

Truecare Holdings Limited
Annual report and accounts
for the year ended 30 September 2011

Registered number 05116610

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Truecare Holdings Limited

Annual report and accounts for the year ended 30 September 2011

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Truecare Holdings Limited

Directors and advisers

Directors

E Johnston
A Hayden
K Whittle
D Cole
J Booth

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
9 Greyfriars Road
Reading
Berkshire
RG1 1JG

Secretary and registered office

Edwina Johnston
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Solicitors

M & A Solicitors
Kenneth Pollard House
5-19 Cowbridge Road East
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CF11 9AB

Bankers

Allied Irish Bank (GB)
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Middlesex
UB8 1RZ

The Royal Bank of Scotland plc
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Ground Floor
Abbey Gardens
4 Abbey Street
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RG1 3BA

Truecare Holdings Limited

Directors' report for the year ended 30 September 2011

The directors present their annual report and the audited financial statements of the Group and Company for the year ended 30 September 2011

Principal activities:

The principal activity of the Group is the provision of intensive care and educational support to adults with learning disabilities and associated complex needs and mental health disorders in 13 residential care homes all based in Hampshire

Review of business:

The company has continued to trade satisfactorily despite a difficult economic environment. On 1 October 2010 Abbeyfield, an existing residential care home, was transferred to Truecare Group Limited, a wholly owned subsidiary.

Results and Dividends:

The results for the Group which are set out in the consolidated profit and loss account on page 6, show an operating profit of £1,839,582 (2010 £2,008,562) and turnover of £9,769,098 (2010 £10,069,058) for the year.

The directors do not recommend the payment of a dividend (2010 £nil).

Future developments:

The environment is expected to remain competitive in 2012.

Principal risks and activities:

The management of the business and execution of the Group and Company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the Group are considered to relate to the continued provision of adequate government funding and the ongoing compliance with current and future legislation affecting the sector to ensure high standards of care.

Management have policies and procedures in place to ensure compliance with legislation and the provision of high standards of care. Compliance with these policies is reviewed by management who are supported by an operations team that make frequent home visits and inspections.

Key Performance Indicators:

Given the straightforward nature of the business we are of the opinion that analysis using key performance indicators is not necessary for the understanding of the development, performance or the position of the business.

Financial Risk Management:

Liquidity 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. Subsequent to the financial year end, the Company's debt was refinanced to amend the repayment profile of the Company's debt facilities and extend their maturity to 31 March 2014.

Interest rate cash flow risk

The Company has interest bearing liabilities. The Company does not hedge any of its current interest rate exposure on these liabilities. The directors review this policy on a continuing basis as to its appropriateness.

Foreign exchange risk

The Group does not undertake any material foreign currency transactions.

Truecare Holdings Limited

Directors' report for the year ended 30 September 2011 (continued)

Disabled employees

The group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment for disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the group. If members of staff become disabled the group makes every effort to continue employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Employee involvement

The group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as is achieving a common awareness on the part of all employees of the financial and economic factors affecting the group. The group encourages the involvement of employees by through both formal and informal meetings.

Directors

The directors who held office during the year and as at the date of approval of these accounts are given below.

A Hayden
E Johnston
K Whittle
D Cole
J Booth (Appointed 21 November 2011)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the law the directors have prepared the Group and parent company 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 Group and the Company 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 judgements and accounting estimates that are reasonable and prudent,
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 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.

Truecare Holdings Limited

Directors' report for the year ended 30 September 2011 (continued)

Statement on disclosure of information to auditors

All directors in office at the time the report is approved confirm

- (a) so far as the directors are aware, there is no relevant audit information of which the Company's and the Group's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's and the Group's auditors are aware of that information

Qualifying third party indemnity provisions

The Company maintains qualifying third party liability insurance for its directors and officers. This insurance was in place for the full financial year and remains in force as at the date of approval of these accounts.



