

**Shaw healthcare (Barton) Limited**

**Annual report and financial statements**

**for the year ended 31 March 2016**

Registered number: 5591087



## **Shaw healthcare (Barton) Limited**

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# **Shaw healthcare (Barton) Limited**

## **Officers and professional advisers**

### **Directors**

P J Nixey, MA (Oxon)  
A Thomas, BA, FCA  
A C Savery, AIQS  
R S Brown, ACMA, ATII

### **Registered office**

1 Links Court  
Links Business Park  
St Mellons  
Cardiff  
CF3 0LT

### **Bankers**

Allied Irish Bank  
2 Callaghan Square  
Cardiff  
CF10 5AZ

### **Solicitors**

Blake Morgan Solicitors  
One Central Square  
Park Place  
Cardiff  
CF10 1FS

### **Auditor**

Deloitte LLP  
Cardiff

# **Shaw healthcare (Barton) Limited**

## **Directors' report**

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 March 2016.

This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies' exemption, and accordingly no separate strategic report is presented.

### **Principal activities**

The principal activities of the company during the course of the year were those of the management of residential care homes.

### **Results and dividends**

The profit and loss account for the year is set out on page 6. The loss for the year before taxation was £34,074 (2015 - £524,382). The loss for the prior period was £398,065 higher than that previously reported as explained in note 21. The directors cannot recommend a dividend for the year (2015 - £nil).

### **Directors**

The directors of the company, who served throughout the financial year and subsequently, are as shown on page 1.

### **Taxation status**

The company is a close company under the provisions of the Taxes Act 1988.

### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

### **FRS 102**

These financial statements are the first delivered by the company under "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102); the prior period has been restated accordingly to meet the requirements of FRS 102.

### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to continue in office as the company's auditor. A resolution is in place to dispense with the requirement to hold Annual General Meetings.

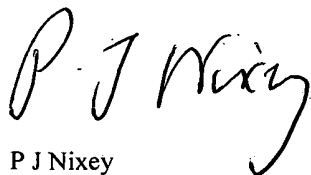
## **Shaw healthcare (Barton) Limited**

### **Directors' report (continued)**

#### **Approval of reduced disclosures**

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

Approved by the Board and signed on its behalf on 29 September 2016 by:

A handwritten signature in black ink, appearing to read 'P J Nixey', is written over the printed name and title.

P J Nixey  
Director

## **Shaw healthcare (Barton) Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 judgements and accounting estimates that are reasonable and prudent; 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 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SHAW HEALTHCARE (BARTON) LIMITED**

We have audited the financial statements of Shaw healthcare (Barton) Limited for the year ended 31 March 2016 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's member 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 member those matters we are required to state to it 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 member for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, 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.

### **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 annual 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 company's affairs as at 31 March 2016 and of its 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 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 advantage of the small companies' exemption from preparing a Strategic Report or in preparing the Directors' Report.

*David Hedditch*

**David Hedditch (Senior statutory auditor)**  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cardiff, United Kingdom

Date: 29 September 2016

## Shaw healthcare (Barton) Limited

### Profit and loss account

For the year ended 31 March 2016

	Note	2016 £	2015 £
Turnover	3	1,303,457	1,298,674
Operating costs		(944,822)	(974,167)
Operating profit		358,635	324,507
Finance costs (net)	4	(392,709)	(848,889)
Loss on ordinary activities before taxation	5	(34,074)	(524,382)
Tax on loss on ordinary activities	9	48,025	94,147
Profit/(loss) for the financial year		13,951	(430,235)

The results for both the current and prior year were all derived from continuing operations of the company.

There have been no recognised gains and losses for the current or the prior financial year other than as stated in the profit and loss account and, accordingly, no separate statement of comprehensive income is presented.



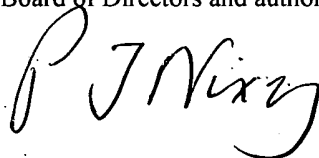
# Shaw healthcare (Barton) Limited

## Balance sheet

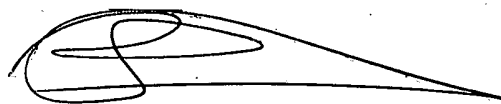
At 31 March 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	10	3,723,407	3,773,335
<b>Current assets</b>			
Debtors – due within one year	11	140,438	115,053
Debtors – due after more than one year	11	212,056	187,266
Cash at bank and in hand		416,286	477,392
		768,780	779,711
<b>Creditors: amounts falling due within one year</b>	12	(296,739)	(305,158)
<b>Net current assets</b>		472,041	474,553
<b>Total assets less current liabilities</b>		4,195,448	4,247,888
<b>Creditors: amounts falling due after more than one year</b>	13	(6,044,626)	(6,111,017)
<b>Provisions for liabilities</b>	15	-	-
<b>Net liabilities</b>		(1,849,178)	(1,863,129)
<b>Capital and reserves</b>			
Called-up share capital	18	50,000	50,000
Capital contribution reserve		355,012	355,012
Profit and loss account		(2,254,190)	(2,268,141)
<b>Shareholder's deficit</b>		(1,849,178)	(1,863,129)

