

**Christchurch Court (UK) Limited**  
**Consolidated financial statements**  
**for the year ended 30 April 2012**

Registered number 07051134

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# **Christchurch Court (UK) Limited**

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# **Christchurch Court (UK) Limited**

## **Officers and Professional Advisors**

### **DIRECTORS**

P Preston  
S Kidd  
D Roth  
D Dalli

### **SECRETARY**

D Roth

### **REGISTERED OFFICE**

2 Christchurch Road  
Abington  
Northamptonshire  
NN1 5LL

### **BANKERS**

Santander Corporate Banking  
Bridle Road,  
Bootle, Merseyside  
L30 4GB

### **SOLICITORS**

Howes Percival  
Oxford House  
Cliftonville  
Northampton  
NN1 5PN

### **AUDITORS**

Deloitte LLP  
Chartered Accountants and Statutory Auditors  
St Albans, United Kingdom

# **Christchurch Court (UK) Limited**

## **Directors' report**

The directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 30 April 2012

### **Principal activities**

The principal activities of the Group comprise the provision of neurological rehabilitation services and supported living

### **Business review**

The group continues to focus on the provision of neurological rehabilitation services from its locations in Northampton and a new service in Bedford which was opened in November 2011

The current economic climate has led to a renewed focus on the cost effectiveness of rehabilitation services. Against this backdrop the group has been able to demonstrate the value in its services with continued strong demand for rehabilitation. Consequently, recent trading performance has been line with expectation

The group has plans to increase the number of service locations over the coming year and expects general levels of activity to improve in line with its development plans

### **Going Concern**

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements

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

### **Financial risk management objectives and policies**

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The Group does not use derivative financial instruments to manage these risks

#### ***Cash flow risk***

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows

#### ***Credit risk***

The Group's principal financial assets are bank balances and trade receivables

The Group's credit risk is primarily attributable to its trade receivables. As most of the Group's customer base is represented by Primary Care Trusts and Local Authorities, the overall credit risk is considered low

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers

#### ***Liquidity risk***

In order to maintain liquidity to ensure that sufficient funds are available for future developments, the Company receives long term intercompany funding from its ultimate parent undertaking

### **Dividends**

The directors do not recommend a dividend

# **Christchurch Court (UK) Limited**

## **Directors' report**

### **Directors**

The directors, who served throughout the period except as noted, were as follows

Dr P Preston

Ms S Kidd

Mr D Roth

Mr D Dalli

Mr R Taylor (resigned 23 April 2012)

### **Directors' indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Employee consultation**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings and the Group newsletter.

### **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 ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

## **Christchurch Court (UK) Limited**

### **Directors' report**

Deloitte have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

Approved by the Board and signed on its behalf by



D Roth

Director

22 August 2012

2 Christchurch Road, Abington, Northampton NN1 5LL

# **Christchurch Court (UK) 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). 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 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, 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 CHRISTCHURCH COURT (UK) LIMITED**

We have audited the financial statements of Christchurch Court (UK) Limited for the year ended 30 April 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 25. 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 member, 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 member 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 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 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 directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 April 2012 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 Directors' Report for the financial period 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

*Paul Schofield;*

Paul Schofield (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
St Albans, UK

*28 August 2012*

## **Christchurch Court (UK) Limited**

### **Consolidated profit and loss account**

For the year ended 30 April 2012

|  | <b>Note</b> | <b>2012<br/>£</b> | <b>2011<br/>£</b> |
|--|-------------|-------------------|-------------------|
| <b>Turnover</b>  | 2           | 4,021,629         | 2,617,627         |
| <b>Cost of sales</b>   |             | (1,668,897)       | (946,331)         |
| <b>Gross profit</b>  |             | 2,352,732         | 1,671,296         |
| <b>Other operating expenses (net)</b>                            |             | (1,684,894)       | (1,106,311)       |
| <b>Operating profit</b>  |             | 667,838           | 564,985           |
| <b>Finance charges (net)</b>                                     | 4           | (884,416)         | (501,341)         |
| <b>(Loss)/ Profit on ordinary activities before<br/>taxation</b> | 3           | (216,578)         | 63,644            |
| <b>Tax on (loss)/ profit on ordinary activities</b>              | 7           | (71,623)          | (169,809)         |
| <b>Loss for the financial period</b>                             |             | (288,201)         | (106,165)         |

There were no gains or losses for the period apart from the result shown above. Therefore, no Statement of total recognised gains and losses has been presented.