By order of the board
E Johnston
Company Secretary

31 May 2012

Truecare Holdings Limited

Independent auditors' report to the members of Truecare Holdings Limited

We have audited the Group and Company financial statements (the "financial statements") of Truecare Holdings Limited for the year ended 30 September 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 group and 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 annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the company's affairs as at 30 September 2011 and of the group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept 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



Matthew Hall (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

31 May 2012

Truecare Holdings Limited

Consolidated profit and loss account for the year ended 30 September 2011

	Note	2011 £	2010 £
Turnover	2	9,769,098	10,069,058
Cost of sales		(5,212,661)	(5,391,736)
Gross profit		4,556,437	4,677,322
Administrative expenses		(2,716,855)	(2,668,760)
Operating profit	3	1,839,582	2,008,562
Interest payable and similar charges	6	(1,032,865)	(740,850)
Profit on ordinary activities before taxation		806,717	1,267,712
Tax on profit on ordinary activities	7	(320,389)	(494,138)
Profit for the financial year	18	486,328	773,574

The Group's results for both financial years above are derived entirely from continuing activities

In both years the Group had no recognised gains and losses other than the profit above and therefore no separate statement of recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents in either period

Truecare Holdings Limited

Consolidated and company balance sheets as at 30 September 2011

	Note	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Fixed assets					
Intangible assets	9	6,309,640	6,801,770	-	613,770
Tangible assets	10	7,017,943	7,062,407	-	482,020
Investments	11	-	-	9,320,264	9,320,264
		13,327,583	13,864,177	9,320,264	10,416,054
Current assets					
Debtors	12	999,823	1,241,383	1,558	408,875
Cash at bank and in hand		383,731	456,982	7,587	31,293
		1,383,554	1,698,365	9,145	440,168
Creditors - Amounts falling due within one year	14	(15,710,455)	(3,830,259)	(14,180,004)	(1,468,132)
Net current liabilities		(14,326,901)	(2,131,894)	(14,170,859)	(1,027,964)
Total assets less current liabilities		(999,318)	11,732,283	(4,850,595)	9,388,090
Creditors - Amounts falling due after more than one year	15	(116,060)	(13,333,989)	-	(13,320,343)
Net liabilities		(1,115,378)	(1,601,706)	(4,850,595)	(3,932,253)
Capital and reserves					
Called up share capital	17	1,000	1,000	1,000	1,000
Profit and loss account	18	(1,116,378)	(1,602,706)	(4,851,595)	(3,933,253)
Total shareholders' deficit	19	(1,115,378)	(1,601,706)	(4,850,595)	(3,932,253)

The financial statements on pages 6 to 22 were approved by the board of directors on 31 May 2012 and were signed on its behalf by



E Johnston
Director

Truecare Holdings Limited - Registered number 05116610

Truecare Holdings Limited

Consolidated cash flow statement for the year ended 30 September 2011

	Note	£	2011 £	£	2010 £
Net cash inflow from operating activities	23		2,453,770		3,041,316
Returns on investments and servicing of finance:					
Interest received		-		-	
Interest paid		(766,278)		(631,357)	
Interest element of finance lease rental payments		(9,481)		(298)	
Net cash outflow from returns on investments and servicing of finance			(775,759)		(631,655)
Taxation			(351,616)		(315,000)
Capital expenditure:					
Purchase of tangible fixed assets		(242,912)		(617,093)	
Net cash outflow from capital expenditure			(242,912)		(617,093)
Net cash inflow before financing			1,083,483		1,477,568
Financing:					
Capital element of finance lease payments		(21,187)		(1,248)	
Repayment of borrowings		(1,132,000)		(1,132,600)	
Costs related to extension of loan facilities		(3,547)		(134,401)	
Net cash outflow from financing			(1,156,734)		(1,268,249)
(Decrease)/increase in net cash			(73,251)		209,319

Reconciliation to net debt

	Note	2011 £	2010 £
Net debt at 1 October	24	(14,011,211)	(15,362,486)
Movement in net cash	24	(73,251)	209,319
Net cash outflow from financing	24	1,156,734	1,268,249
Debt and lease financing	24	(155,348)	(17,098)
Other non-cash changes	24	(227,184)	(109,195)
Net debt at 30 September	24	(13,310,260)	(14,011,211)

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

1 Principal accounting policies

Basis of accounting and changes in accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The principal accounting policies adopted by the Company are set out below.

