

CARE UK PRIMARY CARE LIMITED

Directors' Report and Financial Statements

Year ended 30 September 2014

Registration Number 05512273

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REPORT AND FINANCIAL STATEMENTS 2014

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CARE UK PRIMARY CARE LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 September 2014.

The Company has not presented a Strategic Report in these financial statements due to the small companies exemption available to it.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company was the provision of services in the healthcare sector, researching business opportunities and bidding for significant contracts in the healthcare market.

There are no active contracts, as they were all novated on 28 September 2012. It is not anticipated that future contracts will be bid for in this legal entity.

During the year, the Group that the company is a member of underwent a refinancing arrangement with the bankers. Please refer to note 13 for details of this.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £16,000 (2013: £8,000). The directors do not recommend the payment of a dividend (2013: nil).

DIRECTORS

The directors who held office during the year are:

M Parish
P Humphreys (Resigned 07/10/2014)
P Whitecross (Appointed 12/12/2014)
A Prosser
J Easton


Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



A Prosser
Director

Connaught House
850 The Crescent
Colchester Business Park
Colchester
Essex
CO4 9QB

29-04-2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 of 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 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; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARE UK PRIMARY CARE LIMITED

We have audited the financial statements of Care UK Primary Care Limited for the year ended 30 September 2014 set out on pages 4 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and 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 Services Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to take advantages of the small companies' exemption from the requirement to prepare a strategic report.


Ian Brokenshire (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
6 Lower Brook Street
Ipswich
IP4 1AP

1 May 2015

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2014

	Note	Year ended 30 September 2014 £'000	Year ended 30 September 2013 £'000
Turnover		-	-
Cost of sales		-	-
Gross loss		-	-
Administrative expenses		(3)	-
Operating loss	3	(3)	-
Interest receivable	4	39	-
Profit on ordinary activities before taxation		36	-
Tax on profit on ordinary activities	5	(20)	8
Profit for the financial year	12	16	8

There are no recognised gains or losses for the current or preceding financial periods other than as stated in the profit and loss account. Accordingly, no separate statement of recognised gains and losses has been presented.

All of the company's operations are classed as discontinued activities.


The notes on pages 7 to 13 form part of these financial statements.

BALANCE SHEET
At 30 September 2014

	Note	2014		2013	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	6		3		-
CURRENT ASSETS					
Debtors (includes long term intercompany debt £6k (2013:£546k))	7	6		896	
		<u>6</u>		<u>896</u>	
CREDITORS: amounts falling due within one year		<u>(454)</u>		<u>(1,703)</u>	
NET CURRENT ASSETS			<u>(448)</u>		<u>(807)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(445)</u>		<u>(807)</u>
CREDITORS: amounts falling due after more than one year	10		<u>(346)</u>		<u>-</u>
NET LIABILITIES			<u>(791)</u>		<u>(807)</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	11		100		100
Profit and loss account	12		<u>(891)</u>		<u>(907)</u>
SHAREHOLDERS' DEFICIT			<u>(791)</u>		<u>(807)</u>

These financial statements were approved by the Board of Directors on... 29-04-2015.
The notes on pages 7 to 13 form part of these financial statements.

Signed on behalf of the Board of Directors



A Prosser
Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT
Year ended 30 September 2014

	2014	2013
	£'000	£'000
Opening shareholders' deficit	(807)	(815)
Profit for the financial year	16	8
Closing shareholders' deficit	(791)	(807)

The notes on pages 7 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below.

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historic cost convention.

Under Financial Reporting Standard (FRS) 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company's ultimate parent company is Care UK Health and Social Care Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of the ultimate parent company can be obtained from the address given in note 14.

The financial statements have been prepared on the going concern basis, notwithstanding net liabilities of £791,000. It is not envisaged that the company will be dependent on its parent, Care UK Health & Social Care Holdings Limited, for working capital funds, but the parent has indicated that it will make available such funds as are needed by the group. The directors consider that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. The directors, having assessed the responses of the directors of Care UK Health & Social Care Holdings Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Care UK group to continue as a going concern.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost, less estimated residual values, of fixed assets by equal instalments over their estimated useful economic lives as follows:

Computer and office equipment	- 3 to 5 years
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Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

In accordance with FRS 19, deferred taxation is provided in full on timing differences which represent an asset or liability at the balance sheet date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors' received nil remuneration for services to the Company during the year. The directors' received remuneration for services to Care UK Limited and Care UK Clinical Services Limited, of which Care UK Health & Social Care Holdings Limited is a subsidiary undertaking. The proportion attributable to their services to Care UK Health & Social Care Holdings Limited is not separately identifiable.