The results above derive from continuing operations.

# Christchurch Court (UK) Limited

## Consolidated balance sheet

At 30 April 2012

|  | Note | 2012<br>£         | 2011<br>£         |
|--|------|-------------------|-------------------|
| <b>Fixed assets</b>  |      |                   |                   |
| Intangible assets  | 9    | 7,026,565         | 7,408,881         |
| Tangible assets  | 10   | 14,100,193        | 13,642,260        |
|  |      | <u>21,126,758</u> | <u>21,051,141</u> |
| <b>Current assets</b>  |      |                   |                   |
| Debtors  |      |                   |                   |
| – due within one year  | 12   | 279,794           | 232,577           |
| – due after one year   | 12   | -                 | 48,433            |
| Cash at bank and in hand                                       |      | <u>113,576</u>    | <u>1,277,177</u>  |
| <b>Creditors: Amounts falling due within one year</b>          | 13   | <u>(795,328)</u>  | <u>(877,540)</u>  |
| <b>Net current (liabilities)/ assets</b>                       |      | <u>(401,958)</u>  | <u>680,647</u>    |
| <b>Total assets less current liabilities</b>                   |      | 20,724,800        | 21,731,788        |
| <b>Creditors: Amounts falling due after more than one year</b> | 14   | (20,570,405)      | (21,273,983)      |
| <b>Provisions for liabilities</b>                              | 15   | <u>(548,760)</u>  | <u>(563,969)</u>  |
| <b>Net liabilities</b>   |      | <u>(394,365)</u>  | <u>(106,164)</u>  |
| <b>Capital and reserves</b>                                    |      |                   |                   |
| Called-up share capital  | 16   | 1                 | 1                 |
| Profit and loss account  | 17   | <u>(394,366)</u>  | <u>(106,165)</u>  |
| <b>Shareholders' deficit</b>                                   | 18   | <u>(394,365)</u>  | <u>(106,164)</u>  |

The financial statements of Christchurch Court (UK) Limited, registered number 07051134, were approved by the board of directors and authorised for issue on 22 August 2012. They were signed on its behalf by



D Roth  
Director

# Christchurch Court (UK) Limited

## Company balance sheet

At 30 April 2012

|  | Note | 2012<br>£    | 2011<br>£    |
|--|------|--------------|--------------|
| <b>Fixed assets</b>  |      |              |              |
| Investments  | 11   | 18,915,145   | 18,915,145   |
| <b>Current assets</b>  |      |              |              |
| Debtors  |      |              |              |
| – due within one year  | 12   | 6,836        | 10,000       |
| – due after one year   | 12   | 1,200,892    | 2,028,247    |
| Cash at bank and in hand                                       |      | 18,027       | 62,667       |
| <b>Creditors: Amounts falling due within one year</b>          | 13   | (376,155)    | (377,919)    |
| <b>Net current assets</b>                                      |      | 849,600      | 1,722,995    |
| <b>Total assets less current liabilities</b>                   |      | 19,764,745   | 20,638,140   |
| <b>Creditors: Amounts falling due after more than one year</b> | 14   | (20,713,705) | (20,703,448) |
| <b>Provision for liabilities</b>                               | 15   | (500,000)    | (500,000)    |
| <b>Net liabilities</b>   |      | (1,448,960)  | (565,308)    |
| <b>Capital and reserves</b>                                    |      |              |              |
| Called-up share capital  | 16   | 1            | 1            |
| Profit and loss account  | 17   | (1,448,961)  | (565,309)    |
| <b>Shareholders' deficit</b>                                   | 18   | (1,448,960)  | (565,308)    |

