

Oaktree Care Group Limited

**Directors' report and financial
statements**

Registered number 04785303

31 December 2009

THURSDAY



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COMPANIES HOUSE

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2009
The company's registration number is 04785303

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 2009 is set out in the profit and loss statement on page 5.

The directors do not recommend the payment of a dividend.

Business Review

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

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

Key Performance Indicators (KPIs)

Financial Performance

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

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

Quality and Compliance with regulations

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

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

Position at the year end

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

Employees

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

Principal Risks and Uncertainties

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

Policy on Payment of Creditors

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

Political and charitable contributions

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

Directors and directors' interests

The directors who held office during the year were as follows

Joy Chamberlain
Frederick Sinclair-Brown
Peter Thomas
Steven Woolgar

The company secretary during the year was as follows

Tony Rook

There are no directors retiring by rotation

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

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board



Tony Rook
Company Secretary

2 Imperial Place, Maxwell Road,
Borehamwood, Herts WD6 1JN
12th July 2010

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 and applicable law (UK Generally Accepted Accounting Practice)

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, 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 its financial statements comply with the Companies Act 2006. 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.

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 2009 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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
8 Salisbury Square
London EC4Y 8BB

12th July 2010

Profit and loss account
for the year ended 31 December 2009

| | <i>Note</i> | 2009 | 2008 |
|--|-------------|-------------|-------------|
| | | £ | £ |
| Turnover | 2 | 7,640,008 | 7,209,784 |
| Cost of sales | | (6,050,425) | (5,842,529) |
| Gross profit | | 1,589,583 | 1,367,255 |
| Administrative expenses | | (701,506) | (629,516) |
| Operating profit | | 888,077 | 737,739 |
| Interest payable and similar charges | | - | (551) |
| Profit on ordinary activities before taxation | 3 | 888,077 | 737,188 |
| Tax (charge)/credit on profit on ordinary activities | 5 | (255,042) | 384,107 |
| Profit for the financial year | 11 | 633,035 | 1,121,295 |

All of the company's activities are continuing

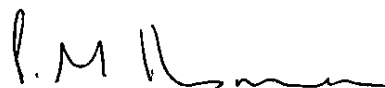
There is no difference between the loss for the current or prior year and its historic cost equivalent

There were no recognised gains or losses for the current or prior year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been presented

Balance sheet
at 31 December 2009

| | <i>Note</i> | 2009 | 2008 |
|---|-------------|-------------|-------------|
| | | £ | £ |
| Fixed assets | | | |
| Tangible assets | 6 | 596,472 | 298,231 |
| Current assets | | | |
| Stocks | | 14,787 | 14,787 |
| Debtors | 7 | 611,588 | 1,213,059 |
| Cash at bank and in hand | | 14,633 | 21,530 |
| Creditors amounts falling due within one year | 8 | (666,157) | (2,105,949) |
| Net current liabilities | | (25,149) | (856,573) |
| Total assets less current liabilities | | 571,323 | (558,342) |
| Creditors amounts falling due after more than one year | 9 | (1,774,861) | (1,278,231) |
| Net liabilities | | (1,203,538) | (1,836,573) |
| Capital and reserves | | | |
| Called up share capital | 10 | 2 | 2 |
| Profit and loss account | 11 | (1,203,540) | (1,836,575) |
| Shareholders' deficit | 12 | (1,203,538) | (1,836,573) |

These financial statements were approved by the board of directors on 12th July 2010 and were signed on its behalf by



Peter Thomas
Director

Notes

1 Accounting policies

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

Basis of preparation

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

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

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

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

Going concern

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

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

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

Notes (continued)

Fixed assets and depreciation

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

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

No depreciation has been provided on freehold land

Leases

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

Rental expense

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

Taxation

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

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

Turnover

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

2 Segmental information

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

3 Notes to the profit and loss account

| | 2009 | 2008 |
|---|---------|--------|
| | £ | £ |
| <i>Profit/(loss) on ordinary activities before taxation is stated after charging.</i> | | |
| Depreciation and other amounts written off tangible fixed assets | | |
| Owned | 103,727 | 76,999 |
| Finance lease or hire purchase | - | 7,602 |

The audit fee of £8,000 net of VAT for the current and prior year has been borne by another group company. The directors of the company did not receive any emoluments from the company during the current or prior year.

Notes (continued)

4 Staff numbers and costs

The average number of full time equivalent persons employed by the company (including directors) during the year, analysed by category, was as follows

| | Number of employees 2009 | Number of employees 2008 |
|----------------|--------------------------------|--------------------------------|
| Operations | 127 | 123 |
| Administration | 9 | 5 |
| | <hr/> | <hr/> |
| | 136 | 128 |
| | <hr/> | <hr/> |

The aggregate payroll costs of these persons were as follows

| | 2009 £ | 2008 Restated £ |
|-----------------------|-----------|-----------------------|
| Wages and salaries | 3,503,710 | 2,651,719 |
| Social security costs | 345,664 | 265,264 |
| Other pension costs | 27,783 | 23,780 |
| | <hr/> | <hr/> |
| | 3,877,157 | 2,940,763 |
| | <hr/> | <hr/> |

5 Taxation

Analysis of charge/(credit) in the year

| | 2009 £ | 2009 £ | 2008 £ | 2008 £ |
|--|-----------|-----------|-----------|-----------|
| <i>UK corporation tax</i> | | | | |
| Current tax on income for the year | - | - | - | - |
| Adjustment in respect of prior years | - | - | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total current tax | | - | | - |
| <i>Deferred tax</i> | | | | |
| Origination/reversal of timing differences | 250,847 | | 203,479 | |
| Adjustment in respect of previous years | 4,195 | | (587,586) | |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total deferred tax | | 255,042 | | (384,107) |
| | | <hr/> | | <hr/> |
| Tax on profit on ordinary activities | | 255,042 | | (384,107) |
| | | <hr/> | | <hr/> |

