
AITCH CARE HOMES (LONDON) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

THURSDAY



L3IMBEBU

LD6

16/10/2014

#26

COMPANIES HOUSE

AITCH CARE HOMES (LONDON) LIMITED

CONTENTS

	Page
Company information page	1
Group strategic report	2
Directors' report	3 - 5
Independent auditor's report	6 - 7
Consolidated profit and loss account	8
Consolidated statement of total recognised gains and losses	9
Consolidated balance sheet	10
Company balance sheet	11
Consolidated cash flow statement	12
Notes to the financial statements	13 - 29
The following pages do not form part of the statutory financial statements:	
Company detailed profit and loss account and summaries	30 - 33

AITCH CARE HOMES (LONDON) LIMITED

COMPANY INFORMATION

DIRECTORS

M G Mullan (appointed 11 April 2014)
J S Godden (appointed 11 April 2014)
D P Burke (appointed 1 May 2014)
O S Harris (appointed 26 August 2014)
M A Goodman (appointed 19 August 2014)

REGISTERED NUMBER

05016149

REGISTERED OFFICE

C/O WSM Partners LLP
Pinnacle House
17 - 25 Hartfield Road
London
SW19 3SE

INDEPENDENT AUDITOR

Nexia Smith & Williamson
Statutory Auditor & Chartered Accountants
25 Moorgate
London
EC2R 6AY

BANKERS

Natwest Bank Plc
3 The Broadway
Woodford Green
Essex
IG8 0HN

Barclays Bank Plc
3/5 Kingsland High Street
London
E8 2JT

SOLICITORS

Huggins & Lewis Foskett
5/6 The Shrubberies
George Lane
South Woodford
London
E18 1BG

AITCH CARE HOMES (LONDON) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

PRINCIPAL ACTIVITY

The group's principal activity in the year continued to be that of the acquisition and operation of care homes for adults with learning disabilities.

BUSINESS REVIEW

The Directors are satisfied with the overall trading position. Budgets for the 2014/2015 year indicate a healthy profitable position before exceptional items.

The company is one of the leading providers residential care for adults with learning disabilities, working with a large number of Local Authorities.

The Directors consider turnover, occupancy levels and operating profit margins to be the key performance indicators of the company. During the year the company's turnover increased by 7.5% from £13.279m to £14,269m following the transfer of nine homes from ACH of London LLP at the end of January 2014. Gross profit margin for the year was 35.7% (2013: 36.6%). Average occupancy for the group improved slightly to 91.4% at 238 beds (2013: 235, 90.5%).

The company and its subsidiaries were sold on 11th April 2014 (see post balance sheet events).

The business plans to expand both organically and through acquisition in its current market sector over the next 3-5 years.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk facing the company are those associated with the continuance of providing high quality residential care in the face of increasing pressure from funding authorities to reduce fees. Recruiting and retaining the right staff, compliance with statutory requirements and maintaining occupancy levels are key to the continued success of the company.

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



D P Burke
Director

Date: 30/9/2014

AITCH CARE HOMES (LONDON) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group 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 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 the group and of the profit or loss of the group 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS

The loss for the year, after taxation, amounted to £810,520 (2013 - loss £2,641,661).

DIRECTORS

The directors who served during the year were:

D Sasse (resigned 11 April 2014)
M R S Beadle (resigned 11 April 2014)
R A Mahoney (resigned 11 April 2014)
R J Pask (resigned 10 September 2013)

FINANCIAL INSTRUMENTS

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risks, liquidity risk and interest rate risk.

The company has in place a risk management programme that seeks to limit the possible adverse effects on the financial performance of the group by monitoring levels of cash and performing a thorough appraisal of any potential new projects. The company does not use derivative financial instruments or manage interest rate costs and, as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's finance department implements the policies set

AITCH CARE HOMES (LONDON) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

by the board of directors. The department has specific guidelines agreed by the directors to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before new accounts are accepted. If debt finance were to be utilised, it would be subject to pre-approval by the board of directors.

The amount of exposure to any individual counterparty is limited and reassessed annually by the board.

Interest rate risk

The company has interest bearing assets and liabilities. Interest bearing assets include only cash balances that earn interest at a floating rate. Interest bearing liabilities include only bank borrowing facilities and finance lease agreements on which interest is charged at a floating and fixed rate respectively.