The financial statements of Christchurch Court (UK) Ltd, registered number 07051134, were approved by the board of directors and authorised for issue on 22 August 2012. They were signed on its behalf by



David Roth

Director

# **Christchurch Court (UK) Ltd**

## **Consolidated cash flow statement**

For the year ended 30 April 2012

|  | Note | 2012<br>£          | 2011<br>£        |
|--|------|--------------------|------------------|
| <b>Net cash inflow from operating activities</b> | 19   | 1,514,370          | 1,094,552        |
| Interest paid                                    |      | (486,116)          | (214,188)        |
| Tax paid   |      | (238,697)          | (661,839)        |
| Capital expenditure                              |      | (905,675)          | (749,240)        |
| Acquisition and disposals                        | 20   | -                  | (11,785,951)     |
| <b>Cash outflow before financing</b>             |      | (116,118)          | (12,316,666)     |
| Financing  | 20   | (1,047,483)        | 13,593,843       |
| <b>(Decrease)/ increase in cash in the year</b>  |      | <u>(1,163,601)</u> | <u>1,277,177</u> |

# **Christchurch Court (UK) Limited**

## **Notes to the financial statements**

For the year ended 30 April 2012

### **1. Accounting policies**

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

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable United Kingdom accounting standards.

#### **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 April each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

#### **Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review which forms part of the directors' report. The directors' report also describes the Group's exposure to risks and its policies for managing these.

The Group meets its day to day working capital requirements through surplus operating cash flows and expects to be able to do this for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to generate adequate cash flows to meet its operating requirements, debt and interest repayments for the foreseeable future.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### **Intangible assets**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years.

Separately acquired brands are shown at historical cost and are amortised over its useful economic life, which is 20 years.

Provision is made for any impairment of intangible assets.

# **Christchurch Court (UK) Limited**

## **Notes to the financial statements**

For the year ended 30 April 2012

### **1. Accounting policies (continued)**

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line/reducing balance basis over its expected useful life, as follows

|                                    |                      |
|------------------------------------|----------------------|
| Freehold Property and Improvements | 2% or 15% per annum  |
| Fixtures and Fittings              | 15% Reducing Balance |
| Motor Vehicles                     | 25% Reducing Balance |
| Office and Computer Equipment      | 33 33% per annum     |

Residual value is calculated on prices prevailing at the date of acquisition or revaluation

Depreciation commences when the asset to which it relates to is first brought into use in the production or supply of services or for administrative purposes on a continuing basis in the reporting entity's activities

#### **Investments**

Except as stated below, fixed asset investments are shown at cost less provision for impairment

In the Company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored

#### **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 Group'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

A net deferred tax asset is regarded as recoverable and therefore 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 is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

# **Christchurch Court (UK) Limited**

## **Notes to the financial statements**

For the year ended 30 April 2012

### **1. Accounting policies (continued)**

#### **Turnover**

Turnover is stated net of VAT and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. 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.

#### **Pension costs**

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### **Leases**

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

#### **Finance costs**

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

#### **Financial liabilities and equity**

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 Group after deducting all of its liabilities.

#### **Bank borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.



# Christchurch Court (UK) Limited

## Notes to the financial statements

For the year ended 30 April 2012

### 2. Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK

### 3. Profit on ordinary activities before taxation

This is stated after charging

|   | 2012<br>£ | 2011<br>£ |
|---|-----------|-----------|
| Depreciation of tangible fixed assets owned | 442,256   | 260,457   |
| Amortisation of goodwill                    | 387,801   | 260,800   |
| Operating lease rentals - Other             | 13,197    | -         |
| Auditor's remuneration                      | 24,377    | 20,815    |

The analysis of auditors' remuneration is as follows

|   | 2012<br>£     | 2011<br>£     |
|---|---------------|---------------|
| Fees payable to the Company's auditors for the audit of the Company's annual accounts | 15,900        | 13,750        |
| <b>Total audit fees</b>   | <b>15,900</b> | <b>13,750</b> |
| Tax services  | 8,477         | 7,065         |
| <b>Total non-audit fees</b>   | <b>8,477</b>  | <b>7,065</b>  |