The financial statements are prepared in accordance with the historical cost convention.

Basis of preparing financial statements

The financial statements have been prepared on the going concern basis, which assumes the company will continue in operational existence for the foreseeable future. In concluding on the going concern basis, the directors have reviewed future cash flow forecasts which reflected the refinancing of the Company's debt facilities that was agreed subsequent to the year end in April 2012. Under the refinanced facilities, the company's debt facilities have been extended to 31 March 2014 (See note 16). Based on their review of the future cash flow forecasts, the directors are satisfied it is appropriate to prepare the financial statements on the going concern basis.

Basis of consolidation

The consolidated financial statements of the Group include the accounts of Truecare Holdings Limited ("the Company") and all its subsidiary undertakings (together, the "Group"), made up to 30 September 2011. Intercompany transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only.

Uniform accounting policies are adopted by the parent undertaking and all its subsidiaries in the Group.

Tangible fixed assets

Tangible fixed assets are stated at their purchase cost, together with any incidental costs of acquisition. Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis (to their estimated residual value) over the expected useful economic lives of the assets concerned. The principal useful lives for this purpose are:

Freehold buildings	50 years
Leasehold improvements	5 years or length of lease
Fixtures, fittings and equipment	3-5 years
Motor vehicles	4 years

Although the group depreciates its freehold buildings, as required by FRS 15, the directors consider that the nature of those buildings – essentially normal domestic dwellings – and the fact that they are maintained to a high standard means that actual depreciation (rather than accounting depreciation) will not be significant. Freehold land is not depreciated.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of services supplied, and is recognised as the relevant services are delivered. Revenue is deferred to the extent it is invoiced in advance of the associated services delivered.

Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable and non-taxable items.

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

1 Principal accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Fixed asset investments

Investments held as fixed assets are stated at cost less provisions for impairment in value.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Contract purchase

Assets acquired under contract purchase are recognised as tangible fixed assets and depreciated in line with the Group policy. Future instalments under such contracts, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account and the capital element which reduces the outstanding obligation for future instalments.

Pension scheme arrangements

The Group makes contributions to defined contribution group personal pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the company to the schemes during the period.

Related party transactions

FRS 8 'Related party disclosures' requires disclosure of the details of material transactions between the reporting entity and any related parties. The company has taken advantage of the exemption available under FRS 8 not to disclose related party transactions with companies of which 100% of the voting rights are controlled within the group. All other related party transactions are disclosed in note 25.

Goodwill

Goodwill represents the excess of the fair value of purchase consideration over the fair value of net assets acquired. Goodwill arising on acquisitions is capitalised and amortised on a straight line basis, over its useful economic life, which is not expected to exceed 20 years. Impairment tests on the carrying value are undertaken at the end of the first financial year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recovered. When the carrying value exceeds the recoverable amount the excess is written off to the profit and loss account.

Loans and other borrowings

Group and company secured bank loans are stated net of unamortised issue costs. These costs together with the interest expense are allocated to the profit and loss account over the term of the facilities.

2 Turnover

The turnover and profit before tax arise in the United Kingdom and are attributable to the one principal activity of the group.

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

3 Operating profit

	2011 £	2010 £
Operating profit is stated after charging:		
Wages and salaries	4,836,318	4,860,064
Social security costs	399,383	416,946
Other pension costs (note 20)	22,696	25,159
Staff costs	5,258,397	5,302,169
Depreciation charge for the year		
- Owned assets	411,354	356,964
- Leased assets	31,369	2,792
Goodwill amortisation	492,130	492,132
Operating lease charges		
- Plant and machinery	99,824	119,801
- Other assets property	369,606	372,296
Services provided by the company's auditor:		
- Fees payable for the statutory audit of subsidiary company	23,598	21,282
- Fees payable for other services – tax compliance	3,908	3,719

The audit fees for the group are borne by the company's subsidiary undertaking. No recharge is made by the subsidiary undertaking in respect of the audit fee and the directors do not consider it possible to allocate the audit fee on a consistent basis.