Liquidity and cash flow risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions. Any new debt finance would have to be approved by the board of directors before it was taken on.

Price risk

Expenditure made by the company is authorised prior to it being made by management in order to ensure that goods and services are not obtained at a higher price than necessary.

EMPLOYEE INVOLVEMENT

We are committed to promoting policies which ensure that employees and those who seek to work for us are treated equally regardless of sex, marital status, race or ethnic origin.

DISABLED EMPLOYEES

it is our policy to give full and fair consideration to applications for employment by people who are disabled, to continue wherever possible the employment of staff who become disabled, and to provide equal opportunities for the career development of disabled employees.

DISCLOSURE 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 and the group'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 relevant audit information and to establish that the company and the group's auditor is aware of that information.

AUDITOR

Under section 487(2) of the Companies Act 2006, Nexia Smith & Williamson 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.

AITCH CARE HOMES (LONDON) LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014**

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

A handwritten signature in black ink, appearing to be 'D P Burke', written over a horizontal line.

D P Burke
Director

Date: 30/9/2014

AITCH CARE HOMES (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AITCH CARE HOMES (LONDON) LIMITED

We have audited the financial statements of Aitch Care Homes (London) Limited for the year ended 31 March 2014, which comprise the group Profit and loss account, the group and company Balance sheets, the group Cash flow statement, the group Statement of total recognised gains and losses and the related notes 1 to 27. 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 Financial Reporting Council'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 and of the group's loss 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

AITCH CARE HOMES (LONDON) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF AITCH CARE HOMES (LONDON)
LIMITED

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Nexia Smith & Williamson

Andrew Bond (Senior statutory auditor)

for and on behalf of

Nexia Smith & Williamson

Statutory Auditor

Chartered Accountants

25 Moorgate

London

EC2R 6AY

Date: *13/10/14*

AITCH CARE HOMES (LONDON) LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
TURNOVER	1,2	14,268,735	13,278,965
Cost of sales		<u>(9,181,165)</u>	<u>(8,424,620)</u>
GROSS PROFIT		5,087,570	4,854,345
Administrative expenses		<u>(3,067,696)</u>	<u>(2,345,149)</u>
Exceptional administrative expenses		<u>(2,069,293)</u>	<u>(4,589,674)</u>
Total administrative expenses		<u>(5,136,989)</u>	<u>(6,934,823)</u>
OPERATING LOSS	3	(49,419)	(2,080,478)
Income from other participating interests		1,215,677	1,414,464
Interest receivable and similar income		-	1,400
Interest payable and similar charges	6	<u>(1,445,331)</u>	<u>(1,338,488)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(279,073)	(2,003,102)
Tax on loss on ordinary activities	7	<u>(531,447)</u>	<u>(638,559)</u>
LOSS FOR THE FINANCIAL YEAR	16	<u>(810,520)</u>	<u>(2,641,661)</u>

All amounts relate to continuing operations.

The notes on pages 13 to 29 form part of these financial statements.

AITCH CARE HOMES (LONDON) LIMITED

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2014**

	2014 £	2013 £
LOSS FOR THE FINANCIAL YEAR	(810,520)	(2,641,661)
Unrealised deficit on revaluation of tangible fixed assets	(5,183,600)	(8,543,087)
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(5,994,120)	(11,184,748)

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

The notes on pages 13 to 29 form part of these financial statements.

AITCH CARE HOMES (LONDON) LIMITED
REGISTERED NUMBER: 05016149

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Intangible assets	8		-		779,587
Tangible assets	9		38,264,382		45,087,301
Investments	10		460,557		196,018
			<u>38,724,939</u>		<u>46,062,906</u>
CURRENT ASSETS					
Debtors	11	1,029,001		1,264,899	
Cash at bank		1,404,146		1,057,346	
		<u>2,433,147</u>		<u>2,322,245</u>	
CREDITORS: amounts falling due within one year	12	<u>(36,610,996)</u>		<u>(37,813,611)</u>	
NET CURRENT LIABILITIES			<u>(34,177,849)</u>		<u>(35,491,366)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,547,090</u>		<u>10,571,540</u>
CREDITORS: amounts falling due after more than one year	13		-		(30,330)
NET ASSETS			<u>4,547,090</u>		<u>10,541,210</u>
CAPITAL AND RESERVES					
Called up share capital	15		1,000		1,000
Share premium account	16		999,900		999,900
Revaluation reserve	16		7,858,880		13,042,480
Profit and loss account	16		<u>(4,312,690)</u>		<u>(3,502,170)</u>
SHAREHOLDERS' FUNDS	17		<u>4,547,090</u>		<u>10,541,210</u>

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

30/9/14



D P Burke
Director

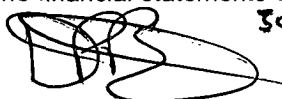
The notes on pages 13 to 29 form part of these financial statements.