### 4. Finance charge (net)

|   | 2012<br>£        | 2011<br>£        |
|---|------------------|------------------|
| Interest payable and similar charges              | (884,495)        | (501,774)        |
| Less Investment income – bank interest receivable | 79               | 433              |
|   | <b>(884,416)</b> | <b>(501,341)</b> |

Interest payable and similar charges

|                   | 2012<br>£        | 2011<br>£        |
|-------------------|------------------|------------------|
| Bank loan         | (456,905)        | (279,507)        |
| Intercompany loan | (427,590)        | (222,267)        |
|                   | <b>(884,495)</b> | <b>(501,774)</b> |

# Christchurch Court (UK) Limited

## Notes to the financial statements

For the year ended 30 April 2012

### 5. Staff costs

The average monthly number of employees (including executive directors) was

|            | 2012<br>Number | 2011<br>Number |
|------------|----------------|----------------|
| Care Staff | 78             | 77             |
| Central    | 24             | 12             |
|            | <u>102</u>     | <u>89</u>      |

Their aggregate remuneration comprised

|                                   | 2012<br>£        | 2011<br>£        |
|-----------------------------------|------------------|------------------|
| Wages and salaries                | 1,609,196        | 1,396,205        |
| Social security costs             | 132,812          | 113,114          |
| Other pension costs (see note 22) | 36,649           | 24,336           |
|                                   | <u>1,778,657</u> | <u>1,533,655</u> |

### 6. Directors' remuneration and transactions

|   | 2012<br>£      | 2011<br>£      |
|---|----------------|----------------|
| <b>Directors' remuneration</b>                          |                |                |
| Emoluments  | 241,980        | 133,336        |
| Company contributions to money purchase pension schemes | 14,023         | 6,013          |
|   | <u>256,003</u> | <u>139,349</u> |

|  | Number   | Number   |
|--|----------|----------|
| <b>The number of directors who:</b>            |          |          |
| Are members of a money purchase pension scheme | <u>2</u> | <u>2</u> |

|   | 2012<br>£ | 2011<br>£ |
|---|-----------|-----------|
| <b>Remuneration of the highest paid director:</b> |           |           |
| Emoluments  | 119,231   | 52,243    |
| Company contributions to money purchase schemes   | 6,985     | 3,112     |
|   | <u></u>   | <u></u>   |

### Directors' transactions

Details of transactions with directors during the year are disclosed in note 23

# Christchurch Court (UK) Limited

## Notes to the financial statements

For the year ended 30 April 2012

### 7. Tax on profit on ordinary activities

The tax charge comprises

|  | 2012<br>£       | 2011<br>£       |
|--|-----------------|-----------------|
| <b>Current tax</b>                                     |                 |                 |
| UK corporation tax at 25.8% (2011: 28%)                | 116,671         | 181,571         |
| Adjustment in respect of prior years                   | (29,839)        | -               |
| <b>Total current tax</b>                               | <u>86,832</u>   | <u>181,571</u>  |
| <b>Deferred tax</b>                                    |                 |                 |
| Origination and reversal of timing differences         | (7,755)         | (11,762)        |
| Effect of decrease in tax rate on opening liability    | (2,790)         | -               |
| Adjustment in respect of prior years                   | (4,664)         | -               |
| Decrease in estimate of recoverable deferred tax asset | -               | -               |
| <b>Total deferred tax (see note 16)</b>                | <u>(15,209)</u> | <u>(11,762)</u> |
| <b>Total tax on profit on ordinary activities</b>      | <u>71,623</u>   | <u>169,809</u>  |

