

**CANNON CARE HOMES LIMITED**

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2013**



## **CANNON CARE HOMES LIMITED**

### **COMPANY INFORMATION**

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|                             |   |
|-----------------------------|---|
| <b>DIRECTOR</b>             | Mr R Cannon   |
| <b>COMPANY SECRETARY</b>    | Mrs J Cannon  |
| <b>REGISTERED NUMBER</b>    | 05317825  |
| <b>REGISTERED OFFICE</b>    | 50 The Terrace<br>Torquay<br>Devon<br>TQ1 1DD   |
| <b>INDEPENDENT AUDITORS</b> | Bishop Fleming<br>Chartered Accountants & Statutory Auditors<br>50 The Terrace<br>Torquay<br>Devon<br>TQ1 1DD |
| <b>BANKERS</b>              | Santander UK plc<br>21 Prescot Street<br>London<br>E1 8AD   |
| <b>SOLICITORS</b>           | WBW Solicitors<br>Church House<br>Queen Street<br>Newton Abbot<br>Devon<br>TQ12 2QP                           |

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## **CANNON CARE HOMES LIMITED**

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## **CANNON CARE HOMES LIMITED**

### **DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2013**

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The director presents his report and the financial statements for the year ended 31 March 2013

#### **PRINCIPAL ACTIVITY**

The principal activity of the company during the year continued to be that of the holding company for Thornfield Care Limited and the landlord of the property from which this company trades. Cannon Care Homes Limited is also the holding company for the following companies -

Cannon Care Homes 2 Limited - dissolved 15 September 2009  
Cannon Care Homes 3 Limited - in administration  
Cannon Care Homes 4 Limited  
Cannon Care Homes 5 Limited  
The Check House Limited

#### **BUSINESS REVIEW**

During the year the company has incurred expenses on behalf of other group companies, and continued to receive rental income for the investment property leased to Thornfield Care Limited (100% subsidiary of the company)

The principal risks and uncertainties facing the company are group trading performance and the ability of the group to continue as a going concern. See note 1.11 to the accounts for further details.

Due to the nature of the company, an analysis using key performance indicators is not considered relevant.

#### **RESULTS**

The profit for the year, after taxation, amounted to £391,600 (2012: £933,557)

#### **DIRECTOR**

The director who served during the year was

Mr R Cannon

#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The director at the time when this Director's report is approved has confirmed that

- so far as he is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- he 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 auditors are aware of that information.

#### **AUDITORS**

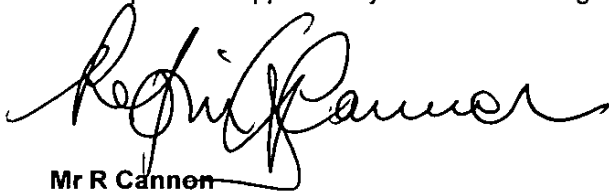
The auditors, Bishop Fleming, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**CANNON CARE HOMES LIMITED**

**DIRECTOR'S REPORT  
FOR THE YEAR ENDED 31 MARCH 2013**

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

A handwritten signature in black ink, appearing to read 'R Cannon', written over a horizontal line.

**Mr R Cannon**  
Director

Date 21/10/13

50 The Terrace  
Torquay  
Devon  
TQ1 1DD

## **CANNON CARE HOMES LIMITED**

### **DIRECTOR'S RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2013**

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The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The director is 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 group and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

## **CANNON CARE HOMES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CANNON CARE HOMES LIMITED**

We have audited the financial statements of Cannon Care Homes Limited for the year ended 31 March 2013, set out on pages 6 to 21. 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS**

As explained more fully in the Director's responsibilities statement, the director is 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.

#### **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's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's 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 parent company's affairs as at 31 March 2013 and of the group's 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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

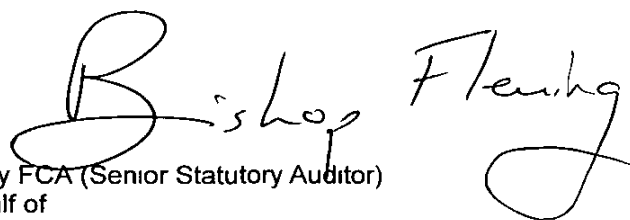
**CANNON CARE HOMES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CANNON CARE HOMES 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