AITCH CARE HOMES (LONDON) LIMITED
REGISTERED NUMBER: 05016149

COMPANY BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	9		33,660,821		40,786,126
Investments	10		1,985,869		2,117,261
			<u>35,646,690</u>		<u>42,903,387</u>
CURRENT ASSETS					
Debtors	11	4,128,617		4,364,538	
Cash at bank		662,156		744,801	
		<u>4,790,773</u>		<u>5,109,339</u>	
CREDITORS: amounts falling due within one year	12	<u>(36,007,708)</u>		<u>(37,353,160)</u>	
NET CURRENT LIABILITIES			<u>(31,216,935)</u>		<u>(32,243,821)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>4,429,755</u>		<u>10,659,566</u>
CREDITORS: amounts falling due after more than one year	13		-		(30,330)
NET ASSETS			<u><u>4,429,755</u></u>		<u><u>10,629,236</u></u>
CAPITAL AND RESERVES					
Called up share capital	15		1,000		1,000
Share premium account	16		999,900		999,900
Revaluation reserve	16		6,756,068		12,752,094
Profit and loss account	16		<u>(3,327,213)</u>		<u>(3,123,758)</u>
SHAREHOLDERS' FUNDS	17		<u><u>4,429,755</u></u>		<u><u>10,629,236</u></u>

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

 30/9/14

D P Burke
Director

The notes on pages 13 to 29 form part of these financial statements.

AITCH CARE HOMES (LONDON) LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	18	2,172,046	2,947,198
Returns on investments and servicing of finance	19	(1,428,688)	(1,337,088)
Taxation		(132,559)	(94,677)
Capital expenditure and financial investment	19	513,336	392,216
CASH INFLOW BEFORE FINANCING		1,124,135	1,907,649
Financing	19	(1,308,513)	(1,543,603)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(184,378)	364,046

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2014**

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(184,378)	364,046
Cash outflow from decrease in debt and lease financing	1,308,513	1,543,603
MOVEMENT IN NET DEBT IN THE YEAR	1,124,135	1,907,649
Net debt at 1 April 2013	(34,062,933)	(35,970,582)
NET DEBT AT 31 MARCH 2014	(32,938,798)	(34,062,933)

The notes on pages 13 to 29 form part of these financial statements.

AITCH CARE HOMES (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with applicable accounting standards.

1.2 Going concern

Subsequent to the year end the shares were acquired by KTN Almayer Limited with consideration of a combination of finance and equity. The existing bank facilities were repaid and further facilities agreed which are repayable in five years from the date of the agreements and with set quarterly repayments.

After undertaking appropriate forecasting procedures and making enquiries of management, the directors are satisfied that the company will have sufficient financial resources to enable it to meet its liabilities as they fall due and continue in operation for the foreseeable future, being not less than one year from the date on which the financial statements were approved by the board.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Aitch Care Homes (London) Limited and all of its subsidiary undertakings ('subsidiaries').

Details of the subsidiaries are provided in note 27.

1.4 Turnover

Turnover is the total amount receivable by the company and its subsidiary undertakings for resident fees, excluding value added tax, for services provided during the year.

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	- 5% straight line
----------	--------------------

1.6 Tangible fixed assets and depreciation

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

Freehold land	- Not depreciated
Freehold buildings	- 2% straight line
Motor vehicles	- 25% straight line
Fixtures & fittings	- 25% reducing balance
Office equipment	- 25% reducing balance

AITCH CARE HOMES (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES (continued)

Care homes in the process of development are carried at book value. Care homes which have achieved an occupancy of 80% or more are considered mature homes. Mature homes run by the group are carried at market value plus any additions since the last valuation and are depreciated. No depreciation was charged in the prior year. Fixtures and fittings are included within the market value of mature homes and as such when a home is revalued the fixtures and fittings are transferred to freehold property.