3. OPERATING LOSS

	2014 £'000	2013 £'000
Operating profit is stated after charging:		
Depreciation		
- owned assets	3	-

4. INTEREST RECEIVABLE

	2014 £'000	2013 £'000
Interest receivable from other group undertakings	39	-

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2014 £'000	2013 £'000
Current tax		
UK corporation tax on profit for the year	-	-
Deferred tax		
Origination and reversal of timing differences	5	(5)
Adjustments in respect of prior years	15	(5)
Effect of decreased tax rate on opening asset	-	2
Tax charge/(credit) on profit on ordinary activities	20	(8)

Factors affecting tax charge for year

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	36	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (2013: 23.5%)	7	-
Explained by:		
Depreciation in excess of capital allowances	1	-
Group relief claimed	(8)	-
Current tax	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

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. The deferred tax asset at 30 September 2014 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

6. TANGIBLE FIXED ASSETS

	Computer and Office Equipment £'000	Total £'000
Cost		
At 1 October 2013	-	-
Additions	3	3
Transfer from group undertaking	78	78
At 30 September 2014	81	81
Accumulated depreciation		
At 1 October 2013	-	-
Charge for the year	3	3
Transfer from group undertaking	75	75
At 30 September 2014	78	78
Net book value		
At 30 September 2014	3	3
At 30 September 2013	-	-

Assets transferred during the year were transferred from a related undertaking.

7. DEBTORS

	2014 £'000	2013 £'000
Amounts owed by group undertakings	6	876
Deferred tax (see note 8)	-	20
	6	896

Included in amounts owed by group undertakings are balances due in over 1 year of £6,000 (2013: £546,000). The long term amounts due from Care UK Limited, a parent undertaking, bear interest at the fixed rate of 7.5% (2013: 7.5%). The loan is unsecured. The amounts advanced are repayable in full by 30 September 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. DEFERRED TAX

Deferred taxation	2014 £'000	2013 £'000
At 1 October 2013	20	12
Charge/(credit) to profit and loss account – current year	(5)	5
Charge/(credit) to profit and loss account – prior period	(15)	5
Effect of decreased tax rate on opening asset	-	(2)
At 30 September 2014 (see note 7)	-	20

Deferred tax liability consists of the following amounts:

	2014 £'000	2013 £'000
Accelerated capital allowances	-	14
Other short term timing differences	-	6
	-	20

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Amounts owed to Group undertakings	448	1,703
Other taxation and social security	6	-
	454	1,703

The amounts owed to group undertakings are unsecured, repayable on demand and carry no interest charge.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £'000	2013 £'000
Amounts owed to Group undertakings	346	-

The amounts owed to Care UK Limited, a parent undertaking, bear interest at the fixed rate of 7.5% (2013: 7.5%). The loan is unsecured. The amounts advanced are repayable in full by 30 September 2020. The company may, at its discretion, make repayments on account of the principal amounts outstanding.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. CALLED UP SHARE CAPITAL

	2014	2013
	£'000	£'000
Authorised		
65,000 Ordinary 'A' shares of £1 each	65	65
35,000 Ordinary 'B' shares of £1 each	35	35
	<u>100</u>	<u>100</u>
	£'000	£'000
Allotted, called up and fully paid		
65,000 Ordinary 'A' shares of £1 each	65	65
35,000 Ordinary 'B' shares of £1 each	35	35
	<u>100</u>	<u>100</u>

The 'A' shares and the 'B' shares rank pari passu in all respects.