4 Directors' emoluments

	Note	2011 £	2010 £
Aggregate emoluments		24,000	24,000
Sums paid to third parties for directors' services	25	44,507	40,619
		68,507	64,619

There are no retirement benefits accruing to directors (2010: nil)

5 Employee information

The average monthly number of persons (including directors) employed by the group during the year was

	2011 Number	2010 Number
By activity:		
Directors	2	2
Care staff	326	322
Administration	16	12
	344	336

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

6 Interest payable and similar charges

	2011 £	2010 £
Bank overdraft	388	43
Finance leases and hire purchase contracts	9,481	298
Amortisation of debt costs	227,184	109,195
Interest payable on bank loans and overdrafts	795,812	631,314
	1,032,865	740,850

7 Tax on profit on ordinary activities

	2011 £	2010 £
Current Tax		
Current taxation	360,456	500,008
Prior year adjustment	(51,268)	(37,824)
Total current tax	309,188	462,184
Deferred Tax (Note 13)		
Origination and reversal of timing differences	10,052	30,405
Changes in tax rates	1,149	1,549
Total deferred tax	11,201	31,954
Tax charge on profit on ordinary activities	320,389	494,138

Factors affecting the tax charge for the period

The tax assessed for the period is higher (2010 higher) than the standard rate of corporation tax in the UK (27%). The differences are explained below

Profit on ordinary activities before tax	806,717	1,267,712
Profit on ordinary activities at standard rate of corporation tax of 27% (2010 28%)	217,788	354,959
Effects of		
Expenses not deductible for tax purposes	169,478	177,710
Capital allowance in excess of depreciation	(17,335)	(32,645)
Other timing differences	(9,475)	(16)
Prior year adjustment	(51,268)	(37,824)
Current tax charge for the year	309,188	462,184

In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 2014. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

8 Loss for the financial year

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The parent company's result for the year is a loss of £918,343 (2010 £536,049) is dealt with in the financial statements of the company.

9 Intangible assets

Group	Goodwill £
Cost	
At 1 October 2010 and 30 September 2011	9,842,711
Aggregate amortisation	
At 1 October 2010	3,040,941
Charge for the year	492,130
At 30 September 2011	3,533,071
Net book amount	
At 30 September 2011	6,309,640
At 30 September 2010	6,801,770

Company	Goodwill £
Cost	
At 1 October 2010	813,154
Disposals	(813,154)
At 30 September 2011	-
Amortisation	
At 1 October 2010	199,384
Disposals	(199,384)
At 30 September 2011	-
Net book value	
At 30 September 2011	-
At 30 September 2010	613,770

Group goodwill arose on the acquisition of Truecare Group Limited. Company goodwill arose on the acquisition of the Abbeyfield property and company. The Abbeyfield property, business and the associated goodwill was transferred to a subsidiary company Truecare Group Limited on 1 October 2010. The consideration receivable for the Abbeyfield business was the book value of the assets transferred.