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

|   | 2012<br>£        | 2011<br>£      |
|---|------------------|----------------|
| <b>Group profit on ordinary activities before tax</b>   | <u>(216,578)</u> | <u>63,644</u>  |
| <b>Tax on Group profit on ordinary activities at effective UK corporation tax rate of 25.8% (2011: 28%)</b> | <u>(55,877)</u>  | <u>17,820</u>  |
| <b>Effects of</b>   |                  |                |
| Expenses not deductible for tax purposes  | 164,783          | 174,167        |
| Capital allowances in excess of depreciation  | 9,666            | 9,528          |
| Other short term timing differences   | (2,064)          | 1,342          |
| Prior year adjustment   | (29,839)         | -              |
| Adjustment in respect of change in tax rates  | 163              | -              |
| Group relief claimed  | -                | (21,286)       |
| <b>Group current tax charge for period</b>  | <u>86,832</u>    | <u>181,571</u> |

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and to 23% effective 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012 respectively. The UK government also proposed to further reduce the standard rate of UK corporation tax by to 22% effective 1 April 2014, but this change has not been substantively enacted.

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

# Christchurch Court (UK) Limited

## Notes to the financial statements

For the year ended 30 April 2012

### 8. Loss attributable to the Company

The loss for the financial period dealt with in the financial statements of the parent Company was £883,652 (2011 £565,309 ) As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company

### 9. Intangible assets

| <b>Group</b>          | <b>Goodwill</b>  | <b>Brand</b> | <b>Total</b>     |
|-----------------------|------------------|--------------|------------------|
| <b>Cost</b>           | <b>£</b>         | <b>£</b>     | <b>£</b>         |
| At 1 May 2011         | 7,740,220        | -            | 7,740,220        |
| Additions             | -                | 5,485        | 5,485            |
|                       | <u>7,740,220</u> | <u>5,485</u> | <u>7,745,705</u> |
| At 30 April 2012      | 7,740,220        | 5,485        | 7,745,705        |
| <b>Amortisation</b>   |                  |              |                  |
| At 1 May 2011         | 331,339          | -            | 331,339          |
| Charge for the period | 387,754          | 47           | 387,801          |
|                       | <u>719,093</u>   | <u>47</u>    | <u>719,140</u>   |
| At 30 April 2012      | 719,093          | 47           | 719,140          |
| <b>Net book value</b> |                  |              |                  |
| At 30 April 2012      | 7,021,127        | 5,438        | 7,026,565        |
| At 30 April 2011      | 7,408,881        | -            | 7,408,881        |

# Christchurch Court (UK) Limited

## Notes to the financial statements

For the year ended 30 April 2012

### 10. Tangible fixed assets

|                          | Freehold<br>property and<br>improvements<br>£ | Fixtures and<br>fittings<br>£ | Motor<br>vehicles<br>£ | Office and<br>computer<br>equipment<br>£ | Assets under<br>construction<br>£ | Total<br>£ |
|--------------------------|---|-------------------------------|------------------------|--|-----------------------------------|------------|
| <b>Group</b>             |   |                               |                        |  |                                   |            |
| <b>Cost or valuation</b> |   |                               |                        |  |                                   |            |
| At 1 May 2011            | 13,710,108                                    | 276,235                       | 29,750                 | 92,259                                   | 714,595                           | 14,822,947 |
| Additions                | 845,900                                       | 34,536                        | -                      | 19,753                                   | -                                 | 900,189    |
| Disposals                | -   | (21,482)                      | -                      | (15,131)                                 | -                                 | (36,613)   |
| Transfers                | 714,595                                       | -                             | -                      | -  | (714,595)                         | -          |
| At 30 April 2012         | 15,270,603                                    | 289,289                       | 29,750                 | 96,881                                   | -                                 | 15,686,523 |
| <b>Depreciation</b>      |   |                               |                        |  |                                   |            |
| At 1 May 2011            | 935,317                                       | 153,126                       | 20,680                 | 71,564                                   | -                                 | 1,180,687  |
| Charge for the year      | 403,142                                       | 21,144                        | 2,386                  | 10,435                                   | -                                 | 437,107    |
| Disposals                | -   | (16,831)                      | -                      | (14,633)                                 | -                                 | (31,464)   |
| At 30 April 2012         | 1,338,459                                     | 157,439                       | 23,066                 | 67,366                                   | -                                 | 1,586,330  |
| <b>Net book value</b>    |   |                               |                        |  |                                   |            |
| At 30 April 2012         | 13,932,144                                    | 131,850                       | 6,684                  | 29,515                                   | -                                 | 14,100,193 |
| At 30 April 2011         | 12,774,791                                    | 123,109                       | 9,070                  | 20,695                                   | 714,595                           | 13,642,260 |