William Hanbury FCA (Senior Statutory Auditor)

for and on behalf of

**Bishop Fleming**

Chartered Accountants

Statutory Auditors

50 The Terrace

Torquay

Devon

TQ1 1DD

Date 25/10/13



**CANNON CARE HOMES LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2013**

|  | <b>Note</b> | <b>2013<br/>£</b>  | <b>2012<br/>£</b> |
|--|-------------|--------------------|-------------------|
| <b>TURNOVER</b>                                      | 1,2         | <b>5,373,895</b>   | 5,269,927         |
| Cost of sales  |             | <b>(2,733,331)</b> | (2,662,540)       |
| <b>GROSS PROFIT</b>                                  |             | <b>2,640,564</b>   | 2,607,387         |
| Administrative expenses                              |             | <b>(1,388,988)</b> | (934,626)         |
| Exceptional administrative expenses                  |             | -                  | 200,000           |
| Total administrative expenses                        |             | <b>(1,388,988)</b> | (734,626)         |
| <b>OPERATING PROFIT</b>                              | 3           | <b>1,251,576</b>   | 1,872,761         |
| Interest receivable and similar income               |             | <b>34</b>          | 2                 |
| Interest payable and similar charges                 |             | <b>(681,959)</b>   | (716,123)         |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> |             | <b>569,651</b>     | 1,156,640         |
| Tax on profit on ordinary activities                 | 6           | <b>(178,051)</b>   | (223,083)         |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                 | 16          | <b>391,600</b>     | 933,557           |

All amounts relate to continuing operations

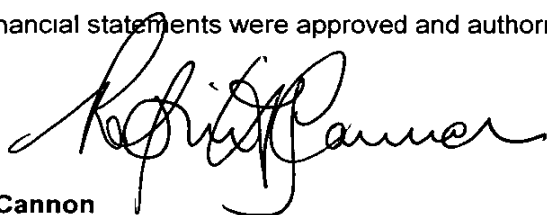
There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

The notes on pages 10 to 21 form part of these financial statements

**CANNON CARE HOMES LIMITED**  
**REGISTERED NUMBER: 05317825**  
**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2013**

|  | Note | £                  | 2013<br>£           | £                  | 2012<br>£           |
|--|------|--------------------|---------------------|--------------------|---------------------|
| <b>FIXED ASSETS</b>  |      |                    |                     |                    |                     |
| Intangible assets  | 7    |                    | 1,293,149           |                    | 1,398,341           |
| Tangible assets  | 8    |                    | 11,960,224          |                    | 11,919,067          |
|  |      |                    | <u>13,253,373</u>   |                    | <u>13,317,408</u>   |
| <b>CURRENT ASSETS</b>  |      |                    |                     |                    |                     |
| Stocks   | 10   | 2,774              |                     | 2,774              |                     |
| Debtors  | 11   | 657,908            |                     | 673,013            |                     |
| Cash at bank and in hand                                       |      | 35,733             |                     | 52,567             |                     |
|  |      | <u>696,415</u>     |                     | <u>728,354</u>     |                     |
| <b>CREDITORS: amounts falling due within one year</b>          | 12   | <u>(1,088,805)</u> |                     | <u>(1,521,059)</u> |                     |
| <b>NET CURRENT LIABILITIES</b>                                 |      |                    | <u>(392,390)</u>    |                    | <u>(792,705)</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                    | <u>12,860,983</u>   |                    | <u>12,524,703</u>   |
| <b>CREDITORS: amounts falling due after more than one year</b> | 13   |                    | <u>(12,718,736)</u> |                    | <u>(12,208,608)</u> |
| <b>PROVISIONS FOR LIABILITIES</b>                              |      |                    |                     |                    |                     |
| Deferred tax   | 14   |                    | <u>(135,094)</u>    |                    | <u>(100,542)</u>    |
| <b>NET ASSETS</b>  |      |                    | <u>7,153</u>        |                    | <u>215,553</u>      |
| <b>CAPITAL AND RESERVES</b>                                    |      |                    |                     |                    |                     |
| Called up share capital  | 15   |                    | 1                   |                    | 1                   |
| Profit and loss account  | 16   |                    | 7,152               |                    | 215,552             |
| <b>SHAREHOLDERS' FUNDS</b>                                     | 17   |                    | <u>7,153</u>        |                    | <u>215,553</u>      |

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



**Mr R Cannon**  
**Director**

Date 21/10/13

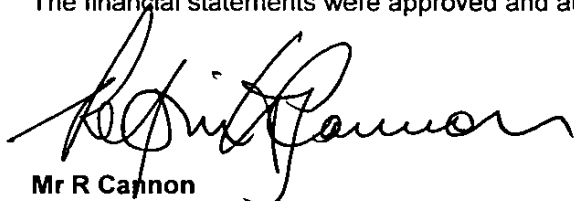
The notes on pages 10 to 21 form part of these financial statements