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

10 Tangible assets

Group	Freehold Land & Buildings £	Leasehold Improve- ments £	Fixtures Fittings & Equipment £	Motor Vehicles £	Total £
Cost					
At 1 October 2010	6,775,801	490,947	1,227,008	30,940	8,524,696
Additions	4,868	8,669	229,375	155,347	398,259
Disposals	-	(130,026)	(251,766)	(6,027)	(387,819)
At 30 September 2011	6,780,669	369,590	1,204,617	180,260	8,535,136
Accumulated depreciation					
At 1 October 2010	564,533	308,099	577,545	12,112	1,462,289
Charge for the year	71,135	44,007	296,212	31,369	442,723
Disposals	-	(130,026)	(251,766)	(6,027)	(387,819)
At 30 September 2011	635,668	222,080	621,991	37,454	1,517,193
Net book amount					
At 30 September 2011	6,145,001	147,510	582,626	142,806	7,017,943
At 30 September 2010	6,211,268	182,848	649,463	18,828	7,062,407

The net book value of undepreciated land was £1,257,508 (2010 £1,257,508). The net book value and accumulated depreciation of leased assets (motor vehicles) was £142,317 (2010 £16,386) and £30,128 (2010 £712) respectively.

Disposals relate to the write off of fully depreciated assets.

Company	Freehold Land and Buildings £	Fixtures Fittings and Equipment £	Motor Vehicles £	Total £
Cost				
At 1 October 2010	500,000	72,524	6,027	578,551
Disposals	(500,000)	(72,524)	(6,027)	(578,551)
At 30 September 2011	-	-	-	-
Accumulated depreciation				
At 1 October 2010	61,458	29,046	6,027	96,531
Disposals	(61,458)	(29,046)	(6,027)	(96,531)
At 30 September 2011	-	-	-	-
Net book amount				
At 30 September 2011	-	-	-	-
At 30 September 2010	438,542	43,478	-	482,020

The net book value of undepreciated land was £nil (2010 £nil). Disposals relate to the transfer at book value of Abbeyfield, a residential care home, to Truecare Group Limited, a wholly owned subsidiary on 1 October 2010. The consideration receivable for the Abbeyfield business was the book value of the assets transferred.

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

11 Fixed asset investments

Company	£
At 1 October 2010 and 30 September 2011	9,320,264

Interests in group undertakings

All subsidiary undertakings are included in the consolidation

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by group	Principal activity
Subsidiary undertakings				
Truecare Group Limited	England and Wales	All classes	100%	Provision of residential care
Choice Care Group Limited	England and Wales	All classes	100%	Dormant

The group has no fixed asset investments

12 Debtors

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Trade debtors	902,171	1,094,627	-	125,608
Amounts owed by group undertakings	-	-	-	275,218
Other debtors	8,615	7,238	-	-
Prepayments and accrued income	86,289	125,569	1,558	8,049
Deferred tax asset (Note 13)	2,748	13,949	-	-
Total debtors	999,823	1,241,383	1,558	408,875

Amounts owed by group undertakings bear interest at a rate of 2% above base per annum, are unsecured and repayable by 2019. There are no scheduled repayments.

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

13 Deferred tax asset

Group	£
At 1 October 2010	13,949
Charged to the profit and loss account	(11,201)
At 30 September 2011	2,748

The deferred tax asset (included in Debtors, note 12) is made up as follows

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Accelerated capital allowances	2,044	13,204	-	-
Other timing differences	704	745	-	-
	2,748	13,949	-	-

14 Creditors - amounts falling due within one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank and other borrowings (note 16)	13,543,980	1,132,000	13,543,980	1,132,000
Trade creditors	120,464	102,837	-	4,761
Amounts owed to group undertakings	-	-	390,279	13,930
Other creditors	178,548	221,552	88,636	49,080
Obligations under finance leases and hire purchase contracts	33,951	2,205	-	-
Corporation tax	421,984	464,412	-	-
Other taxation and social security	91,494	98,523	-	-
Accruals and deferred income	1,320,034	1,808,730	157,109	268,361
	15,710,455	3,830,259	14,180,004	1,468,132

Amounts owed to group undertaking bear interest at a rate of 2% above base per annum are unsecured and repayable by 2019. There are no scheduled repayments.