All tangible fixed assets are held in Christchurch Court Ltd

Management have recorded a fair value adjustment to the book value of property totalling £9.9 million as a result of a revaluation of the properties at 2 Christchurch Road and 4 Christchurch Road undertaken on 23 July 2010 by a third party property valuer for the purposes of the acquisition of Christchurch Court Ltd on 14 September 2010

# Christchurch Court (UK) Limited

## Notes to the financial statements

For the year ended 30 April 2012

### 11. Investments

|                                 | Subsidiary undertaking |
|---------------------------------|------------------------|
|                                 | 2011<br>£              |
| <b>Company</b>                  |                        |
| <b>Cost</b>                     |                        |
| At 1 May 2011/ 30 April 2012    | <u>18,915,145</u>      |
| <b>Net Book Value</b>           |                        |
| At 30 April 2011/ 30 April 2012 | <u>18,915,145</u>      |

### Principal Group investments

The parent Company and the Group have investments in the following subsidiary undertaking which principally affected the profits or net assets of the Group. To avoid a statement of excessive length, details of investments which are not significant have been omitted.

| Subsidiary undertaking     | Country of incorporation or principal business address | Principal activity | Description of shares held        | Proportion of nominal value of shares held by the company |
|----------------------------|--|--------------------|-----------------------------------|---|
| Christchurch Court Limited | UK   | Healthcare         | "A" Ordinary Shares of £1 each    | 100%  |
|                            |  |                    | "C" Ordinary Shares of £0.50 each | 100%  |

Christchurch Court Limited has been treated as a subsidiary undertaking because the Group exercises dominant influence over this investment, directing its financial and operating policies.

### 12. Debtors

|  | Group          |                | Company          |                  |
|--|----------------|----------------|------------------|------------------|
|  | 2012<br>£      | 2011<br>£      | 2012<br>£        | 2011<br>£        |
| Amounts falling due within one year          |                |                |                  |                  |
| Trade debtors                                | 227,113        | 194,653        | -                | -                |
| Other debtors                                | 11,195         | 15,434         | -                | -                |
| Prepayments and accrued income               | 41,486         | 22,490         | 6,836            | 10,000           |
|  | <u>279,794</u> | <u>232,577</u> | <u>6,836</u>     | <u>10,000</u>    |
| Amounts falling due after more than one year |                |                |                  |                  |
| Amounts owed by Group undertakings           | -              | 48,433         | 1,200,892        | 2,028,247        |
|  | <u>-</u>       | <u>48,433</u>  | <u>1,200,892</u> | <u>2,028,247</u> |

# **Christchurch Court (UK) Limited**

## **Notes to the financial statements**

For the year ended 30 April 2012

### **13 Creditors – amounts falling due within one year**

|   | <b>Group</b>   |                | <b>Company</b> |                |
|---|----------------|----------------|----------------|----------------|
|   | <b>2012</b>    | <b>2011</b>    | <b>2012</b>    | <b>2011</b>    |
|   | <b>£</b>       | <b>£</b>       | <b>£</b>       | <b>£</b>       |
| Bank loan                                   | 308,913        | 297,927        | 308,913        | 297,928        |
| Trade creditors                             | 162,697        | 59,407         | -              | -              |
| Corporation tax                             | 80,924         | 232,788        | -              | -              |
| Other creditors                             | 32,695         | 59,802         | -              | -              |
| Other taxation and social security          | 42,574         | 33,059         | -              | -              |
| Accruals and deferred income                | 162,891        | 191,885        | 67,242         | 79,991         |
| Defined contribution pension scheme accrual | 4,634          | 2,672          | -              | -              |
|   | <u>795,328</u> | <u>877,540</u> | <u>376,155</u> | <u>377,919</u> |