**CANNON CARE HOMES LIMITED**  
**REGISTERED NUMBER: 05317825**

**COMPANY BALANCE SHEET**  
**AS AT 31 MARCH 2013**

|  | Note | £                         | 2013<br>£                    | £                  | 2012<br>£             |
|--|------|---------------------------|------------------------------|--------------------|-----------------------|
| <b>FIXED ASSETS</b>  |      |                           |                              |                    |                       |
| Tangible assets  | 8    |                           | <b>1,321,976</b>             |                    | 1,323,782             |
| Investments  | 9    |                           | <b>3,911,453</b>             |                    | 3,911,453             |
|  |      |                           | <u><b>5,233,429</b></u>      |                    | <u>5,235,235</u>      |
| <b>CURRENT ASSETS</b>  |      |                           |                              |                    |                       |
| Debtors  | 11   | <b>3,029,989</b>          |                              | 3,218,460          |                       |
| Cash in hand   |      | <b>415</b>                |                              | 165                |                       |
|  |      | <u><b>3,030,404</b></u>   |                              | <u>3,218,625</u>   |                       |
| <b>CREDITORS:</b> amounts falling due within one year          | 12   | <u><b>(3,407,822)</b></u> |                              | <u>(1,799,823)</u> |                       |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>                        |      |                           | <u><b>(377,418)</b></u>      |                    | <u>1,418,802</u>      |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                           | <u><b>4,856,011</b></u>      |                    | <u>6,654,037</u>      |
| <b>CREDITORS:</b> amounts falling due after more than one year | 13   |                           | <b>(4,213,685)</b>           |                    | (5,944,589)           |
| <b>PROVISIONS FOR LIABILITIES</b>                              |      |                           |                              |                    |                       |
| Deferred tax   | 14   |                           | <u><b>(40,000)</b></u>       |                    | <u>-</u>              |
| <b>NET ASSETS</b>  |      |                           | <u><u><b>602,326</b></u></u> |                    | <u><u>709,448</u></u> |
| <b>CAPITAL AND RESERVES</b>                                    |      |                           |                              |                    |                       |
| Called up share capital  | 15   |                           | <b>1</b>                     |                    | 1                     |
| Profit and loss account  | 16   |                           | <u><b>602,325</b></u>        |                    | <u>709,447</u>        |
| <b>SHAREHOLDERS' FUNDS</b>                                     | 17   |                           | <u><u><b>602,326</b></u></u> |                    | <u><u>709,448</u></u> |

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

  
**Mr R Cannon**  
 Director

Date 21/10/13

The notes on pages 10 to 21 form part of these financial statements

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**CANNON CARE HOMES LIMITED****CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2013**

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|   | <b>Note</b> | <b>2013<br/>£</b> | <b>2012<br/>£</b> |
|---|-------------|-------------------|-------------------|
| Net cash flow from operating activities         | 19          | <b>1,410,496</b>  | 1,540,837         |
| Returns on investments and servicing of finance | 20          | <b>(681,925)</b>  | (716,122)         |
| Taxation  |             | <b>(337,384)</b>  | (75,631)          |
| Capital expenditure and financial investment    | 20          | <b>(84,025)</b>   | (22,469)          |
| Equity dividends paid                           |             | <b>(600,000)</b>  | (430,000)         |
| <b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>   |             | <b>(292,838)</b>  | 296,615           |
| Financing                                       | 20          | <b>479,082</b>    | (157,104)         |
| <b>INCREASE IN CASH IN THE YEAR</b>             |             | <b>186,244</b>    | 139,511           |

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 MARCH 2013**

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|  | <b>2013<br/>£</b>   | <b>2012<br/>£</b> |
|--|---------------------|-------------------|
| Increase in cash in the year   | <b>186,244</b>      | 139,511           |
| Cash (inflow)/outflow from (increase)/decrease in debt and lease financing | <b>(479,082)</b>    | 157,104           |
| <b>MOVEMENT IN NET DEBT IN THE YEAR</b>                                    | <b>(292,838)</b>    | 296,615           |
| Net debt at 1 April 2012   | <b>(12,551,371)</b> | (12,847,986)      |
| <b>NET DEBT AT 31 MARCH 2013</b>   | <b>(12,844,209)</b> | (12,551,371)      |

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The notes on pages 10 to 21 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013

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**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

**1.2 BASIS OF CONSOLIDATION**

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

**1.3 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

**1.4 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.

**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:

|                       |                        |
|-----------------------|------------------------|
| Plant and machinery   | - 25% reducing balance |
| Motor vehicles        | - 25% reducing balance |
| Fixtures and fittings | - 25% reducing balance |
| Office equipment      | - 25% reducing balance |

Depreciation is not provided on freehold buildings as the director is of the opinion that the residual values of such properties are not less than cost or valuation, and therefore any depreciation would be immaterial.

**1.6 INVESTMENTS**

Investments in subsidiaries are valued at cost less provision for impairment.