Mature homes which are licensed out are carried at cost less any provision for impairment. Cost includes fixtures and fittings which are transferred to freehold property when the home reaches maturity. Fixtures and fittings purchased after the home has reached maturity are classified as fixtures and fittings.

1.7 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at the balance sheet date. A full valuation is obtained from a qualified valuer for each property every five years, with an interim valuation three years after the previous full valuation, and in any year where it is likely that there has been a material change in value.

Revaluation gains and losses are recognised in the statement of total recognised gains and losses unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the losses are recognised in the Profit and loss account.

1.8 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

1.9 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.10 Operating leases

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

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

1. ACCOUNTING POLICIES (continued)

1.11 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.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

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.

1.12 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 whole of the turnover is attributable to the operation of care homes.

All turnover arose within the United Kingdom.

AITCH CARE HOMES (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

3. OPERATING LOSS

The operating loss is stated after charging:

	2014 £	2013 £
Amortisation - intangible fixed assets	48,749	48,749
Depreciation of tangible fixed assets:		
- owned by the group	882,796	369,599
- held under finance leases	77,415	65,958
Operating lease rentals:		
- plant and machinery	3,055	6,761
- other operating leases	92,844	67,016
Other exceptional items	208,638	510,024
Impairment of tangible fixed assets	1,129,817	2,833,823
Impairment of investments	-	1,245,827
Impairment of goodwill	730,838	-
	<u>730,838</u>	<u>-</u>

During the year, no director received any emoluments (2013 - £NIL).

Other exceptional items relate to the direct costs incurred (net of a provision of £288,000 included as an estimate last year) relating to the sale of the shares to new owners subsequent to the year end.

4. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	14,000	20,000
Fees payable to the company's auditor and its associates in respect of:		
The auditing of accounts of subsidiaries of the company	9,000	4,950
Accounting services	6,000	-
Taxation compliance services	6,000	9,496
Corporate finance services not included above	-	3,240
	<u>-</u>	<u>3,240</u>

Nexia Smith & Williamson were appointed as auditors during the year.

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

5. STAFF COSTS

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	7,713,210	7,089,955
Social security costs	505,502	495,959
Other pension costs	8,927	-
	<u>8,227,639</u>	<u>7,585,914</u>

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

	2014 No.	2013 No.
Head office staff	32	37
Care home staff	458	406
	<u>490</u>	<u>443</u>

6. INTEREST PAYABLE

	2014 £	2013 £
On bank loans and overdrafts	1,445,331	1,333,489
On finance leases and hire purchase contracts	-	4,999
	<u>1,445,331</u>	<u>1,338,488</u>

7. TAXATION

	2014 £	2013 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on loss for the year	162,975	132,559
Deferred tax		
Origination and reversal of timing differences	368,472	97,845
Deferred tax asset in respect of tax losses carried forward	-	408,155
Total deferred tax (see note 14)	<u>368,472</u>	<u>506,000</u>
Tax on loss on ordinary activities	<u>531,447</u>	<u>638,559</u>

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - *lower than*) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	(279,073)	(2,003,102)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	(64,187)	(480,744)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	464,476	1,032,466
Capital allowances for year in excess of depreciation	73,240	(31,522)
Utilisation of tax losses	(300,121)	(387,641)
Marginal relief	(10,433)	-
Current tax charge for the year (see note above)	162,975	132,559

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8. INTANGIBLE FIXED ASSETS

	Goodwill £
Group	
Cost	
At 1 April 2013 and 31 March 2014	974,980
Amortisation	
At 1 April 2013	195,393
Charge for the year	48,749
Impairment charge	730,838
At 31 March 2014	974,980
Net book value	
At 31 March 2014	-
At 31 March 2013	779,587

