

## **Oaktree Care Group Limited**

Directors' report and financial statements

For the year ended 31 December 2013



# Oaktree Care Group Limited

## Directors' report For the year ended 31 December 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

### Results and dividends

The profit for the year, after taxation, amounted to £1,556,345 (2012 - £2,135,858).

The directors do not recommend the payment of a dividend (2012 - Nil).

### Directors

The directors who served during the year were:

Joy Chamberlain  
Quazi Haque  
Simon Lane  
Steven Woolgar

There are no directors retiring by rotation.

### Disclosure 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 relevant audit information and to establish that the Company's auditors are aware of that information.

### Independent 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 financial statements with the registrar, whichever is earlier.

This report was approved by the board on 31 March 2014 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 2013**

The directors are responsible for preparing the Strategic report, 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 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 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;
- 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.

# **Oaktree Care Group Limited**

## **Strategic report For the year ended 31 December 2013**

### **Introduction**

The directors present their strategic report for the financial year ended 31 December 2013.

### **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.

### **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.

### **Financial key performance indicators**

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.

## **Oaktree Care Group Limited**

### **Strategic report (continued)**

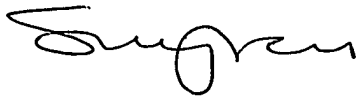
The quality of care provided by the Company and its compliance with regulation are monitored in a structured manner. The Director of Policy and Regulation regularly visits the Company's facilities to check compliance with the statutory standards of care. Care quality is also subject to continuous review 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 2013, 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.

This report was approved by the board on 31 March 2014 and signed on its behalf.



**Sarah Livingston**  
Company secretary

# **Oaktree Care Group Limited**

## **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 2013 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 2 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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 Strategic Report and 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

31 March 2014

# Oaktree Care Group Limited

## Profit and loss account For the year ended 31 December 2013

	Note	2013 £	2012 £
<b>Turnover</b>	2	7,457,780	7,487,720
Cost of sales		(5,034,194)	(4,637,744)
<b>Gross profit</b>		<u>2,423,586</u>	<u>2,849,976</u>
Administrative expenses		(879,557)	(733,878)
<b>Operating profit</b>	3	<u>1,544,029</u>	<u>2,116,098</u>
Interest receivable and similar income		6	-
<b>Profit on ordinary activities before taxation</b>		<u>1,544,035</u>	<u>2,116,098</u>
Tax on profit on ordinary activities	5	12,310	19,760
<b>Profit for the financial year</b>	12	<u><u>1,556,345</u></u>	<u><u>2,135,858</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

The notes on pages 8 to 15 form part of these financial statements.

# Oaktree Care Group Limited

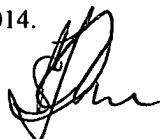
Registered number: 04785303

## Balance sheet

As at 31 December 2013

	Note	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Tangible assets	6		2,140,520		787,599
<b>Current assets</b>					
Stocks	7	29,640		17,845	
Debtors	8	5,793,077		5,584,271	
Cash at bank and in hand		2,888		1,500	
			<u>5,825,605</u>	<u>5,603,616</u>	
<b>Creditors: amounts falling due within one year</b>	9	(647,785)		(629,220)	
<b>Net current assets</b>			<u>5,177,820</u>		<u>4,974,396</u>
<b>Net assets</b>			<u>7,318,340</u>		<u>5,761,995</u>
<b>Capital and reserves</b>					
Called up share capital	11		1		1
Profit and loss account	12		<u>7,318,339</u>		<u>5,761,994</u>
<b>Shareholders' funds</b>	13		<u>7,318,340</u>		<u>5,761,995</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 March 2014.



**Simon Lane**  
Director

The notes on pages 8 to 15 form part of these financial statements.



# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2013

### 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 17), 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 2013

### 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:

	2013 £	2012 £
Depreciation of tangible fixed assets:		
- owned by the company	239,818	138,973
Operating lease rentals:		
- plant and machinery	28,002	35,808
- other operating leases	781,209	694,833

During the year, no director received any emoluments (2012 - £NIL).