Notes (continued)

5 Taxation (continued)

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

The current tax charge for the year is lower than the standard rate of corporation tax in the UK 28%, (2008 28%) The differences are explained below

| | 2009 | 2008 |
|---|-----------|-----------|
| | £ | £ |
| <i>Current tax reconciliation</i> | | |
| Profit on ordinary activities before tax | 888,077 | 737,188 |
| | <hr/> | <hr/> |
| Current tax at 28.0% (2008 28.5%) | 248,662 | 210,078 |
| <i>Effects of</i> | | |
| Interest on intercompany balances for tax purposes | (28,217) | (63,736) |
| Group relief surrendered before payment | 28,231 | 63,072 |
| Depreciation in excess of capital allowances | 30,432 | 28,566 |
| Expenses not deductible for tax purposes – fixed assets | 2,172 | (2,321) |
| Utilisation of tax losses | (281,280) | (235,659) |
| | <hr/> | <hr/> |
| Total current tax charge (see above) | - | - |
| | <hr/> | <hr/> |

Factors that may affect future current and total tax charges

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

| | 2009 | 2008 |
|---|-----------|-----------|
| | £ | £ |
| <i>Deferred tax asset</i> | | |
| At start of year | (432,271) | (48,165) |
| Accelerated capital allowances | (26,812) | (40,684) |
| Short term timing differences | 170 | (890) |
| Tax losses carried forward and other deductions | 281,684 | (342,532) |
| | <hr/> | <hr/> |
| At end of year (see note 7) | (177,229) | (432,271) |
| | <hr/> | <hr/> |

| | 2009 | 2008 |
|---|-----------|-----------|
| | £ | £ |
| <i>Deferred tax consists of</i> | | |
| Accelerated capital allowances | (46,470) | (19,658) |
| Short term timing differences | (720) | (890) |
| Tax losses carried forward and other deductions | (130,039) | (411,723) |
| | <hr/> | <hr/> |
| | (177,229) | (432,271) |
| | <hr/> | <hr/> |

Notes (continued)

6 Tangible fixed assets

| | Plant and Equipment £ | Motor Vehicles £ | Furniture and Fittings £ | Computers and equipment £ | Total £ |
|-----------------------|-----------------------------|---------------------|--------------------------------|---------------------------------|------------|
| Cost | | | | | |
| At beginning of year | 59,239 | 39,160 | 427,501 | 71,918 | 597,818 |
| Additions | 131,960 | - | 266,632 | 3,376 | 401,968 |
| Disposals | - | (24,160) | - | - | (24,160) |
| At end of year | 191,199 | 15,000 | 694,133 | 75,294 | 975,626 |
| Depreciation | | | | | |
| At beginning of year | 20,122 | 39,160 | 185,266 | 55,039 | 299,587 |
| Charge for year | 27,034 | - | 68,677 | 8,016 | 103,727 |
| On disposals | - | (24,160) | - | - | (24,160) |
| At end of year | 47,156 | 15,000 | 253,943 | 63,055 | 379,154 |
| Net book value | | | | | |
| At 31 December 2009 | 144,043 | - | 440,190 | 12,239 | 596,472 |
| Net book value | | | | | |
| At 31 December 2008 | 39,117 | - | 242,235 | 16,879 | 298,231 |

Notes (continued)

7 Debtors

| | 2009 £ | 2008 £ |
|--------------------------------|----------------|------------------|
| Trade debtors | 81,483 | 386,873 |
| Other debtors | 4,247 | 2,134 |
| Prepayments and accrued income | 348,629 | 391,781 |
| Deferred tax (see note 5) | 177,229 | 432,271 |
| | 611,588 | 1,213,059 |

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

| | 2009 £ | 2008 £ |
|------------------------------------|----------------|------------------|
| Trade creditors | 78,707 | 45,507 |
| Loan from group undertakings | 312,778 | 312,778 |
| Amounts owed to group undertakings | - | 1,345,595 |
| Other creditors | 115,936 | 205,091 |
| Accruals and deferred income | 158,736 | 196,978 |
| | 666,157 | 2,105,949 |

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

| | 2009 £ | 2008 £ |
|------------------------------------|------------------|------------------|
| Amounts owed to group undertakings | 1,774,861 | 1,278,231 |
| | 1,774,861 | 1,278,231 |

Notes (continued)

10 Called up share capital

| | 2009 £ | 2008 £ |
|---|-----------|-----------|
| <i>Allotted, called up and fully paid</i> | | |
| Ordinary shares of 50p each | 2 | 2 |
| | <hr/> | <hr/> |

11 Reserves

| | 2009 £ | 2008 £ |
|---------------------------------|--------------------|--------------------|
| Profit and loss account: | | |
| At start of year | (1,836,575) | (2,957,870) |
| Profit for the year | 633,035 | 1,121,295 |
| | <hr/> | <hr/> |
| At end of year | (1,203,540) | (1,836,575) |
| | <hr/> | <hr/> |

12 Reconciliation of movements in shareholders' deficit

| | 2009 £ | 2008 £ |
|---------------------------------------|--------------------|--------------------|
| Opening shareholders' deficit | (1,836,573) | (2,957,868) |
| Profit for the financial year | 633,035 | 1,121,295 |
| | <hr/> | <hr/> |
| Net movement in shareholders' deficit | 633,035 | 1,121,295 |
| | <hr/> | <hr/> |
| Closing shareholders' deficit | (1,203,538) | (1,836,573) |
| | <hr/> | <hr/> |

13 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