

Partnerships in Care Holdings Limited

Directors' report and financial statements

For the year ended 31 December 2013

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Partnerships in Care Holdings Limited

Directors' report

For the year ended 31 December 2013

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

Results and dividends

The loss for the year, after taxation, amounted to £32,423,026 (2012 - loss £29,565,448).

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

Directors

The directors who served during the year were:

Joy Chamberlain

Rebecca Gibson (resigned 10 July 2013)

Quazi Haque

Simon Lane

Alex Leslie

There are no directors retiring by rotation.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

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



Sarah Livingston
Company secretary

2 Imperial Place
Maxwell Road
Borehamwood
Hertfordshire
WD6 1JN

Partnerships in Care Holdings Limited

Directors' responsibilities statement For the year ended 31 December 2013

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Partnerships in Care Holdings Limited

Strategic report For the year ended 31 December 2013

Introduction

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

Business review

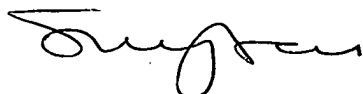
It is the intention to continue as a holding company and there are no planned changes for the immediate future.

Principal risks and uncertainties

The principal risks and uncertainties, which the Company could face, would be any impairment in the value of its investments.

The purpose of this entity is as a vehicle for holding the Partnerships in Care group's shareholder debt and therefore it is not expected to be a profitable endeavour. Partnerships in Care Group Limited has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continued to make available such funds as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

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



Sarah Livingston
Company Secretary

Partnerships in Care Holdings Limited

Independent auditors' report to the members of Partnerships in Care Holdings Limited

We have audited the financial statements of Partnerships in Care Holdings Limited for the year ended 31 December 2013 which comprises the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Andrew Latham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Accountants
St Albans

31 March 2014

Partnerships in Care Holdings Limited

Profit and loss account For the year ended 31 December 2013

	Note	2013 £	2012 £
Loss on disposal of fixed asset investments		(19,939)	-
Interest receivable and similar income		461	10
Interest payable and similar charges	4	<u>(32,405,717)</u>	<u>(29,563,289)</u>
Loss on ordinary activities before taxation		(32,425,195)	(29,563,279)
Tax on loss on ordinary activities	5	<u>2,169</u>	<u>(2,169)</u>
Loss for the financial year	11	<u>(32,423,026)</u>	<u>(29,565,448)</u>

All amounts relate to continuing operations.

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

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

The notes on pages 7 to 11 form part of these financial statements.

Partnerships in Care Holdings Limited

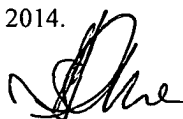
Registered number: 05403366

Balance sheet

As at 31 December 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Investments	6		101		101
Current assets					
Debtors: amounts falling due after more than one year	7	148,570,632		148,570,632	
Debtors: amounts falling due within one year	7	15,195,055		15,212,827	
Cash at bank and in hand		4,395		3,934	
		<u>163,770,082</u>		<u>163,787,393</u>	
Creditors: amounts falling due within one year	8	<u>(937,498)</u>		<u>(937,500)</u>	
Net current assets			<u>162,832,584</u>		<u>162,849,893</u>
Total assets less current liabilities			<u>162,832,685</u>		<u>162,849,994</u>
Creditors: amounts falling due after more than one year	9		<u>(350,531,395)</u>		<u>(318,125,678)</u>
Net liabilities			<u>(187,698,710)</u>		<u>(155,275,684)</u>
Capital and reserves					
Called up share capital	10		14,870,000		14,870,000
Profit and loss account	11		<u>(202,568,710)</u>		<u>(170,145,684)</u>
Shareholders' deficit	12		<u>(187,698,710)</u>		<u>(155,275,684)</u>

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



Simon Lane
Director

The notes on pages 7 to 11 form part of these financial statements.

Partnerships in Care Holdings Limited

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

1. Accounting policies

1.1 Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

The Company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

1.2 Cash flow

The Company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Related party disclosures

As the Company is a wholly owned subsidiary of Partnerships in Care Group Limited, (as disclosed in note 13), the Company has taken advantage of the exemption contained in FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

1.4 Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided to it by Partnerships in Care Group Limited. Partnerships in Care Group Limited has provided the Company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continued to make available such funds as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 Capitalised fees

Fees incurred in arranging the Company's financing arrangements are capitalised and amortised to the profit and loss account over the remaining life of the debenture loan.

