

CANNON CARE HOMES LIMITED

DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014



CANNON CARE HOMES LIMITED

COMPANY INFORMATION

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

CANNON CARE HOMES LIMITED

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CANNON CARE HOMES LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

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).

PRINCIPAL RISKS AND UNCERTAINTIES

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.

FINANCIAL KEY PERFORMANCE INDICATORS

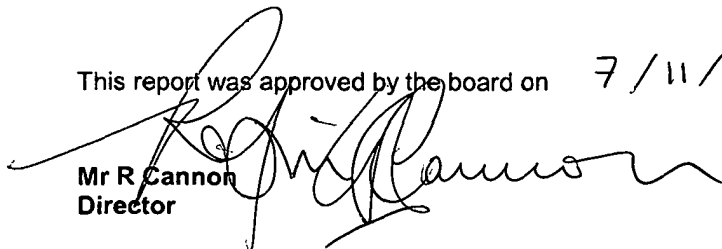
Due to the nature of the company, an analysis using key performance indicators is not considered relevant.

This report was approved by the board on

7/11/14

and signed on its behalf.

Mr R Cannon
Director



CANNON CARE HOMES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2014

The director presents his report and the financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

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

RESULTS

The profit for the year, after taxation, amounted to £537,888 (2013: £391,600).

DIRECTOR

The director who served during the year was:

Mr R Cannon

DISCLOSURE OF INFORMATION TO AUDITORS

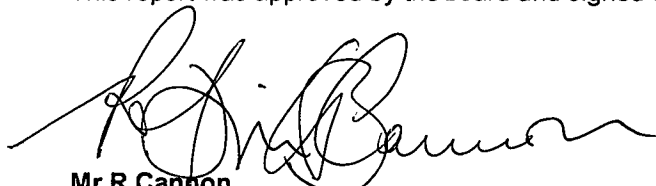
The director at the time when this Director's report is approved has confirmed that:

- 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 LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



Mr R Cannon
Director

Date: 7 / 11 / 14

50 The Terrace
Torquay
Devon
TQ1 1DD

**DIRECTOR'S RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2014**

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.

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 2014, set out on pages 6 to 24. 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 Group strategic report and the Director's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2014 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

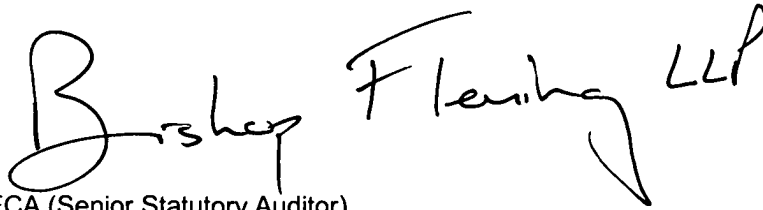
In our opinion the information given in the Group strategic report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

A handwritten signature in black ink, appearing to read 'Bishop Fleming LLP', is written over the printed name of the firm.

William Hanbury FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

50 The Terrace

Torquay

Devon

TQ1 1DD

Date: 23/12/14

CANNON CARE HOMES LIMITED

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

	Note	2014 £	2013 £
TURNOVER	1,2	5,633,597	5,373,895
Cost of sales		(2,933,353)	(2,733,331)
GROSS PROFIT		2,700,244	2,640,564
Administrative expenses		(1,204,836)	(1,388,988)
OPERATING PROFIT	3	1,495,408	1,251,576
Interest receivable and similar income		174	34
Interest payable and similar charges		(751,597)	(681,959)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		743,985	569,651
Tax on profit on ordinary activities	6	(206,097)	(178,051)
PROFIT FOR THE FINANCIAL YEAR	16	537,888	391,600

All amounts relate to continuing operations.

The notes on pages 11 to 24 form part of these financial statements.