The financial statements of Shaw healthcare (Barton) Limited (registered number 5591087) were approved by the Board of Directors and authorised for issue on 29 September 2016. They were signed on its behalf by:



P.J Nixey  
Director



R S Brown  
Director

## Shaw healthcare (Barton) Limited

### Statement of changes in equity

At 31 March 2016

	Called-up share capital £	Capital contribution reserve £	Profit and loss account £	Total £
<b>At 31 March 2014 as previously stated</b>	50,000	-	(1,343,600)	(1,293,600)
Changes on transition to FRS 102 (see note 21)	-	355,012	(494,306)	(139,294)
<b>At 1 April 2014 as restated</b>	50,000	355,012	(1,837,906)	(1,432,894)
Loss for the financial year	-	-	(430,235)	(430,235)
<b>Total comprehensive expense</b>	-	-	(430,235)	(430,235)
<b>At 31 March 2015</b>	50,000	355,012	(2,268,141)	(1,863,129)
Profit for the financial year	-	-	13,951	13,951
<b>Total comprehensive income</b>	-	-	13,951	13,951
<b>At 31 March 2016</b>	50,000	355,012	(2,254,190)	(1,849,178)

# **Shaw healthcare (Barton) Limited**

## **Notes to the financial statements**

**For the year ended 31 March 2016**

### **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### **a. General information and basis of accounting**

Shaw healthcare (Barton) Limited ('the company') is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Directors' Report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 21. The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its parent, Shaw healthcare (Group) Limited, which may be obtained from the registered office address which is given on page 1. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

#### **b. Going concern**

The financial statements have been prepared using the going concern basis of accounting. The company's business activities are set out in the Directors' Report. The Business Review incorporated in the annual report of Shaw healthcare (Group) Limited, the ultimate parent company, includes information on the group's business activities, together with the factors likely to affect its future development, performance and position. It also includes information on the financial position of the group, its cash flows, liquidity position and borrowing facilities as well as its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

Approximately 70% of the company's income derives from long-term contracts and is therefore secure. The remainder primarily derives from the management of extra-care flats constructed by the company. All of the 29 flats constructed for sale have now been sold.

The company is in a net liabilities position at the year-end as a result of losses made in previous years. The directors have reviewed future cash flow forecasts and note that sufficient cash will be generated from profits, in addition to cash reserves held at the year-end, in order to meet liabilities as they fall due.

The company is largely sheltered from risk of cost volatility due to its agreements with subcontracting companies within the group.

The company is subject to bank covenant tests. All tests have been, and are projected to be, achieved with adequate headroom. If necessary, cash flow can be improved by deferring the payment of fees due to group companies and by borrowing from the parent company, Shaw healthcare (Group) Limited. A written letter of support to this effect has been received from Shaw healthcare (Group) Limited.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

# Shaw healthcare (Barton) Limited

## Notes to the financial statements

For the year ended 31 March 2016

### 1. Accounting policies (continued)

#### c. *Tangible fixed assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on fixed assets other than freehold land in order to write off the costs of those assets over their estimated useful lives. The following annual depreciation rates are used:

Freehold buildings	1.67% straight-line
Fixtures and fittings	10% - 33.3% straight-line

#### d. *Financial instruments*

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### (i) *Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the balance sheet when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

# Shaw healthcare (Barton) Limited

## Notes to the financial statements

For the year ended 31 March 2016

### 1. Accounting policies (continued)

#### d. Financial instruments (continued)

##### (i) Financial assets and liabilities (continued)

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute a financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

##### (ii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

##### (iii) Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

##### (iv) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

#### e. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

# Shaw healthcare (Barton) Limited

## Notes to the financial statements

For the year ended 31 March 2016

### 1. Accounting policies (continued)

#### e. Impairment of assets (continued)

##### *Non-financial assets (continued)*

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### f. Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, 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 liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