**1.7 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.

## **CANNON CARE HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

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#### **1. ACCOUNTING POLICIES (continued)**

##### **1.8 OPERATING LEASES**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

##### **1.9 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 all direct costs and an appropriate proportion of fixed and variable overheads

##### **1.10 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 discounted

##### **1.11 GOING CONCERN**

The group achieved a net profit of £391,600 during the year ended 31 March 2013, and at that date the group had net assets of £7,153

As at 31 March 2013 the company had net assets of £611,494 and achieved a net profit of £502,046 for the period to 31 March 2013

On 21 January 2013 the group agreed new terms with the bank and the two investors following the expiry of the previous finance agreement, securing ongoing support for the five years commencing 1 January 2013. There is a cross guarantee agreement between all members of the Cannon Care group for the amount of the bank loans and overdrafts of £10,911,206 at 31 March 2013, there are also charges against the group assets in favour of the two investors

New cash flow projections have been prepared by the group, based on the new financial arrangements, which demonstrate that the group can meet its obligations as they fall due

On the basis of the continued support of the director, the bank and the two investors, the company is considered to be a going concern for the foreseeable future, and therefore the accounts have been prepared on the going concern basis

## CANNON CARE HOMES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

#### 2. TURNOVER

The whole of the turnover is attributable to the principal activity of the group

All turnover arose within the United Kingdom

#### 3 OPERATING PROFIT

The operating profit is stated after charging

|   | 2013<br>£ | 2012<br>£ |
|---|-----------|-----------|
| Amortisation - intangible fixed assets                        | 105,192   | 25,500    |
| Depreciation of tangible fixed assets<br>- owned by the group | 42,868    | 32,059    |
| Auditors' remuneration  | 12,000    | 12,000    |

Auditors fees for the company were £12,000 (2012 £12,000)

#### 4. STAFF COSTS

Staff costs, including director's remuneration, were as follows

|                       | 2013<br>£        | 2012<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 2,548,889        | 2,509,858        |
| Social security costs | 164,358          | 169,378          |
|                       | <u>2,713,247</u> | <u>2,679,236</u> |

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

|           | 2013<br>No. | 2012<br>No. |
|-----------|-------------|-------------|
| Director  | 1           | 1           |
| Employees | 211         | 198         |
|           | <u>212</u>  | <u>199</u>  |

#### 5. DIRECTOR'S REMUNERATION

|              | 2013<br>£ | 2012<br>£ |
|--------------|-----------|-----------|
| Remuneration | 5,500     | 5,500     |

# CANNON CARE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 6. TAXATION

|  | 2013<br>£      | 2012<br>£      |
|--|----------------|----------------|
| <b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>        |                |                |
| <b>CURRENT TAX</b> (see note below)              |                |                |
| UK corporation tax charge on profit for the year | 143,499        | 206,927        |
| Adjustments in respect of prior periods          | -              | (3,505)        |
| <b>TOTAL CURRENT TAX</b>                         | <b>143,499</b> | <b>203,422</b> |
| <b>DEFERRED TAX</b> (see note 14)                |                |                |
| Origination and reversal of timing differences   | 34,552         | 19,661         |
| <b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>      | <b>178,051</b> | <b>223,083</b> |

### FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2012 lower than) the standard rate of corporation tax in the UK of 24% (2012 26%). The differences are explained below

|  | 2013<br>£      | 2012<br>£      |
|--|----------------|----------------|
| Profit on ordinary activities before tax   | 569,651        | 1,156,640      |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 26%) | 136,716        | 300,726        |
| <b>EFFECTS OF:</b>   |                |                |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                | 13,332         | 26,126         |
| Capital allowances for year in excess of depreciation  | (8,061)        | 1,395          |
| Utilisation of tax losses  | 6,852          | (121,320)      |
| Adjustments to tax charge in respect of prior periods  | (5,472)        | (3,505)        |
| Other timing differences leading to an increase (decrease) in taxation                                   | 608            | -              |
| Marginal relief  | (476)          | -              |
| <b>CURRENT TAX CHARGE FOR THE YEAR</b> (see note above)  | <b>143,499</b> | <b>203,422</b> |



**CANNON CARE HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**7. INTANGIBLE FIXED ASSETS**

|                                   | <b>Goodwill<br/>£</b> |
|-----------------------------------|-----------------------|
| <b>GROUP<br/>COST</b>             |                       |
| At 1 April 2012 and 31 March 2013 | <b>1,737,929</b>      |
| <b>AMORTISATION</b>               |                       |
| At 1 April 2012                   | <b>339,588</b>        |
| Charge for the year               | <b>105,192</b>        |
| At 31 March 2013                  | <b>444,780</b>        |
| <b>NET BOOK VALUE</b>             |                       |
| At 31 March 2013                  | <b>1,293,149</b>      |
| At 31 March 2012                  | <b>1,398,341</b>      |