CANNON CARE HOMES LIMITED

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

	2014 £	2013 £
PROFIT FOR THE FINANCIAL YEAR	537,888	391,600
Unrealised surplus on revaluation of tangible fixed assets	<u>4,691,502</u>	<u>-</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>5,229,390</u>	<u>391,600</u>

**NOTE OF CONSOLIDATED HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2014**

	2014 £	2013 £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>743,985</u>	<u>569,651</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>743,985</u>	<u>569,651</u>
HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION	<u>537,888</u>	<u>391,600</u>

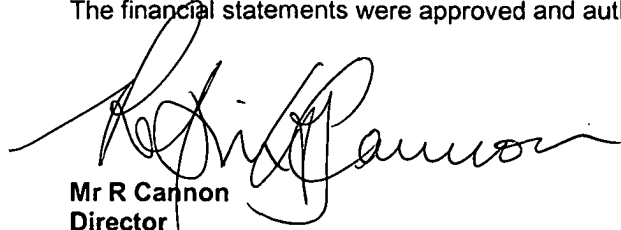
The notes on pages 11 to 24 form part of these financial statements.

CANNON CARE HOMES LIMITED
REGISTERED NUMBER: 05317825

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Intangible assets	7		1,194,974		1,293,152
Tangible assets	8		16,760,608		11,960,223
			<u>17,955,582</u>		<u>13,253,375</u>
CURRENT ASSETS					
Stocks	10	2,775		2,773	
Debtors	11	650,397		657,908	
Cash at bank and in hand		26,272		35,733	
		<u>679,444</u>		<u>696,414</u>	
CREDITORS: amounts falling due within one year	12	(1,512,836)		(1,088,805)	
NET CURRENT LIABILITIES			<u>(833,392)</u>		<u>(392,391)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>17,122,190</u>		<u>12,860,984</u>
CREDITORS: amounts falling due after more than one year	13		(12,292,276)		(12,718,736)
PROVISIONS FOR LIABILITIES					
Deferred tax	14		(133,370)		(135,094)
NET ASSETS			<u>4,696,544</u>		<u>7,154</u>
CAPITAL AND RESERVES					
Called up share capital	15		1		1
Revaluation reserve	16		4,691,502		-
Profit and loss account	16		5,041		7,153
SHAREHOLDERS' FUNDS	17		<u>4,696,544</u>		<u>7,154</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: 7/11/14

The notes on pages 11 to 24 form part of these financial statements.

CANNON CARE HOMES LIMITED
REGISTERED NUMBER: 05317825

COMPANY BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	8		1,526,456		1,321,976
Investments	9		3,911,453		3,911,453
			<u>5,437,909</u>		<u>5,233,429</u>
CURRENT ASSETS					
Debtors	11	2,922,409		3,029,988	
Cash in hand		465		415	
		<u>2,922,874</u>		<u>3,030,403</u>	
CREDITORS: amounts falling due within one year	12	(7,809,909)		(7,621,507)	
NET CURRENT LIABILITIES			<u>(4,887,035)</u>		<u>(4,591,104)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>550,874</u>		<u>642,325</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	14		(62,465)		(40,000)
NET ASSETS			<u>488,409</u>		<u>602,325</u>
CAPITAL AND RESERVES					
Called up share capital	15		1		1
Revaluation reserve	16		205,834		-
Profit and loss account	16		282,574		602,324
SHAREHOLDERS' FUNDS	17		<u>488,409</u>		<u>602,325</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: 7/11/14

The notes on pages 11 to 24 form part of these financial statements.

CANNON CARE HOMES LIMITED

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

	Note	2014 £	2013 £
Net cash flow from operating activities	19	1,772,303	1,410,497
Returns on investments and servicing of finance	20	(751,423)	(681,925)
Taxation		(144,490)	(337,384)
Capital expenditure and financial investment	20	(180,006)	(84,025)
Equity dividends paid		(540,000)	(600,000)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		156,384	(292,837)
Financing	20	(40,673)	479,082
INCREASE IN CASH IN THE YEAR		115,711	186,245

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

	2014 £	2013 £
Increase in cash in the year	115,711	186,245
Cash outflow from decrease in debt and lease financing	40,673	(479,082)
MOVEMENT IN NET DEBT IN THE YEAR	156,384	(292,837)
Net debt at 1 April 2013	(12,844,209)	(12,551,372)
NET DEBT AT 31 MARCH 2014	(12,687,825)	(12,844,209)

The notes on pages 11 to 24 form part of these financial statements.