# Shaw healthcare (Barton) Limited

## Notes to the financial statements

For the year ended 31 March 2016

### 1. Accounting policies (continued)

#### f. *Taxation (continued)*

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### g. *Turnover*

The turnover shown in the profit and loss account arises wholly in the United Kingdom and represents amounts recognised during the year, exclusive of Value Added Tax, in line with the company's revenue recognition policy. The company recognises revenue as care is provided for non-contracted market beds and as it is made available for contracted block beds. The company recognises income from the sale of properties on completion of the sale. The company recognises service contract income and housing and management service fees as the service is provided. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

#### h. *Borrowing costs*

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. Capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and key sources of estimation that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Impairment of tangible assets

Tangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount of the assets is determined based on value-in-use calculations prepared on the basis of management's assumptions and estimates. Indicators that an impairment review is required are a subsidiary incurring a loss for the year or not performing in line with their operational model. The value-in-use calculations require judgement in relation to uncertain items, including management's expectations of future revenue growth, operating costs, operating cash flows, and discount rate for the business. The future cash flows used in the value-in-use calculations are based on the latest board-approved financial plans. The discount rate is derived from the post-tax average cost of capital.

# Shaw healthcare (Barton) Limited

## Notes to the financial statements For the year ended 31 March 2016

### 3. Turnover and revenue

An analysis of the company's turnover by class of business is set out below.

	2016 £	2015 £
<b>Turnover</b>		
Care home residential fees	918,933	911,593
Property rental and service charge income	364,699	185,884
Service contract income	-	172,473
Other income	19,825	28,724
	<u>1,303,457</u>	<u>1,298,674</u>

An analysis of the company's revenue is as follows:

	£	£
Turnover	1,303,457	1,298,674
Investment income	2,010	2,456
	<u>1,305,467</u>	<u>1,301,130</u>

### 4. Finance costs (net)

	2016 £	2015 £
Interest payable and similar charges	394,719	851,345
Less: Investment income	(2,010)	(2,456)
	<u>392,709</u>	<u>848,889</u>

#### *Investment income*

	£	£
Other interest receivable and similar income – bank interest	2,010	2,456

#### *Interest payable and similar charges*

	£	£
Bank loans	223,680	227,440
Other loans	138,249	138,415
Movement on interest rate swap	32,790	485,490
	<u>394,719</u>	<u>851,345</u>



## Shaw healthcare (Barton) Limited

### Notes to the financial statements

For the year ended 31 March 2016

**5. Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets (note 10)	<u>49,928</u>	<u>49,927</u>

**6. Auditor's remuneration**

Fees payable to Deloitte LLP and its associates for the audit of the company's annual accounts were £4,506 (2015 - £4,506).

Fees payable to Deloitte LLP and its associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

**7. Staff numbers and costs**

The company had no employees other than the directors during either the current or the prior financial year.

**8. Directors' remuneration and transactions**

The directors are remunerated by Shaw healthcare (Group) Limited for their services to the group as a whole. It is not practicable to allocate their remuneration between their services to this company and other group companies. Their remuneration is disclosed in the consolidated financial statements of Shaw healthcare (Group) Limited, which are publicly available.

## Shaw healthcare (Barton) Limited

### Notes to the financial statements For the year ended 31 March 2016

#### 9. Tax on loss on ordinary activities

The tax charge comprises:

	2016 £	2015 £
<b>Current tax on loss on ordinary activities</b>		
UK corporation tax	-	-
Adjustments in respect of prior years	561	-
Group relief	(23,796)	(4,317)
<b>Total current tax</b>	<b>(23,235)</b>	<b>(4,317)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	51,243	(89,830)
Adjustments in respect of prior years	(76,033)	-
<b>Total deferred tax</b>	<b>(24,790)</b>	<b>(89,830)</b>
<b>Total tax on loss on ordinary activities</b>	<b>(48,025)</b>	<b>(94,147)</b>

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	£	£
Loss on ordinary activities before tax	(34,074)	(524,382)
Tax on loss on ordinary activities at standard UK corporation tax rate of 20% (2015: 21%)	(6,815)	(110,120)
Effects of:		
- Expenses not deductible for tax purposes	2,121	2,031
- Ineligible depreciation	8,579	9,450
- Adjustments to tax charge in respect of previous years	(75,472)	-
- Effect of rate changes	23,562	4,492
<b>Total tax charge for year</b>	<b>(48,025)</b>	<b>(94,147)</b>

Taxable losses of £632,768 (2015 - £632,768) have been carried forward to set off against future profits.

The standard rate of tax applied to loss on ordinary activities is 20% (2015 - 21%).