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

9. TANGIBLE FIXED ASSETS

Group	Freehold property £	Motor vehicles £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 April 2013	47,143,658	1,090,964	1,968,162	50,202,784
Additions	8,852	44,150	382,316	435,318
Transfers intra group	(49,370)	195,472	53,740	199,842
Disposals	-	(212,426)	(143,195)	(355,621)
Revaluation deficit	(5,406,697)	-	-	(5,406,697)
At 31 March 2014	41,696,443	1,118,160	2,261,023	45,075,626
Depreciation				
At 1 April 2013	3,069,497	869,925	1,176,061	5,115,483
Charge for the year	494,998	149,797	315,416	960,211
Transfers intra group	-	129,520	42,192	171,712
On disposals	-	(199,687)	(143,195)	(342,882)
Impairment charge	1,129,817	-	-	1,129,817
On revalued assets	(223,097)	-	-	(223,097)
At 31 March 2014	4,471,215	949,555	1,390,474	6,811,244
Net book value				
At 31 March 2014	37,225,228	168,605	870,549	38,264,382
<i>At 31 March 2013</i>	<i>44,074,161</i>	<i>221,039</i>	<i>792,101</i>	<i>45,087,301</i>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Group	2014 £	2013 £
Motor vehicles	83,989	131,916

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

Cost or valuation at 31 March 2014 is as follows:

Group	Land and buildings £
At cost	34,036,892
At valuation	
Various dates within the 3 years to March 2007 by Colliers Conrad Ritblat Erdman, Chartered Surveyors, on an open market existing use basis	16,597,167
March 2010 by Knight Franks, Chartered Surveyors, on an open market existing use basis	3,245,452
March 2011 by the directors, on an open market existing use basis	1,469,312
Subsidiary assets revalued in 1990 and 2008	520,501
2013 Directors' valuation - Devaluation of tangible fixed assets land and buildings	(8,543,087)
2014 Directors' valuation	(5,629,794)
	41,696,443

If the land and building had not been included at valuation they would have been included under the historical cost convention as follows:

Group	2014 £	2013 £
Cost	34,036,892	33,854,313
Accumulated depreciation	(688,161)	(235,674)
 Net book value	 33,348,731	 33,618,639

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

Company	Freehold property £	Motor vehicles £	Fixtures, fittings & equipment £	Total £
Cost or valuation				
At 1 April 2013	42,383,245	984,843	1,361,316	44,729,404
Additions	-	44,150	325,977	370,127
Transfers	(49,370)	195,472	53,740	199,842
Disposals	-	(209,988)	(143,195)	(353,183)
Revaluation deficit	(5,996,026)	-	-	(5,996,026)
At 31 March 2014	36,337,849	1,014,477	1,597,838	38,950,164
Depreciation				
At 1 April 2013	2,398,304	763,803	781,171	3,943,278
Charge for the year	436,278	149,797	246,658	832,733
Transfers	-	129,520	42,192	171,712
On disposals	-	(197,249)	(143,195)	(340,444)
Impairment charge	682,064	-	-	682,064
At 31 March 2014	3,516,646	845,871	926,826	5,289,343
Net book value				
At 31 March 2014	32,821,203	168,606	671,012	33,660,821
<i>At 31 March 2013</i>	<i>39,984,941</i>	<i>221,040</i>	<i>580,145</i>	<i>40,786,126</i>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

Company	2014 £	2013 £
Motor vehicles	83,989	131,916

Cost or valuation at 31 March 2014 is as follows:

Company	Land and buildings £
At cost	29,581,781
At valuation:	
Various dates within the 3 years to March 2007 by Colliers Conrad Ritblat Erdman, Chartered Surveyors, on an open market existing use basis	16,597,167
March 2010 by Knight Franks, Chartered Surveyors, on an open market existing use basis	2,440,714
March 2011 by the directors, on an open market existing use basis	1,469,311
2013 Directors' valuation - Devaluation of tangible fixed assets land and buildings	(7,755,098)
2014 Directors' valuation	(5,996,026)
	36,337,849

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

9. TANGIBLE FIXED ASSETS (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

Company	2014	2013
	£	£
Cost	29,481,439	29,631,151
Accumulated depreciation	(449,364)	(56,278)
Net book value	<u>29,032,075</u>	<u>29,574,873</u>

10. FIXED ASSET INVESTMENTS

Group	Unlisted investments £
Cost or valuation	
At 1 April 2013	1,441,845
Additions	1,215,677
Disposals	(951,138)
At 31 March 2014	<u>1,706,384</u>
Impairment	
At 1 April 2013 and 31 March 2014	<u>1,245,827</u>
Net book value	
At 31 March 2014	<u>460,557</u>
At 31 March 2013	<u>196,018</u>

Unlisted investments represent the company's participation of ACH of London LLP. The balance reflects the net capital position in the LLP at the year end less provision for impairment relating to certain assets within ACH of London LLP deemed not to be recoverable.