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

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property 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 or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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 REVALUATION OF TANGIBLE FIXED ASSETS

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

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

1.7 INVESTMENTS

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

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

1. ACCOUNTING POLICIES (continued)

1.8 LEASING AND HIRE PURCHASE

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

1.9 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.

1.10 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.

1.11 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

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

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**
1. ACCOUNTING POLICIES (continued)
1.12 GOING CONCERN

The company achieved a net profit after tax of £329,737 during the year ended 31 March 2014, and at that date the company had net assets of £488,409.

As at 31 March 2014 the group had net current liabilities of £833,392 (2013 - £392,391), however, total assets exceeded total liabilities by £4,696,544 (2013 - £7,154). The group as a whole achieved a net profit of £537,888 (2013 - £391,600) for the period to 31 March 2014.

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 £10,597,775 at 31 March 2014. There are also charges against the group assets in favour of the two investors.

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.

2. TURNOVER

The whole of the turnover is attributable to the provision of care services to the elderly.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2014 £	2013 £
Amortisation - intangible fixed assets	98,178	105,192
Depreciation of tangible fixed assets:		
- owned by the group	71,123	42,868
Auditors' remuneration	12,000	12,000
	<u>181,301</u>	<u>160,060</u>

Auditors fees for the company were £12,000 (2013: £12,000)

4. STAFF COSTS

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

	2014 £	2013 £
Wages and salaries	2,815,807	2,648,341
Social security costs	71,051	64,906
	<u>2,886,858</u>	<u>2,713,247</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**
4. STAFF COSTS (continued)

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

	2014	2013
	No.	No.
Director	1	1
Employees	8	8
	<u>9</u>	<u>9</u>
	<u><u>9</u></u>	<u><u>9</u></u>

5. DIRECTOR'S REMUNERATION

	2014	2013
	£	£
Remuneration	<u>5,500</u>	<u>5,500</u>
	<u><u>5,500</u></u>	<u><u>5,500</u></u>

6. TAXATION

	2014	2013
	£	£
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	206,830	143,499
Adjustments in respect of prior periods	991	-
	<u>207,821</u>	<u>143,499</u>
TOTAL CURRENT TAX	<u>207,821</u>	<u>143,499</u>
DEFERRED TAX (see note 14)		
Origination and reversal of timing differences	(1,724)	34,552
	<u>(1,724)</u>	<u>34,552</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	<u><u>206,097</u></u>	<u><u>178,051</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**
6. TAXATION (continued)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

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

	2014 £	2013 £
Profit on ordinary activities before tax	<u>743,985</u>	<u>569,651</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2013: 24%)	195,572	136,716
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,115	13,332
Capital allowances for year in excess of depreciation	7,965	(8,061)
Utilisation of tax losses	-	6,852
Adjustments to tax charge in respect of prior periods	991	(5,472)
Other timing differences leading to an increase (decrease) in taxation	-	608
Unrelieved tax losses carried forward	164	-
Other differences leading to an increase (decrease) in the tax charge	19	-
Marginal relief	(5)	(476)
CURRENT TAX CHARGE FOR THE YEAR (see note above)	<u><u>207,821</u></u>	<u><u>143,499</u></u>

7. INTANGIBLE FIXED ASSETS

	Goodwill £
GROUP COST	
At 1 April 2013 and 31 March 2014	<u>1,737,929</u>
AMORTISATION	
At 1 April 2013	444,777
Charge for the year	98,178
At 31 March 2014	<u>542,955</u>
NET BOOK VALUE	
At 31 March 2014	<u><u>1,194,974</u></u>
At 31 March 2013	<u><u>1,293,152</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**
8. TANGIBLE FIXED ASSETS