2. Operating profit

The audit fee of £2,000 net of VAT for the current and prior year has been borne by another company.

Partnerships in Care Holdings Limited

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

3. Staff costs

The Company has no employees other than the directors, who did not receive any remuneration (2012 - £NIL).

4. Interest payable and similar charges

	2013 £	2012 £
On other loans	32,405,717	29,563,289

5. Taxation

	2013 £	2012 £
Adjustments in respect of prior years	(2,169)	2,169
Tax on loss on ordinary activities	(2,169)	2,169

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.246574% (2012 - 24.497269%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	(32,425,195)	(29,563,279)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.246574% (2012 - 24.497269%)	(7,537,747)	(7,242,196)
Effects of:		
Expenses not deductible for tax purposes - fixed assets	3,379,517	-
Adjustments in respect of prior years	(2,169)	2,169
Expenses not deductible for tax purposes	-	4,635,276
Group relief	2,801,758	1,067,037
Transfer pricing adjustments	1,356,472	1,539,883
Current tax (credit)/charge for the year	(2,169)	2,169

Factors that may affect future tax charges

The level of disallowable expenses and utilisation of tax losses carried forward will impact future tax charges.

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

This will reduce the company's future current tax charge accordingly.

Partnerships in Care Holdings Limited

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

6. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 January 2013 and 31 December 2013	101
Net book value	
At 31 December 2013	101
At 31 December 2012	101

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Partnerships in Care Investments 1 Limited	Ordinary	100 %

The company is a holding company with registered offices located at 2 Imperial Place, Maxwell Road, Borehamwood, Hertfordshire WD6 1JN.

7. Debtors

	2013 £	2012 £
Due after more than one year		
Amounts owed by group undertakings	148,570,632	148,570,632
Due within one year		
Amounts owed by group undertakings	15,195,055	15,212,827

8. Creditors: Amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	937,498	937,500

Partnerships in Care Holdings Limited

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

9. Creditors: Amounts falling due after more than one year

	2013 £	2012 £
Debenture loans	352,716,682	320,651,529
Capitalised fees	(2,185,287)	(2,525,851)
	<u>350,531,395</u>	<u>318,125,678</u>

Included within the above are amounts falling due as follows:

	2013 £	2012 £
Over five years		
Debenture loans	352,716,682	320,651,529
Capitalised fees	(2,185,287)	(2,525,851)
	<u>350,531,395</u>	<u>318,125,678</u>

Debenture loans include:

£156,851,283 unsecured subordinated loan notes due 2020 on which unsecured subordinated PIK notes due 2020 amounting to £95,696,451 have been issued up to March 2011 to satisfy interest at 10% per annum.

£9,811,376 unsecured subordinated loan notes due 2020 on which unsecured subordinated PIK notes due 2020 amounting to £6,720,025 have been issued up to March 2011 to satisfy interest at 10% per annum.

From April 2011 these loan notes have been accruing compound interest at 10% per annum.

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

	2013 £	2012 £
Repayable other than by instalments	<u>350,531,395</u>	<u>318,125,678</u>

10. Called up share capital

	2013 £	2012 £
Allotted, called up and fully paid		
14,870,000 Ordinary shares of £1 each	<u>14,870,000</u>	<u>14,870,000</u>

Partnerships in Care Holdings Limited

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

11. Reserves

	Profit and loss account £
At 1 January 2013	170,145,684)
Loss for the financial year	(32,423,026)
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At 31 December 2013	202,568,710)
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12. Reconciliation of movement in shareholders' deficit

	2013 £	2012 £
Opening shareholders' deficit	(155,275,684)	(125,710,236)
Loss for the financial year	(32,423,026)	(29,565,448)
	<hr/>	<hr/>
Closing shareholders' deficit	(187,698,710)	(155,275,684)
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13. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Partnerships in Care Group Limited.

The ultimate parent undertaking is PIC Investments Limited Partnership Incorporated the majority interest in which is held by funds under the management of Cinven Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by Partnerships in Care Group Limited, incorporated in England and Wales. No other group financial statements include the results of the Company. The consolidated financial statements of the Partnerships in Care group may be obtained from 2 Imperial Place, Maxwell Road, Borehamwood, Hertfordshire, WD6 1JN.