**8. TANGIBLE FIXED ASSETS**

|                       | <b>Freehold<br/>property<br/>£</b> | <b>Plant and<br/>machinery<br/>£</b> | <b>Motor<br/>vehicles<br/>£</b> | <b>Fixtures<br/>and fittings<br/>£</b> | <b>Office<br/>equipment<br/>£</b> | <b>Total<br/>£</b> |
|-----------------------|------------------------------------|--------------------------------------|---------------------------------|--|-----------------------------------|--------------------|
| <b>GROUP<br/>COST</b> |                                    |                                      |                                 |  |                                   |                    |
| At 1 April 2012       | <b>11,815,361</b>                  | <b>48,340</b>                        | <b>23,625</b>                   | <b>366,901</b>                         | <b>19,019</b>                     | <b>12,273,246</b>  |
| Additions             | <b>8,937</b>                       | <b>4,393</b>                         | <b>-</b>                        | <b>69,949</b>                          | <b>746</b>                        | <b>84,025</b>      |
| At 31 March 2013      | <b>11,824,298</b>                  | <b>52,733</b>                        | <b>23,625</b>                   | <b>436,850</b>                         | <b>19,765</b>                     | <b>12,357,271</b>  |
| <b>DEPRECIATION</b>   |                                    |                                      |                                 |  |                                   |                    |
| At 1 April 2012       | <b>-</b>                           | <b>31,091</b>                        | <b>18,176</b>                   | <b>293,481</b>                         | <b>11,431</b>                     | <b>354,179</b>     |
| Charge for the year   | <b>-</b>                           | <b>3,572</b>                         | <b>1,362</b>                    | <b>35,850</b>                          | <b>2,084</b>                      | <b>42,868</b>      |
| At 31 March 2013      | <b>-</b>                           | <b>34,663</b>                        | <b>19,538</b>                   | <b>329,331</b>                         | <b>13,515</b>                     | <b>397,047</b>     |
| <b>NET BOOK VALUE</b> |                                    |                                      |                                 |  |                                   |                    |
| At 31 March 2013      | <b>11,824,298</b>                  | <b>18,070</b>                        | <b>4,087</b>                    | <b>107,519</b>                         | <b>6,250</b>                      | <b>11,960,224</b>  |
| At 31 March 2012      | <b>11,815,361</b>                  | <b>17,249</b>                        | <b>5,449</b>                    | <b>73,420</b>                          | <b>7,588</b>                      | <b>11,919,067</b>  |

**CANNON CARE HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

|                                   | Freehold<br>property<br>£ | Office<br>equipment<br>£ | Total<br>£ |
|-----------------------------------|---------------------------|--------------------------|------------|
| <b>COMPANY<br/>COST</b>           |                           |                          |            |
| At 1 April 2012 and 31 March 2013 | 1,316,559                 | 16,674                   | 1,333,233  |
| <b>DEPRECIATION</b>               |                           |                          |            |
| At 1 April 2012                   | -                         | 9,451                    | 9,451      |
| Charge for the year               | -                         | 1,806                    | 1,806      |
| At 31 March 2013                  | -                         | 11,257                   | 11,257     |
| <b>NET BOOK VALUE</b>             |                           |                          |            |
| At 31 March 2013                  | 1,316,559                 | 5,417                    | 1,321,976  |
| At 31 March 2012                  | 1,316,559                 | 7,223                    | 1,323,782  |

**9. FIXED ASSET INVESTMENTS**

|                                      | Investments<br>in<br>subsidiary<br>companies<br>£ |
|--------------------------------------|---|
| <b>COMPANY<br/>COST OR VALUATION</b> |   |
| At 1 April 2012 and 31 March 2013    | 3,911,453   |
| <b>NET BOOK VALUE</b>                |   |
| At 31 March 2013                     | 3,911,453   |
| At 31 March 2012                     | 3,911,453   |

**10. STOCKS**

|               | GROUP     |           | COMPANY   |           |
|---------------|-----------|-----------|-----------|-----------|
|               | 2013<br>£ | 2012<br>£ | 2013<br>£ | 2012<br>£ |
| Raw materials | 2,774     | 2,774     | -         | -         |