### **14. Creditors – amounts falling due after more than one year**

|                                    | <b>Group</b>      |                   | <b>Company</b>    |                   |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                    | <b>2012</b>       | <b>2011</b>       | <b>2012</b>       | <b>2011</b>       |
|                                    | <b>£</b>          | <b>£</b>          | <b>£</b>          | <b>£</b>          |
| <b>Other creditors</b>             |                   |                   |                   |                   |
| Bank loan                          | 8,172,944         | 8,481,181         | 8,172,944         | 8,481,181         |
| Amounts owed to Group undertakings | 12,397,461        | 12,792,802        | 12,540,761        | 12,222,267        |
|                                    | <u>20,570,405</u> | <u>21,273,983</u> | <u>20,713,705</u> | <u>20,703,448</u> |

# Christchurch Court (UK) Limited

## Notes to the financial statements

For the year ended 30 April 2012

### 14. Creditors – amounts falling due after more than one year (continued)

Borrowings are repayable as follows

|                              | Group            |                  | Company          |                  |
|------------------------------|------------------|------------------|------------------|------------------|
|                              | 2012<br>£        | 2011<br>£        | 2012<br>£        | 2011<br>£        |
| <b>Bank loans</b>            |                  |                  |                  |                  |
| Between one and two years    | 320,252          | 308,908          | 320,252          | 308,908          |
| Between two and five years   | 1,093,262        | 1,020,548        | 1,093,262        | 1,020,548        |
| After five years             | 6,759,430        | 7,151,725        | 6,759,430        | 7,151,725        |
|                              | <u>8,172,944</u> | <u>8,481,181</u> | <u>8,172,944</u> | <u>8,481,181</u> |
| On demand or within one year | 308,913          | 297,928          | 308,913          | 297,928          |
|                              | <u>8,481,857</u> | <u>8,779,109</u> | <u>8,481,857</u> | <u>8,779,109</u> |

The bank loan is secured on freehold properties with a net book value of £3 0 million and is repayable in quarterly instalments to maturity in September 2020. The interest rate applicable to the bank loan is 4.78%.

### 15. Provisions for liabilities

|                                     | Deferred<br>taxation<br>£ | Deferred<br>consideration<br>£ | Total<br>£      |
|-------------------------------------|---------------------------|--------------------------------|-----------------|
| <b>Group</b>                        |                           |                                |                 |
| At 1 May 2011                       | 63,969                    | 500,000                        | 563,969         |
| Charged to profit and loss account  | <u>(15,209)</u>           | <u>-</u>                       | <u>(15,209)</u> |
| At 30 April 2012                    | <u>48,760</u>             | <u>500,000</u>                 | <u>548,760</u>  |
|                                     |                           |                                |                 |
|                                     |                           | Deferred<br>consideration<br>£ |                 |
| <b>Company</b>                      |                           |                                |                 |
| At 1 May 2011                       |                           | 500,000                        |                 |
| Charged to profit and loss accounts |                           | <u>-</u>                       |                 |
| At 30 April 2012                    |                           | <u>500,000</u>                 |                 |



# Christchurch Court (UK) Limited

## Notes to the financial statements

For the year ended 30 April 2012

### 15. Provisions for liabilities (continued)

#### Deferred tax

Deferred tax is provided as follows

|  | 2012<br>£     | 2011<br>£     |
|--|---------------|---------------|
| <b>Group</b>                                 |               |               |
| Accelerated capital allowances               | 48,760        | 66,049        |
| Other timing differences                     | -             | (2,080)       |
|  | <u>48,760</u> | <u>63,969</u> |
| <b>Discounted provision for deferred tax</b> |               |               |
|  | <u>48,760</u> | <u>63,969</u> |

#### Deferred consideration

The provision for deferred consideration is in respect of the acquisition of Christchurch Court Limited in accordance with the terms and conditions of the Share Purchase Agreement dated 14 September 2010. The deferred consideration will be payable in cash upon satisfaction of a condition stipulated in the Share Purchase Agreement.