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

10. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 April 2013	1,921,243	1,441,845	3,363,088
Additions	-	1,215,677	1,215,677
Disposals	-	(951,138)	(951,138)
At 31 March 2014	<u>1,921,243</u>	<u>1,706,384</u>	<u>3,627,627</u>
Impairment			
At 1 April 2013	-	1,245,827	1,245,827
Charge for the year	395,931	-	395,931
At 31 March 2014	<u>395,931</u>	<u>1,245,827</u>	<u>1,641,758</u>
Net book value			
At 31 March 2014	<u>1,525,312</u>	<u>460,557</u>	<u>1,985,869</u>
At 31 March 2013	<u>1,921,243</u>	<u>196,018</u>	<u>2,117,261</u>

Details of the principal subsidiaries can be found under note number 27.

11. DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Due after more than one year				
Amounts owed by group undertakings	-	-	1,713,521	1,622,381
Due within one year				
Trade debtors	704,218	522,500	556,983	389,956
Amounts owed by group undertakings	-	-	1,559,317	1,654,957
Other debtors	10,430	57,552	3,287	12,397
Prepayments and accrued income	110,825	112,847	91,981	112,847
Deferred tax asset (see note 14)	203,528	572,000	203,528	572,000
	<u>1,029,001</u>	<u>1,264,899</u>	<u>4,128,617</u>	<u>4,364,538</u>

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

12. CREDITORS:
Amounts falling due within one year

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	34,303,319	35,022,141	34,303,319	35,022,141
Net obligations under finance leases and hire purchase contracts	39,625	67,808	39,625	67,808
Trade creditors	222,711	416,441	182,742	357,099
Amounts owed to group undertakings	-	-	12,089	83,118
Corporation tax	162,975	132,559	68,871	1,234
Other taxation and social security	166,746	142,951	166,746	142,951
Other creditors	910,790	1,042,767	429,486	689,865
Accruals and deferred income	804,830	988,944	804,830	988,944
	<u>36,610,996</u>	<u>37,813,611</u>	<u>36,007,708</u>	<u>37,353,160</u>

Bank loans are secured by:

- 1) First legal charge over all the group's properties and their associated assets;
- 2) Debenture in favour of Natwest Bank Limited;
- 3) An unlimited inter company composite guarantee with accession by and between the parent company and Aitch Care Homes (Woking) Limited, and first charges over the properties owned by Aitch Care Homes (Woking) Limited and their associated assets; and
- 4) An unlimited inter company composite guarantee with accession by and between the parent company and Iver House Limited, and first charges over the properties owned by Iver House Limited and their associated assets.

R J Pask has also provided a personal guarantee for a loan payable by the company of £400,000.

13. CREDITORS:
Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£	£	£	£
Net obligations under finance leases and hire purchase contracts	-	30,330	-	30,330

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

13. CREDITORS:

Amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Between one and five years	-	30,330	-	30,330

14. DEFERRED TAX ASSET

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
At beginning of year	572,000	1,078,000	572,000	1,078,000
Released during the year	(368,472)	(506,000)	(368,472)	(506,000)
At end of year	203,528	572,000	203,528	572,000

The deferred tax asset comprises as follows:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Accelerated capital allowances	203,528	344,713	203,528	344,713
Tax losses brought forward	-	227,287	-	227,287
	203,528	572,000	203,528	572,000

15. SHARE CAPITAL

	2014	2013
	£	£
Allotted, called up and fully paid		
100,000 Ordinary shares of £0.01 each	1,000	1,000

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

16. RESERVES

Group	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 April 2013	999,900	13,042,480	(3,502,170)
Loss for the financial year	-	-	(810,520)
(Deficit) on revaluation of freehold property	-	(5,183,600)	-
At 31 March 2014	<u>999,900</u>	<u>7,858,880</u>	<u>(4,312,690)</u>

Company	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 April 2013	999,900	12,752,094	(3,123,758)
Loss for the financial year	-	-	(203,455)
(Deficit) on revaluation of freehold property	-	(5,996,026)	-
At 31 March 2014	<u>999,900</u>	<u>6,756,068</u>	<u>(3,327,213)</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Group	2014 £	2013 £
Opening shareholders' funds	10,541,210	21,725,958
Loss for the financial year	(810,520)	(2,641,661)
Other recognised gains and losses during the year	(5,183,600)	(8,543,087)
Closing shareholders' funds	<u>4,547,090</u>	<u>10,541,210</u>

Company	2014 £	2013 £
Opening shareholders' funds	10,629,236	21,041,489
Loss for the financial year	(203,455)	(2,657,155)
Other recognised gains and losses during the year	(5,996,026)	(7,755,098)
Closing shareholders' funds	<u>4,429,755</u>	<u>10,629,236</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account.