In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 19% from 1 April 2017 and 18% from 1 April 2020. This will reduce the company's future current tax charge accordingly. As the changes have been substantively enacted at the balance sheet date their effects are included in these financial statements.

There is no expiry date on timing differences, unused tax losses or tax credits.

# Shaw healthcare (Barton) Limited

## Notes to the financial statements For the year ended 31 March 2016

### 10. Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Total £
<b>Cost</b>			
At 1 April 2015 and 31 March 2016	4,143,317	82,066	4,225,383
<b>Depreciation</b>			
At 1 April 2015	369,982	82,066	452,048
Charge for the year	49,928	-	49,928
At 31 March 2016	419,910	82,066	501,976
<b>Net book value</b>			
At 31 March 2016	3,723,407	-	3,723,407
At 31 March 2015	3,773,335	-	3,773,335

Cumulative finance costs capitalised within freehold land and buildings amount to £283,813 (2015 - £283,813). Capitalised finance costs written off in the profit and loss account during the year amounted to £4,731 (2015 - £4,731).

Freehold land and buildings include £1,150,000 (2015 - £1,150,000) of land which is not depreciated.

### 11. Debtors

	2016 £	2015 £
<b>Amounts due within one year</b>		
Trade debtors	112,321	106,375
Amounts owed by group undertakings	23,796	4,317
Prepayments and accrued income	4,321	4,361
	<u>140,438</u>	<u>115,053</u>
<b>Amounts due after one year</b>		
Deferred tax (see note 15)	<u>212,056</u>	<u>187,266</u>

The amounts owed by group undertakings are unsecured, interest-free and repayable on demand.

## Shaw healthcare (Barton) Limited

### Notes to the financial statements

For the year ended 31 March 2016

#### 12. Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans (see note 14)	64,775	45,462
Loan owed to parent undertaking (see note 14)	28,038	17,805
Amounts owed to group undertakings	561	-
Other taxation and social security	51,245	51,519
Other creditors	-	39,633
Accruals and deferred income	152,120	150,739
	<u>296,739</u>	<u>305,158</u>

#### 13. Creditors: amounts falling due after more than one year

	2016 £	2015 £
Bank loans (see note 14)	3,864,729	3,946,478
Loans owed to parent undertaking (see note 14)	1,043,734	1,061,166
Derivative financial instruments (see note 17)	1,136,163	1,103,373
	<u>6,044,626</u>	<u>6,111,017</u>

# Shaw healthcare (Barton) Limited

## Notes to the financial statements For the year ended 31 March 2016

### 14. Borrowings

Borrowings are repayable as follows:

	2016 £	2015 £
<b>Bank loans</b>		
Between one and two years	86,058	64,775
Between two and five years	360,881	311,792
After five years	3,417,790	3,569,911
	<hr/>	<hr/>
On demand or within one year	64,775	45,462
	<hr/>	<hr/>
	3,929,504	3,991,940
	<hr/>	<hr/>

The loan is secured on the freehold land and buildings and other assets of the company and is repayable in six-monthly instalments which commenced in September 2008. The loan will be fully repaid by 2036. As described in note 17, the company has entered into an interest rate swap agreement (with Allied Irish Bank) whereby the interest rate is fixed at 4.58% per annum for the duration of the loan.

The bank loan is stated net of deferred finance costs of £49,199 (2015 - £51,659). These costs will be allocated to the profit and loss account over the term of the loan. Deferred finance costs written off during the year amounted to £2,460 (2015 - £2,460).

	£	£
<b>Loan owed to parent undertaking</b>		
Between one and two years	25,251	28,038
Between two and five years	66,061	67,111
After five years	952,422	966,017
	<hr/>	<hr/>
On demand or within one year	28,038	17,805
	<hr/>	<hr/>
	1,071,772	1,078,971
	<hr/>	<hr/>

The loan is repayable in six-monthly instalments which commenced in September 2008 and will be fully repaid by 2038. The loan is secured on the freehold land and buildings and other assets of the company and ranks second in priority behind the bank loan shown above. Interest is charged at 15% per annum for the duration of the loan.