**CANNON CARE HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**11. DEBTORS**

|                                    | <b>GROUP</b>   |             | <b>COMPANY</b>   |             |
|------------------------------------|----------------|-------------|------------------|-------------|
|                                    | <b>2013</b>    | <b>2012</b> | <b>2013</b>      | <b>2012</b> |
|                                    | <b>£</b>       | <b>£</b>    | <b>£</b>         | <b>£</b>    |
| Trade debtors                      | <b>98,772</b>  | 79,485      | -                | 1           |
| Amounts owed by group undertakings | -              | -           | <b>2,488,659</b> | 2,640,599   |
| Other debtors                      | <b>541,328</b> | 547,317     | <b>541,330</b>   | 547,317     |
| Prepayments and accrued income     | <b>17,808</b>  | 46,211      | -                | 30,543      |
|                                    | <b>657,908</b> | 673,013     | <b>3,029,989</b> | 3,218,460   |

**12. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

|   | <b>GROUP</b>     |             | <b>COMPANY</b>   |             |
|---|------------------|-------------|------------------|-------------|
|   | <b>2013</b>      | <b>2012</b> | <b>2013</b>      | <b>2012</b> |
|   | <b>£</b>         | <b>£</b>    | <b>£</b>         | <b>£</b>    |
| Bank loans and overdrafts   | <b>161,206</b>   | 364,284     | <b>161,206</b>   | 364,284     |
| Net obligations under finance leases<br>and hire purchase contracts | -                | 31,046      | -                | -           |
| Trade creditors   | <b>28,773</b>    | 47,073      | -                | -           |
| Amounts owed to group undertakings                                  | <b>297,107</b>   | 297,107     | <b>3,138,520</b> | 1,259,121   |
| Corporation tax   | <b>143,499</b>   | 337,384     | <b>68,263</b>    | 88,968      |
| Other taxation and social security                                  | <b>42,474</b>    | 41,948      | <b>5,553</b>     | 5,540       |
| Other creditors   | <b>286,881</b>   | 281,932     | -                | -           |
| Accruals and deferred income  | <b>128,865</b>   | 120,285     | <b>34,280</b>    | 81,910      |
|   | <b>1,088,805</b> | 1,521,059   | <b>3,407,822</b> | 1,799,823   |

The bank overdraft due within one year of £161,206 (2012 - £364,284) is secured against the assets of the group

**13. CREDITORS:  
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                                    | <b>GROUP</b>      |             | <b>COMPANY</b>   |             |
|------------------------------------|-------------------|-------------|------------------|-------------|
|                                    | <b>2013</b>       | <b>2012</b> | <b>2013</b>      | <b>2012</b> |
|                                    | <b>£</b>          | <b>£</b>    | <b>£</b>         | <b>£</b>    |
| Debenture loans                    | <b>1,701,236</b>  | 1,557,666   | -                | -           |
| Bank loans                         | <b>10,750,000</b> | 10,400,942  | -                | 5,944,589   |
| Other loans                        | <b>267,500</b>    | 250,000     | -                | -           |
| Amounts owed to group undertakings | -                 | -           | <b>4,213,685</b> | -           |
|                                    | <b>12,718,736</b> | 12,208,608  | <b>4,213,685</b> | 5,944,589   |

**CANNON CARE HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

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**13. CREDITORS:  
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

The bank loans due after one year of £10,750,000 (2012 - £10,400,942) are secured against assets of the group

The Debenture loans of £1,701,236 (2012 - £1,557,666) and Other loans of £267,500 (2012 - £250,000) are secured against the assets of the group

# CANNON CARE HOMES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

### 14 DEFERRED TAXATION

|                           | GROUP     |           | COMPANY   |           |
|---------------------------|-----------|-----------|-----------|-----------|
|                           | 2013<br>£ | 2012<br>£ | 2013<br>£ | 2012<br>£ |
| At beginning of year      | 100,542   | 80,881    | -         | -         |
| Charge for the year (P&L) | 34,552    | 19,661    | 40,000    | -         |
| At end of year            | 135,094   | 100,542   | 40,000    | -         |

The provision for deferred taxation is made up as follows

|                                | GROUP     |           | COMPANY   |           |
|--------------------------------|-----------|-----------|-----------|-----------|
|                                | 2013<br>£ | 2012<br>£ | 2013<br>£ | 2012<br>£ |
| Accelerated capital allowances | 125,926   | 100,542   | 30,832    | -         |

Warning: The total analysed above disagrees with the Deferred Tax Provision c/fwd by.....