GROUP	Freehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Office equipment £	Total £
COST OR VALUATION						
At 1 April 2013	11,824,297	52,733	23,625	436,850	19,765	12,357,270
Additions	24,989	2,444	3,358	148,880	335	180,006
Revaluation surplus/(deficit)	4,691,502	-	-	-	-	4,691,502
At 31 March 2014	16,540,788	55,177	26,983	585,730	20,100	17,228,778
DEPRECIATION						
At 1 April 2013	-	34,663	19,538	329,331	13,515	397,047
Charge for the year	-	3,507	1,861	64,110	1,645	71,123
At 31 March 2014	-	38,170	21,399	393,441	15,160	468,170
NET BOOK VALUE						
At 31 March 2014	16,540,788	17,007	5,584	192,289	4,940	16,760,608
At 31 March 2013	11,824,297	18,070	4,087	107,519	6,250	11,960,223

Cost or valuation at 31 March 2014 is as follows:

GROUP	Land and buildings £
AT COST	11,849,286
AT VALUATION:	
12 August 2014 on an open market existing use basis	4,691,502
	16,540,788

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

GROUP	2014 £	2013 £
Cost	11,849,286	-
Accumulated depreciation	-	-
Net book value	11,849,286	-

CANNON CARE HOMES LIMITED

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

COMPANY	Freehold property £	Office equipment £	Total £
COST OR VALUATION			
At 1 April 2013	1,316,559	16,674	1,333,233
Revaluation surplus/(deficit)	205,834	-	205,834
At 31 March 2014	1,522,393	16,674	1,539,067
DEPRECIATION			
At 1 April 2013	-	11,257	11,257
Charge for the year	-	1,354	1,354
At 31 March 2014	-	12,611	12,611
NET BOOK VALUE			
At 31 March 2014	1,522,393	4,063	1,526,456
At 31 March 2013	1,316,559	5,417	1,321,976

Cost or valuation at 31 March 2014 is as follows:

COMPANY	Land and buildings £
AT COST	1,316,559
AT VALUATION:	
12 August 2014 on an open market existing use basis	205,834
	1,522,393

The land and buildings were revalued on 12 August 2014 by Edward Symmons LLP on an open market existing use basis.

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

COMPANY	2014 £	2013 £
Cost	1,316,559	-
Accumulated depreciation	-	-
Net book value	1,316,559	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**
9. FIXED ASSET INVESTMENTS**SUBSIDIARY UNDERTAKINGS**

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Thornfield Care Limited	Ordinary £1 shares	100 %
The Check House Limited	Ordinary £1 shares	100 %
Cannon Care Homes 4 Limited	Ordinary £1 shares	100 %

The aggregate of the share capital and reserves as at 31 March 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
Thornfield Care Limited	(148,356)	10,400
The Check House Limited	398,001	236,509
Cannon Care Homes 4 Limited	54,441	(106,327)

The company also owns 100% of the issued share capital of Cannon Care Homes 2 Limited and Cannon Care Homes 5 Limited. Cannon Care Homes 5 Limited is dormant and therefore no trading disclosure to be made, whereas Cannon Care Homes 2 Limited has been dissolved and Cannon Care Homes 3 Limited has gone into administration and no trading disclosure is therefore to be made.

COMPANY	Investments in subsidiary companies £
COST OR VALUATION	
At 1 April 2013 and 31 March 2014	3,911,453
NET BOOK VALUE	
At 31 March 2014	3,911,453
At 31 March 2013	3,911,453

10. STOCKS

	GROUP		COMPANY	
	2014	2013	2014	2013
	£	£	£	£
Raw materials	2,775	2,773	-	-

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	199,282	98,772	-	2
Amounts owed by group undertakings	-	390	2,488,658	2,489,048
Other debtors	434,667	540,938	433,751	540,938
Prepayments and accrued income	16,448	17,808	-	-
	650,397	657,908	2,922,409	3,029,988

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	411,634	161,206	36,034	161,206
Net obligations under finance leases and hire purchase contracts	10,187	-	-	-
Trade creditors	106,699	28,773	-	-
Amounts owed to group undertakings	297,107	297,107	7,642,176	7,352,205
Corporation tax	206,830	143,499	69,000	68,263
Other taxation and social security	44,755	42,474	6,246	5,553
Other creditors	294,172	286,881	-	-
Accruals and deferred income	141,452	128,865	56,453	34,280
	1,512,836	1,088,805	7,809,909	7,621,507

The bank loans and overdraft due within one year of £411,634 (2013 - £161,206) is secured against the assets of the company.

