overdrafts	991	326
Trade creditors	62,402	18,687
Amounts owed to group undertakings	312,778	312,778
Corporation tax	-	2,168
Social security and other taxes	79,340	79,168
Other creditors	5,041	3,275
Accruals and deferred income	168,668	138,942
	<u>629,220</u>	<u>555,344</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

### 11. Deferred tax asset

	2012 £	2011 £
At beginning of year	13,287	41,158
Credit/(charge) for the year	19,760	(27,871)
At end of year	<u>33,047</u>	<u>13,287</u>

The deferred tax asset is made up as follows

	2012 £	2011 £
Accelerated capital allowances	32,222	12,358
Short term timing differences	825	929
	<u>33,047</u>	<u>13,287</u>

### 12. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
2 Ordinary shares of £0.50 each	<u>1</u>	<u>1</u>

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2012

### 13 Reserves

	Profit and loss account £
At 1 January 2012	3,626,136
Profit for the year	2,135,858
At 31 December 2012	<u>5,761,994</u>

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

	2012 £	2011 £
Opening shareholders' funds	3,626,137	438,888
Profit for the year	2,135,858	3,187,249
Closing shareholders' funds	<u>5,761,995</u>	<u>3,626,137</u>

### 15. Capital commitments

At 31 December 2012 the Company had capital commitments as follows

	2012 £	2011 £
Contracted for but not provided in these financial statements	<u>4,177</u>	<u>2,028</u>

### 16. 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 £31,504 (2011 - £27,101). Contributions totalling £4,308 (2011 - £3,585) were payable to the fund at the balance sheet date and are included in creditors.

### 17. Operating lease commitments

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2012 £	Land and buildings 2011 £	Other 2012 £	Other 2011 £
<b>Expiry date:</b>				
Within 1 year	-	-	6,576	12,849
Between 2 and 5 years	-	-	-	1,065
After more than 5 years	835,308	691,857	-	-
	<u>835,308</u>	<u>691,857</u>	<u>-</u>	<u>-</u>

## **Oaktree Care Group Limited**

### **Notes to the financial statements For the year ended 31 December 2012**

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

The immediate parent undertaking is Partnerships in Care Management Limited

The ultimate parent undertaking is PIC Investments Limited Partnership Incorporated the majority interest in which is held by funds under the management of Cinven Limited, a 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