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 2013

### 4. Staff costs

Staff costs were as follows:

	2013 £	2012 £
Wages and salaries	3,271,892	3,021,837
Social security costs	294,701	276,408
Other pension costs	38,831	31,504
	<u>3,605,424</u>	<u>3,329,749</u>

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

	2013 No.	2012 No.
Operations	123	118
Administration	12	9
	<u>135</u>	<u>127</u>

### 5. Taxation

	2013 £	2012 £
<b>Analysis of tax (credit)/charge in the year</b>		
<b>Current tax (see note below)</b>		
Adjustments in respect of prior years	(2,170)	-
	<u>          </u>	<u>          </u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(16,069)	(20,992)
Effect of decreased tax rate on opening liability	4,067	1,048
Adjustment in respect of prior years	1,862	184
	<u>(10,140)</u>	<u>(19,760)</u>
<b>Total deferred tax (see note 10)</b>	<u>(10,140)</u>	<u>(19,760)</u>
<b>Tax on profit on ordinary activities</b>	<u>(12,310)</u>	<u>(19,760)</u>

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2013

### 5. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 23.24654% (2012 - 24.49724%). The differences are explained below:

	2013 £	2012 £
Profit on ordinary activities before tax	1,544,035	2,116,098
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.24654% (2012 - 24.49724%)	358,935	518,386
<b>Effects of:</b>		
Expenses not deductible for tax purposes - fixed assets	42,551	14,738
Depreciation in excess of capital allowances	18,679	22,359
Adjustments in respect of prior years	(2,170)	-
Transfer pricing adjustments	44,481	48,285
Group relief	(464,646)	(603,768)
<b>Current tax (credit)/charge for the year (see note above)</b>	<b>(2,170)</b>	<b>-</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.

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

# Oaktree Care Group Limited

## Notes to the financial statements For the year ended 31 December 2013

### 6. Tangible fixed assets

	Leasehold improvement £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
<b>Cost</b>						
At 1 January 2013	355,833	267,464	37,253	800,242	115,181	1,575,973
Additions	1,399,150	61,329	17,000	113,097	4,183	1,594,759
Disposals	-	-	-	(15,306)	-	(15,306)
At 31 December 2013	1,754,983	328,793	54,253	898,033	119,364	3,155,426
<b>Depreciation</b>						
At 1 January 2013	48,508	143,238	18,245	493,115	85,268	788,374
Charge for the year	97,683	33,248	9,459	89,927	9,501	239,818
On disposals	-	-	-	(13,286)	-	(13,286)
At 31 December 2013	146,191	176,486	27,704	569,756	94,769	1,014,906
<b>Net book value</b>						
At 31 December 2013	1,608,792	152,307	26,549	328,277	24,595	2,140,520
At 31 December 2012	307,325	124,226	19,008	307,127	29,913	787,599

### 7. Stocks

	2013 £	2012 £
Food, pharmaceuticals and other consumables	29,640	17,845

### 8. Debtors

	2013 £	2012 £
Trade debtors	30,208	90,116
Amounts owed by group undertakings	5,654,312	5,419,038
Other debtors	552	121
Prepayments and accrued income	64,818	41,949
Deferred tax asset (see note 10)	43,187	33,047
	5,793,077	5,584,271

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 2013

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

	2013 £	2012 £
Bank loans and overdrafts	-	991
Trade creditors	56,627	62,402
Amounts owed to group undertakings	312,778	312,778
Other taxation and social security	94,764	79,340
Other creditors	9,812	5,041
Accruals and deferred income	173,804	168,668
	<u>647,785</u>	<u>629,220</u>

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

### 10. Deferred tax asset

	2013 £	2012 £
At beginning of year	33,047	13,287
Credit for the year	10,140	19,760
	<u>43,187</u>	<u>33,047</u>

The deferred tax asset is made up as follows:

	2013 £	2012 £
Accelerated capital allowances	42,326	32,222
Short term timing differences	861	825
	<u>43,187</u>	<u>33,047</u>

### 11. Share capital

	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
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 2013

### 12. Reserves

	Profit and loss account £
At 1 January 2013	5,761,994
Profit for the financial year	1,556,345
	<hr/>
At 31 December 2013	7,318,339
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### 13. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	5,761,995	3,626,137
Profit for the financial year	1,556,345	2,135,858
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Closing shareholders' funds	7,318,340	5,761,995
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### 14. Capital commitments

At 31 December 2013 the Company had capital commitments as follows:

	2013 £	2012 £
Contracted for but not provided in these financial statements	57,185	4,177
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### 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 £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.

### 16. Operating lease commitments

At 31 December 2013 the Company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2013 £	2012 £	2013 £	2012 £
<b>Expiry date:</b>				
Within 1 year	-	-	1,046	6,576
After more than 5 years	781,485	835,308	-	-
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## **Oaktree Care Group Limited**

### **Notes to the financial statements For the year ended 31 December 2013**

#### **17. 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 the Partnerships in Care group may be obtained from 2 Imperial Place, Maxwell Road, Borehamwood, Hertfordshire, WD6 1JN.