	£	£
<b>Total borrowings</b>		
Between one and two years	111,309	92,813
Between two and five years	426,942	378,903
After five years	4,370,212	4,535,928
	<hr/>	<hr/>
On demand or within one year	92,813	63,267
	<hr/>	<hr/>
	5,001,276	5,070,911
	<hr/>	<hr/>

# Shaw healthcare (Barton) Limited

## Notes to the financial statements For the year ended 31 March 2016

### 15. Provisions for liabilities

	2016 £	2015 £
<b>Deferred taxation</b>		
At 1 April	(187,266)	(97,436)
Credited to the profit and loss account	(24,790)	(89,830)
At 31 March	<u>(212,056)</u>	<u>(187,266)</u>
The asset for deferred taxation consists of the tax effect of timing differences in respect of:		
	£	£
Accelerated capital allowances	80,588	159,963
Tax losses carried forward	(113,898)	(126,554)
Other timing differences	<u>(178,746)</u>	<u>(220,675)</u>
Deferred tax asset (see note 11)	<u>(212,056)</u>	<u>(187,266)</u>

### 16. Financial instruments

The carrying values of the company's financial assets and liabilities are summarised by category below:

	2016 £	2015 £
<b>Financial liabilities at fair value</b>		
Measured at fair value through profit or loss		
• Derivative financial liabilities (see note 11)	<u>1,136,163</u>	<u>1,103,373</u>

The company's income, expense, gains and losses in respect of financial instruments are summarised below:

	£	£
<b>Fair value gains and losses</b>		
On financial liabilities measured at fair value through profit or loss (see note 17)	<u>(32,790)</u>	<u>(485,490)</u>

The carrying values of the company's other financial assets and liabilities approximate their fair value. No impairment losses were recognised on financial assets measured at amortised cost in either period.

# Shaw healthcare (Barton) Limited

## Notes to the financial statements

For the year ended 31 March 2016

### 17. Derivative financial instruments

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

#### *Interest rate swap contracts*

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

Outstanding 'receive floating pay fixed' contracts	Notional principal value		Fair value	
	2016	2015	2016	2015
	£	£	£	£
	3,600,000	3,700,000	1,136,163	1,103,373

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is LIBOR. Swap interest rate is fixed at 4.58% expiring on 31 March 2035. The company will settle the difference between the fixed and floating interest rate on a net basis.

### 18. Called-up share capital and reserves

	2016	2015
	£	£
Allotted, called-up and fully-paid 50,000 ordinary shares of £1 each	50,000	50,000

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

The capital contribution reserve represents the cumulative difference between actual and market rate interest charged on inter-company borrowings.

### 19. Related party transactions

There were no related party transactions with companies outside the Shaw healthcare (Group) Limited group of companies. There were no transactions with the directors.

### 20. Controlling party

The parent company and ultimate controlling party is Shaw healthcare (Group) Limited, a company incorporated and registered in England and Wales. The smallest and largest group for which consolidated financial statements are prepared which include the results of the company is headed by Shaw healthcare (Group) Limited, the financial statements of which are available from the Company Secretary, 1 Links Court, Links Business Park, St Mellons, Cardiff CF3 0LT.

# Shaw healthcare (Barton) Limited

## Notes to the financial statements

For the year ended 31 March 2016

### 21. Explanation of transition to FRS 102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, certain accounting policies have changed: namely the recognition of the fair value of derivative financial instruments on the balance sheet and the restatement of certain inter-company loans recognised at amortised cost using a market rate of interest.

#### Reconciliation of equity

	At 1 April 2014 £	At 31 March 2015 £
Equity reported under previous UK GAAP	(1,293,600)	(1,325,770)
<b>Adjustments to equity on transition to FRS 102</b>		
1. Recognition of interest rate swap	(617,883)	(617,883)
2. Restatement of inter-company loans	355,012	355,012
3. Deferred tax impact of the swap	123,577	220,675
4. Recognition of interest rate swap	-	(485,490)
5. Restatement of inter-company loans	-	(9,673)
Equity reported under FRS 102	<u>(1,432,894)</u>	<u>(1,863,129)</u>

#### Notes to the reconciliation of equity

1 & 4 These adjustments represent the fair value of the interest rate swap initially being recognised as a liability on the balance sheet together with the movement in fair value for the period ended 31 March 2015.

2 & 5 Certain inter-company loans which were not repayable on demand required their interest rates to be amended to represent a market rate of interest for reporting purposes. These are the adjustments required to reflect the change together with the adjustment to interest payable for the period ended 31 March 2015. Note that these changes are financial reporting only, actual interest payments being made have not changed.

#### Reconciliation of profit or loss for 2015

	£
Loss for the financial year under previous UK GAAP	(32,170)
1. Interest rate swap movement	(485,490)
2. Interest charge adjustment on inter-company loans	(9,673)
3. Tax impact on the above	97,098
Loss for the financial year under FRS 102	<u>(430,235)</u>