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	£	£	£	£
Debenture loans	1,807,563	1,701,236	-	-
Bank loans	10,185,964	10,750,000	-	-
Other loans	267,500	267,500	-	-
Net obligations under finance leases and hire purchase contracts	31,249	-	-	-
	12,292,276	12,718,736	-	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**
**13. CREDITORS:
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)**

Creditors include amounts not wholly repayable within 5 years as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	£	£	£	£
Repayable by instalments	1,710,597	1,800,000	-	-

The bank loans due after one year of £10,185,964 (2013 - £10,750,000) are secured against assets of the group.

The debenture and other loans are also secured against the assets of the group.

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

	GROUP		COMPANY	
	2014	2013	2014	2013
	£	£	£	£
Between one and five years	31,249	-	-	-

Finance lease liabilities are secured on the assets to which they relate.

14. DEFERRED TAXATION

	GROUP		COMPANY	
	2014	2013	2014	2013
	£	£	£	£
At beginning of year	135,094	100,542	40,000	-
(Released during)/charge for the year (P&L)	(1,724)	34,552	22,465	40,000
At end of year	133,370	135,094	62,465	40,000

The provision for deferred taxation is made up as follows:

	GROUP		COMPANY	
	2014	2013	2014	2013
	£	£	£	£
Accelerated capital allowances	133,370	135,094	62,465	40,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**
15. SHARE CAPITAL

	2014 £	2013 £
AUTHORISED		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
ALLOTTED, CALLED UP AND PARTLY PAID		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

16. RESERVES

	Revaluation reserve £	Profit and loss account £
GROUP		
At 1 April 2013		7,153
Profit for the financial year		537,888
Dividends: Equity capital		(540,000)
Surplus on revaluation of freehold property	4,691,502	
At 31 March 2014	<u>4,691,502</u>	<u>5,041</u>
COMPANY		
At 1 April 2013		602,324
Profit for the financial year		287,256
Dividends: Equity capital		(540,000)
Surplus on revaluation of freehold property	205,834	
Payment for group relief		(67,006)
At 31 March 2014	<u>205,834</u>	<u>282,574</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**
17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
GROUP		
Opening shareholders' funds	7,154	215,554
Profit for the financial year	537,888	391,600
Dividends (Note 18)	(540,000)	(600,000)
Other recognised gains and losses during the year	4,691,502	-
	<u>4,696,544</u>	<u>7,154</u>
Closing shareholders' funds		
	<u>4,696,544</u>	<u>7,154</u>
COMPANY		
Opening shareholders' funds	602,325	709,447
Profit for the financial year	287,256	492,878
Dividends (Note 18)	(540,000)	(600,000)
Other recognised gains and losses during the year	205,834	-
Payment for group relief	(67,006)	-
	<u>488,409</u>	<u>602,325</u>
Closing shareholders' funds		
	<u>488,409</u>	<u>602,325</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 £287,256 (2013: £492,878).

18. DIVIDENDS

	2014 £	2013 £
Dividends paid on equity capital	<u>540,000</u>	<u>600,000</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating profit	1,495,408	1,251,576
Amortisation of intangible fixed assets	98,178	105,192
Depreciation of tangible fixed assets	71,123	42,868
Decrease in debtors	7,121	15,106
Decrease in amounts owed by group undertakings	390	-
Increase/(decrease) in creditors	100,083	(4,245)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>1,772,303</u>	<u>1,410,497</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**
20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2014 £	2013 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	174	34
Interest paid	(749,210)	(675,387)
Hire purchase interest	(2,387)	(6,572)
	<u>(751,423)</u>	<u>(681,925)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
	2014 £	2013 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(180,006)	(84,025)
	2014 £	2013 £
FINANCING		
New secured loans	-	349,058
Repayment of loans	(188,436)	-
Purchase of debenture loans	106,327	143,570
Other new loans	-	17,500
New/(repayment of) finance leases	41,436	(31,046)
	<u>(40,673)</u>	<u>479,082</u>
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		

21. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2013 £	Cash flow £	Other non-cash changes £	31 March 2014 £
Cash at bank and in hand	35,733	(9,461)	-	26,272
Bank overdraft	(161,206)	125,172	-	(36,034)
	<u>(125,473)</u>	<u>115,711</u>	<u>-</u>	<u>(9,762)</u>
DEBT:				
Debts due within one year	-	40,673	(426,460)	(385,787)
Debts falling due after more than one year	(12,718,736)	-	426,460	(12,292,276)
NET DEBT	<u>(12,844,209)</u>	<u>156,384</u>	<u>-</u>	<u>(12,687,825)</u>

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

At the year end, Mr R Cannon owed £433,748 (2012 - £537,790) to the company via his director's loan account. No interest is charged on this balance.

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

23. RELATED PARTY TRANSACTIONS

During the year the company paid £540,000 (2013 - £600,000) in dividends to Mr R Cannon, the director of the company.

During the year Cannon Care Homes Limited received £250,000 (2013 - £250,000) in respect of rent from their 100% owned subsidiary company, Thornfield Care Limited. The company owed £1,288,999 at the year end (2013 - £(1,427,127)).

The company is the 100% parent company of Cannon Care Homes 2 (Highcliffe) Limited and owed £297,107 at the year end (2013 - £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 (2013 - £2,488,658)

The company is the 100% parent company of The Check House Limited and owed £3,189,934 at the year end (2013 - £(2,786,557))

The company is the 100% parent company of Silverleigh Limited and owed £2,866,136 at the year end (2013 - £2,841,413)

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

Company name	Percentage Shareholding
Silverleigh	100
Thornfield	100
Check House	100
Cannon Care Homes 4	100

CANNON CARE HOMES LIMITED**COMPANY DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

	Page	2014 £	2013 £
Other operating income	26	795,000	1,283,000
		<u>795,000</u>	<u>1,283,000</u>
LESS: OVERHEADS			
Administration expenses	26	(396,269)	(641,235)
		<u>398,731</u>	<u>641,765</u>
OPERATING PROFIT			
Interest receivable	26	5	4
Interest payable	26	-	(240,631)
Investment income	26	-	200,000
		<u>398,736</u>	<u>601,138</u>
PROFIT FOR THE YEAR		<u><u>398,736</u></u>	<u><u>601,138</u></u>

CANNON CARE HOMES LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2014

	2014 £	2013 £
OTHER OPERATING INCOME		
Management charge	545,000	1,033,000
Net rents receivable	250,000	250,000
	<u>795,000</u>	<u>1,283,000</u>

	2014 £	2013 £
ADMINISTRATION EXPENSES		
Directors salaries	5,500	5,500
Staff salaries	201,098	171,924
Legal and professional	96,212	47,974
Auditors' remuneration	12,000	12,000
Auditors' remuneration - non-audit	74,793	49,849
Bank charges	4,923	17,105
Sundry establishment expenses	390	7,377
Depreciation - office equipment	1,353	1,806
Refinance fees	-	327,700
	<u>396,269</u>	<u>641,235</u>

	2014 £	2013 £
INTEREST RECEIVABLE		
Bank interest receivable	-	4
Other interest receivable	5	-
	<u>5</u>	<u>4</u>

	2014 £	2013 £
INTEREST PAYABLE		
Bank loan interest payable	-	240,290
Other interest - on overdue tax	-	341
	<u>-</u>	<u>240,631</u>

	2014 £	2013 £
INVESTMENT INCOME		
Dividends received	-	200,000
	<u>-</u>	<u>200,000</u>