12. RESERVES

	2014	2013
	£'000	£'000
Profit & Loss account		
At beginning of year	(907)	(915)
Profit for the financial year	16	8
At end of year	<u>(891)</u>	<u>(907)</u>

13. CONTINGENT LIABILITIES

As well as the unsecured loan (disclosed in notes 7 and 10) that the Company has from a parent undertaking, Care UK Limited (the loan is repayable by the borrower in full by 30 September 2020. Interest is payable on the amount of the advance outstanding at a rate of 7.5%), the Company is a guarantor to the funding arrangements disclosed in the financial statements of Care UK Health & Social Care Investments Limited – please refer to those financial statements for full details.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considered these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

13. CONTINGENT LIABILITIES (CONTINUED)

i) SENIOR SECURED NOTES

Up until 17 July 2014 Care UK Health & Social Care Plc ("the Issuer") had £325.0m of 9¼% Senior Secured Notes in issue (the "Existing Notes").

On 17 July 2014 the Issuer issued £400.0m of floating rate Senior Secured Notes ("the Notes"). The proceeds of the issue were used to redeem all of the outstanding Existing Notes, the associated accrued interest and the related redemption premium. The remaining proceeds were used to repay outstanding amounts under the Existing Revolving Credit Facility and pay transaction fees and expenses in connection with the issue of the Notes.

The Notes are divided into two tranches, a First Lien tranche of £325.0m (the "Senior Secured Notes"), which mature on 15 July 2019, and a Second Lien tranche of £75.0m (the "Second Lien Notes"), which mature on 15 January 2020. Interest on the Senior Secured Notes accrues at a rate per annum, reset quarterly, equal to three-month GBP LIBOR plus 5.0%. Interest on the Second Lien Notes accrues at a rate per annum, reset quarterly, equal to three-month GBP LIBOR plus 7.5%. For both liens interest is payable quarterly in arrears on each of 15 October, 15 January, 15 April and 15 July. The first interest payment will be due on 15 October 2014 to cover the period since the issue of the Notes.

The Issuer may redeem the Notes in whole or in part at any time on or after 15 July 2015 at the redemption prices set out in the Offering Memorandum. Prior to 15 July 2015, the Issuer may redeem all or part of the Notes by paying a 'make whole' premium as set out in the Offering Memorandum.

The Senior Secured Notes are guaranteed on a senior basis and the Second Lien Notes are guaranteed on a senior subordinated basis by Care UK Health & Social Care Investments Limited and certain subsidiary guarantors.

ii) SUPER SENIOR REVOLVING CREDIT FACILITY

On the 11 July 2014 the £115.0m Senior Revolving Credit Facility (the "original RCF") was replaced by an amended £65.0m Revolving Credit Facility (the "amended RCF"). On 17 July 2014 the original RCF utilisations were repaid in full from the proceeds of the issue of the 2014 Notes together with utilisations drawn on the amended RCF.

As at 30 September 2014, £4.0m (2013: £46.5m) of the amended RCF has been utilised as cash drawings. The remainder of the facility remained undrawn, with the exception of £10.1m (2013: £9.4m) utilised in relation to performance bonds provided in relation certain contracts in the Health Care division and £nil (2013: £0.5m) in relation to other ancillary utilisations.

The margin payable on any loan utilisation under the amended RCF is in the range of 2.25% to 3.25% above LIBOR plus any mandatory costs depending on the total net leverage of the group. Each utilisation under the facility is repayable and capable of being redrawn at the end of each interest period. The final repayment date is 11 May 2019.

The Amended and Restated Senior Revolving Facility Agreement requires Care UK Health & Social Care Investments Limited, as the parent guarantor, to ensure compliance with a financial covenant relating to super senior gross leverage (calculated as the ratio of the aggregate amount of all outstanding loans under the Amended Revolving Credit Facility to Consolidated EBITDA of the Group for the 12 months ending on that quarter end). "Consolidated EBITDA" for the purposes of the covenants under the Amended and Restated Senior Revolving Facility Agreement allows for certain adjustments and therefore is not exactly equivalent to the definition of Adjusted EBITDA as outlined in the Accounting Policies - Non-GAAP Performance Measures.

NOTES TO THE FINANCIAL STATEMENTS (*continued*)

14. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Care UK Clinical Services Limited which is registered in England and Wales. The company's ultimate parent company and controlling party is Care UK Health and Social Care Holdings Limited which is registered in England and Wales.

Copies of the financial statements of Care UK Health and Social Care Holdings Limited which include the consolidated results of this company are available from its registered office at:

Connaught House
850 The Crescent
Colchester Business Park
Colchester
Essex
CO4 9QB