9,168

9,168

### 15. SHARE CAPITAL

|  | 2013<br>£ | 2012<br>£ |
|--|-----------|-----------|
| <b>ALLOTTED, CALLED UP AND PARTLY PAID</b> |           |           |
| 1 Ordinary shares share of £1              | 1         | 1         |

### 16. RESERVES

| GROUP                         | Profit and<br>loss account<br>£ |
|-------------------------------|---------------------------------|
| At 1 April 2012               | 215,552                         |
| Profit for the financial year | 391,600                         |
| Dividends Equity capital      | (600,000)                       |
| At 31 March 2013              | 7,152                           |
| COMPANY                       | Profit and<br>loss account<br>£ |
| At 1 April 2012               | 709,447                         |
| Profit for the financial year | 492,878                         |
| Dividends Equity capital      | (600,000)                       |
| At 31 March 2013              | 602,325                         |

**CANNON CARE HOMES LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013****17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

|                                       | 2013<br>£      | 2012<br>£      |
|---------------------------------------|----------------|----------------|
| <b>GROUP</b>                          |                |                |
| Opening shareholders' funds/(deficit) | 215,553        | (288,004)      |
| Profit for the financial year         | 391,600        | 933,557        |
| Dividends (Note 18)                   | (600,000)      | (430,000)      |
| Closing shareholders' funds           | <u>7,153</u>   | <u>215,553</u> |
|                                       |                |                |
|                                       | 2013<br>£      | 2012<br>£      |
| <b>COMPANY</b>                        |                |                |
| Opening shareholders' funds           | 709,448        | 44,363         |
| Profit for the financial year         | 492,878        | 1,095,085      |
| Dividends (Note 18)                   | (600,000)      | (430,000)      |
| Closing shareholders' funds           | <u>602,326</u> | <u>709,448</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 profit for the year dealt with in the accounts of the company was £492,878 (2012 £1,095,085)

**18. DIVIDENDS**

|                                  | 2013<br>£      | 2012<br>£      |
|----------------------------------|----------------|----------------|
| Dividends paid on equity capital | <u>600,000</u> | <u>430,000</u> |

**19. NET CASH FLOW FROM OPERATING ACTIVITIES**

|  | 2013<br>£        | 2012<br>£        |
|--|------------------|------------------|
| Operating profit                                 | 1,251,576        | 1,872,761        |
| Amortisation of intangible fixed assets          | 105,192          | 25,500           |
| Depreciation of tangible fixed assets            | 42,868           | 32,059           |
| Impairments of fixed assets                      | -                | (200,000)        |
| Decrease/(increase) in debtors                   | 15,106           | (59,654)         |
| Decrease in amounts owed by group undertakings   | -                | 6,248,721        |
| Decrease in creditors                            | (4,246)          | (129,828)        |
| Decrease in amounts owed to group undertakings   | -                | (6,248,722)      |
| <b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b> | <u>1,410,496</u> | <u>1,540,837</u> |

**CANNON CARE HOMES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

**20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT**

|  | 2013<br>£        | 2012<br>£        |
|--|------------------|------------------|
| <b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>                           |                  |                  |
| Interest received  | 34               | 2                |
| Interest paid  | (675,387)        | (666,180)        |
| Hire purchase interest   | (6,572)          | (49,944)         |
| <b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS<br/>AND SERVICING OF FINANCE</b> | <b>(681,925)</b> | <b>(716,122)</b> |
|  | 2013<br>£        | 2012<br>£        |
| <b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>                              |                  |                  |
| Purchase of tangible fixed assets  | (84,025)         | (22,469)         |
|  | 2013<br>£        | 2012<br>£        |
| <b>FINANCING</b>   |                  |                  |
| New secured loans  | 349,058          | 13,759           |
| Purchase of debenture loans  | 143,570          | -                |
| Other new loans  | 17,500           | -                |
| Repayment of finance leases  | (31,046)         | (170,863)        |
| <b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING</b>                                  | <b>479,082</b>   | <b>(157,104)</b> |

**21 ANALYSIS OF CHANGES IN NET DEBT**

|   | 1 April<br>2012<br>£ | Cash flow<br>£   | Other<br>non-cash<br>changes<br>£ | 31 March<br>2013<br>£ |
|---|----------------------|------------------|-----------------------------------|-----------------------|
| Cash at bank and in hand                      | 52,567               | (16,834)         | -                                 | 35,733                |
| Bank overdraft                                | (364,284)            | 203,078          | -                                 | (161,206)             |
|   | <b>(311,717)</b>     | <b>186,244</b>   | <b>-</b>                          | <b>(125,473)</b>      |
| <b>DEBT:</b>                                  |                      |                  |                                   |                       |
| Debts due within one year                     | (31,046)             | (479,082)        | 510,128                           | -                     |
| Debts falling due after more than<br>one year | (12,208,608)         | -                | (510,128)                         | (12,718,736)          |
| <b>NET DEBT</b>                               | <b>(12,551,371)</b>  | <b>(292,838)</b> | <b>-</b>                          | <b>(12,844,209)</b>   |

**22 DIRECTOR'S BENEFITS: ADVANCES, CREDIT AND GUARANTEES**

At the year end, Mr R Cannon owed £537,790 (2012 - £546,926 ) to the company via his director's loan account. No interest is charged on this balance.