The loss for the year dealt with in the accounts of the company was £203,455 (2013 - £-2,657,155).

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating loss	(49,419)	(2,080,478)
Amortisation of intangible fixed assets	48,749	48,749
Depreciation of tangible fixed assets	964,711	435,557
Impairments of fixed assets	1,860,655	4,079,650
Profit on disposal of tangible fixed assets	(17,407)	(7,426)
(Increase)/decrease in debtors	(132,574)	55,330
(Decrease)/increase in creditors	(502,669)	415,816
Net cash inflow from operating activities	2,172,046	2,947,198

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	-	1,400
Interest paid	(1,428,688)	(1,333,489)
Hire purchase interest	-	(4,999)
Net cash outflow from returns on investments and servicing of finance	(1,428,688)	(1,337,088)

	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(463,448)	(352,557)
Sale of tangible fixed assets	25,646	42,314
Sale of unlisted and other investments	951,138	702,459
Net cash inflow from capital expenditure	513,336	392,216

	2014 £	2013 £
Financing		
Repayment of loans	(1,250,000)	(1,413,983)
Repayment of finance leases	(58,513)	(129,620)
Net cash outflow from financing	(1,308,513)	(1,543,603)

AITCH CARE HOMES (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

20. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2013 £	Cash flow £	31 March 2014 £
Cash at bank and in hand	1,057,346	346,800	1,404,146
Bank overdraft	-	(531,178)	(531,178)
	<u>1,057,346</u>	<u>(184,378)</u>	<u>872,968</u>
Debt:			
Debts due within one year	(35,089,949)	1,278,183	(33,811,766)
Debts falling due after more than one year	(30,330)	30,330	-
	<u>(34,062,933)</u>	<u>1,124,135</u>	<u>(32,938,798)</u>
Net debt	<u>(34,062,933)</u>	<u>1,124,135</u>	<u>(32,938,798)</u>

21. CONTINGENT LIABILITIES

At the year end, the group had contingent liability for £1,000,000 relating to an exit fee payable to the group's bank on the sale on the shares of the parent company.

22. PENSION COMMITMENTS

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £8,927 (2013 - £nil).

23. OPERATING LEASE COMMITMENTS

At 31 March 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2014 £	2013 £	2014 £	Other 2013 £
Group and Company				
Expiry date:				
Between 2 and 5 years	<u>46,500</u>	<u>46,500</u>	<u>-</u>	<u>-</u>

AITCH CARE HOMES (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

24. RELATED PARTY TRANSACTIONS

During the year the parent company paid rent and service charges totalling £nil (2013 - £47,709) to February 23rd Limited for the lease on the head office premises. R A Mahoney is the only director and joint owner of February 23rd Limited.

During the year the parent company received a revenue profit share of £1,215,677 (2013 - £1,414,464) from ACH of London LLP, an entity in which the directors are designated members.

During the year the group was charged a management fee of £70,000 (2013 - £70,000) by ACH of London LLP.

During the year, a total of £302,430 (2013 - £35,201) was billed by the Objectivity Partnership LLP in respect of consultancy services. A further £10,620 (2013 - £288,000) of consultancy services fees have been provided for in these accounts regarding future periods. M R S Beadle is a designated member of the Objectivity Partnership LLP.

The company has taken advantage of the exemption of Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared.

25. POST BALANCE SHEET EVENTS

Subsequent to the year end, the shares were acquired by KTN Almayer Limited, a company incorporated in England. The ultimate parent company is Montreux LD SPV S.a r.l, a private limited liability company incorporated in Luxembourg.

The sale of the shares in the company resulted in the crystallisation of the contingent liability disclosed in note 21.

26. CONTROLLING PARTY

There is no ultimate controlling party.

27. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Aitch Care Homes (Woking) Limited	UK	100%	Operation of care homes
Iver House Limited	UK	100%	Operation of care homes