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

15 Creditors - amounts falling due after more than one year

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank and other borrowings (note 16)	-	13,320,343	-	13,320,343
Obligations under finance leases and hire purchase contracts	116,060	13,646	-	-
	116,060	13,333,989	-	13,320,343

The maturity profile of the carrying amount of the company and group's bank and other borrowings at 30 September 2011 was as follows

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
In one year or less, or on demand	13,543,980	1,132,000	13,543,980	1,132,000
In more than one year but not more than two years	-	13,320,343	-	13,320,343
	13,543,980	14,452,343	13,543,980	14,452,343

The Company's banking facilities were refinanced in April 2012 to amend the repayment profile of the debt and extend maturity of the facilities (see note 16)

Borrowings under finance leases and hire purchase contracts are repayable as follows

	Group 2011 £	Group 2010 £
Finance Leases		
Within one year	33,951	2,205
Between one and five years	116,060	13,645
	150,011	15,850

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

16 Loans and other borrowings

The maturity profile of the carrying amount of the company and group's bank and other borrowings at 30 September 2011 was as follows

	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Bank loans and overdrafts secured	13,543,980	14,452,343	13,543,980	14,452,343

The Company's banking facilities were refinanced in April 2012 to amend the repayment profile of the debt and extend maturity of the facilities. Following the refinancing the loan is repayable in quarterly instalments of £250,000 starting in August 2012, with the final payment of the balance on 31 March 2014.

Bank loans and overdrafts are secured by fixed and floating charges over the Group and all property and assets present and future, including goodwill, book debts, uncalled capital, fixtures, fixed plant and machinery. The bank loans bear interest at 5.5% over LIBOR. The overdraft bears interest at 5.5% over base and is repayable on demand.

Group and company secured bank loans are stated net of unamortised issue costs of £60,350 (2010: £283,987). The company incurred total issue costs of £644,085 in respect of the 5 year committed facility entered into in December 2006 and its subsequent extension in the current year. These costs together with the interest expense are allocated to the profit and loss account over the terms of the facilities.

17 Called up share capital

Equity Share Capital	2011 £	2010 £
Authorised		
24,490 B Ordinary shares of 1p each	245	245
75,510 Preferred Ordinary of 1p each	755	755
	1,000	1,000
	2011 £	2010 £
Allotted, called up and fully paid		
24,490 B Ordinary shares of 1p each	245	245
75,510 Preferred Ordinary of 1p each	755	755
	1,000	1,000

The rights attaching to each class of share are as follows

Dividends

No dividends shall be declared or paid on any Equity Shares without the prior written consent of the Investors. The Equity Shares shall rank pari passu in respect of any dividends or other distribution of income.

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

17 Called up share capital (continued)

Winding Up

On a return of assets on liquidation or otherwise, the assets of the Company remaining after payment of its debts and liabilities and available for distribution to holders of Equity Shares shall be distributed between the holders of the Equity Share pro rata to their percentage of Equity Shares.

Voting rights

Each holder of the Ordinary shares and the Preferred Ordinary shares (with a shareholding of more than 5%) are entitled to one vote for each Equity Share of which he is the holder. During a default period, the holders of the Ordinary shares present shall be entitled to attend but not vote at any general meeting of the Company and accordingly the holders of the Preferred Ordinary Shares shall be the only members entitled to vote at any such meeting. All holders of Preferred Ordinary Shares shall be entitled to receive notice of and attend any general meeting of the company.

18 Profit and loss account

Group	£
At 1 October 2010	(1,602,706)
Profit for the year	486,328
At 30 September 2011	(1,116,378)

Company	£
At 1 October 2010	(3,933,253)
Loss for the year	(918,343)
At 30 September 2011	(4,851,596)

19 Reconciliation of movements in shareholders' deficit

	2011	2010
Group	£	£
Profit for the financial year	486,328	773,574
Net decrease in shareholders' deficit	486,328	773,574
Opening shareholders' deficit	(1,601,706)	(2,375,280)
Closing shareholders' deficit	(1,115,378)	(1,601,706)

	2011	2010
Company	£	£
Loss for the financial year	(918,343)	(536,049)
Net increase in shareholders' deficit	(918,343)	(536,049)
Opening shareholders' deficit	(3,932,253)	(3,396,204)
Closing shareholders' deficit	(4,850,596)	(3,932,253)

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

20 Pension commitments

The group operates a defined contribution pension scheme, the assets of which are held in a separately administered fund. The aggregate pension costs for the year were £22,696 (2010 £25,159). The contributions outstanding at 30 September 2011 were £2,412 (2010 £2,760).