## **CANNON CARE HOMES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013**

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#### **23. RELATED PARTY TRANSACTIONS**

During the year the company paid £600,000 (2012 - £430,000) in dividends to Mr R Cannon, the director of the company

During the year Cannon Care Homes Limited received £250,000 (2012 - £250,000) in respect of rent from their 100% owned subsidiary company, Thornfield Care Limited. The company owed £1,427,127 at the year end (2012 - £(262,456))

The company is the 100% parent company of Cannon Care Homes 2 (Highcliffe) Limited and owed £297,107 at the year end (2012 - £297,107)

The company is the 100% parent company of Cannon Care Homes 4 Limited and was owed £2,488,658 at the year end (2012 - £2,378,143)

The company is the 100% parent company of The Check House Limited and owed £2,786,558 at the year end (2012 - £(1,032,754))

The company is the 100% parent company of Silverleigh Limited and owed £2,841,414 at the year end (2012 - £1,994,768)

During the year a cross guarantee was in place across the whole Cannon Care Group for the total bank loans and overdrafts

#### **24. CONTROLLING PARTY**

The company is under the control of Mr R Cannon

#### **25. PRINCIPAL SUBSIDIARIES**

| <b>Company name</b> | <b>Country</b> | <b>Percentage Shareholding</b> |
|---------------------|----------------|--------------------------------|
| Thornfield          | UK             | 100                            |
| Silverleigh         | UK             | 100                            |
| Cannon Care Homes 4 | UK             | 100                            |
| Check House         | UK             | 100                            |



**CANNON CARE HOMES LIMITED**

**COMPANY DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2013**

|                            | <b>Page</b> | <b>2013<br/>£</b> | <b>2012<br/>£</b> |
|----------------------------|-------------|-------------------|-------------------|
| Other operating income     | 23          | <b>1,283,000</b>  | 1,157,000         |
|                            |             | <b>1,283,000</b>  | 1,157,000         |
| <b>LESS: OVERHEADS</b>     |             |                   |                   |
| Administration expenses    | 23          | <b>(641,232)</b>  | (215,360)         |
| <b>OPERATING PROFIT</b>    |             | <b>641,768</b>    | 941,640           |
| Interest receivable        | 23          | <b>4</b>          | -                 |
| Interest payable           | 23          | <b>(240,631)</b>  | (307,317)         |
| Investment income          | 23          | <b>200,000</b>    | 550,000           |
| <b>PROFIT FOR THE YEAR</b> |             | <b>601,141</b>    | 1,184,323         |

**CANNON CARE HOMES LIMITED**

**SCHEDULE TO THE DETAILED ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2013**

|   | 2013<br>£        | 2012<br>£        |
|---|------------------|------------------|
| <b>OTHER OPERATING INCOME</b>                 |                  |                  |
| Management charge                             | 1,033,000        | 907,000          |
| Net rents receivable                          | 250,000          | 250,000          |
|   | <u>1,283,000</u> | <u>1,157,000</u> |
|   | 2013<br>£        | 2012<br>£        |
| <b>ADMINISTRATION EXPENSES</b>                |                  |                  |
| Directors salaries                            | 5,500            | 5,500            |
| Staff salaries                                | 171,922          | 176,287          |
| Sundry establishment expenses                 | 7,376            | 77,073           |
| Legal and professional                        | 47,974           | 55,085           |
| Equipment hire                                | -                | 3,871            |
| Auditors' remuneration - non-audit            | 49,849           | 42,475           |
| Auditors' remuneration                        | 12,000           | 12,000           |
| Depreciation - office equipment               | 1,806            | 2,408            |
| Bank charges                                  | 17,105           | 40,661           |
| Refinance fees                                | 327,700          | -                |
| Reversal of fixed asset investment impairment | -                | (200,000)        |
|   | <u>641,232</u>   | <u>215,360</u>   |
|   | 2013<br>£        | 2012<br>£        |
| <b>INTEREST RECEIVABLE</b>                    |                  |                  |
| Bank interest receivable                      | <u>4</u>         | <u>-</u>         |
|   | 2013<br>£        | 2012<br>£        |
| <b>INTEREST PAYABLE</b>                       |                  |                  |
| Bank loan interest payable                    | 240,290          | 307,270          |
| Other interest - on overdue tax               | 341              | 47               |
|   | <u>240,631</u>   | <u>307,317</u>   |
|   | 2013<br>£        | 2012<br>£        |
| <b>INVESTMENT INCOME</b>                      |                  |                  |
| Dividends received                            | <u>200,000</u>   | <u>550,000</u>   |