21 Capital commitments

The group has contracts in place for future capital expenditure not provided for in the financial statements of £nil (2010 £nil).

22 Financial commitments

At 30 September 2011 the group had annual commitments under non-cancellable operating leases expiring as follows:

	2011		2010	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Within one year	-	20,858	881	12,671
Within two and five years	42,600	55,776	33,000	64,653
Over five years	328,549	-	312,030	-
	371,149	76,634	345,911	77,324

23 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities

	2011 £	2010 £
Operating profit	1,839,582	2,008,562
Depreciation charge	442,723	359,756
Goodwill amortisation	492,130	492,132
Decrease in debtors	230,360	81,026
(Decrease)/Increase in creditors	(551,025)	99,840
Total net cash inflow from operating activities	2,453,770	3,041,316

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

24 Reconciliation of movement in net debt

	2010 £	Cash flow £	Non-cash changes £	2011 £
Cash at bank and in hand	456,982	(73,251)	-	383,731
Debt due after 1 year	(13,320,343)	-	13,320,343	-
Debt due within 1 year	(1,132,000)	1,135,547	(13,547,527)	(13,543,980)
Finance lease obligations	(15,850)	21,187	(155,348)	(150,011)
	(14,468,193)	1,156,734	(382,532)	(13,693,991)
Net debt	(14,011,211)	1,083,483	(382,532)	(13,310,260)

The non-cash changes other than finance leases relate to movements in debt costs and related amortisation and movements in the maturity profile of debt repayments

25 Related party transactions

FRS 8 'Related party disclosures' requires disclosures of the details of material transactions between the reporting entity and any related parties. Those parties for which transactions are disclosed here are related due to the fact that they share common shareholders and directors.

A Hayden and K Whittle are appointed as directors on behalf of Sovereign Capital Partners LLP, and their services for acting as directors are paid for by Truecare Holdings Limited. During the year, the group entered into the following transactions with Sovereign Capital Partners LLP and funds managed by it.

	2011 £	2010 £
Sovereign Capital Partners LLP		
Directors' fees	44,507	40,619

At 30 September 2011 other related party transactions and balances were as follows:

Group	2011 £	2010 £
Community Homes Of Intensive Care And Education Limited		
Costs recharged by Truecare Holdings Ltd	27,885	3,373
Costs recharged to Truecare Holdings Ltd	(347,388)	(1,094,266)
Balance (payable) at 30 September	(68,334)	(51,812)
Orchard End Limited		
Costs recharged by Truecare Holdings Ltd	10,800	7,535
Costs recharged to Truecare Holdings Ltd	(4,478)	-
Balance (payable) at 30 September	-	(4,602)
Choice Pathways Ltd		
Costs recharged by Truecare Holdings Ltd	11,056	-
Costs recharged to Truecare Holdings Ltd	(6,796)	-
Balance receivable at 30 September	615	-
Excel Support Services		
Costs recharged by Truecare Holdings Ltd	1,111	-
Balance receivable at 30 September	1,111	-

Truecare Holdings Limited

Notes to the financial statements for the year ended 30 September 2011

25 Related party transactions (continued)

Company	2011 £	2010 £
Community Homes Of Intensive Care And Education Limited		
Costs recharged to Truecare Holdings Ltd	(209,542)	(616,380)
Balance (payable) at 30 September	(88,636)	(49,079)

26 Ultimate controlling party

The directors do not consider there to be any ultimate controlling party. Funds managed by Sovereign Capital Partners LLP have a 79.07% interest in the share capital of Truecare Holdings Limited at 30 September 2011.