### 16. Called-up share capital

|   | 2012<br>£ | 2011<br>£ |
|---|-----------|-----------|
| <b>Allotted, called-up and fully-paid</b> |           |           |
| 1 ordinary share of £1                    | <u>1</u>  | <u>1</u>  |

### 17. Reserves

|                               | Profit<br>and loss<br>account<br>£ |
|-------------------------------|------------------------------------|
| <b>Group</b>                  |                                    |
| At 1 May 2011                 | (106,165)                          |
| Loss for the financial period | <u>(288,201)</u>                   |
| At 30 April 2012              | <u>(394,366)</u>                   |
| <b>Company</b>                |                                    |
| At 1 May 2011                 | (565,309)                          |
| Loss for the financial period | <u>(883,652)</u>                   |
| At 30 April 2012              | <u>(1,448,961)</u>                 |

# Christchurch Court (UK) Limited

## Notes to the financial statements

For the year ended 30 April 2012

### 18. Reconciliation of movements in shareholders' funds

| <b>Group</b>                               | <b>2012<br/>£</b> | <b>2011<br/>£</b> |
|--|-------------------|-------------------|
| Loss for the financial period              | (288,201)         | (106,165)         |
| Acquisition of subsidiary – share capital  | -                 | 1                 |
| <b>Net addition to shareholders' funds</b> | <b>(288,201)</b>  | <b>(106,164)</b>  |
| Opening shareholders' funds                | (106,164)         | -                 |
| <b>Closing shareholders' funds</b>         | <b>(394,365)</b>  | <b>(106,164)</b>  |

| <b>Company</b>                             | <b>2012<br/>£</b>  | <b>2011<br/>£</b> |
|--|--------------------|-------------------|
| Loss for the financial period              | (883,652)          | (565,309)         |
| Issued share capital                       | -                  | -                 |
| <b>Net addition to shareholders' funds</b> | <b>(883,652)</b>   | <b>(565,309)</b>  |
| Opening shareholders' funds                | (565,308)          | 1                 |
| <b>Closing shareholders' funds</b>         | <b>(1,448,960)</b> | <b>(565,308)</b>  |

### 19. Reconciliation of operating profit to operating cash flows

|  | <b>2012<br/>£</b> | <b>2011<br/>£</b> |
|--|-------------------|-------------------|
| Operating profit                                 | 667,838           | 564,985           |
| Depreciation and amortisation                    | 830,059           | 521,257           |
| (Increase)/ decrease in debtors                  | (47,217)          | 14,872            |
| Increase/ (decrease) in creditors                | 63,690            | (6,562)           |
| <b>Net cash inflow from operating activities</b> | <b>1,514,370</b>  | <b>1,094,552</b>  |

Net cash inflows from operating activities relate to continuing activities

# Christchurch Court (UK) Limited

## Notes to the financial statements

For the year ended 30 April 2012

### 20. Analysis of cash flows

|  | 2012<br>£          | 2011<br>£           |
|--|--------------------|---------------------|
| <b>Returns on investments and servicing of finance</b> |                    |                     |
| Interest paid  | (486,116)          | (214,188)           |
| <b>Net cash outflow</b>                                | <u>(486,116)</u>   | <u>(214,188)</u>    |
| <b>Taxation</b>  |                    |                     |
| Tax paid   | (238,697)          | (661,839)           |
| <b>Net cash outflow</b>                                | <u>(238,697)</u>   | <u>(661,839)</u>    |
| <b>Capital expenditure and financial investment</b>    |                    |                     |
| Capital expenditure                                    | (905,675)          | (749,240)           |
| <b>Net cash outflow</b>                                | <u>(905,675)</u>   | <u>(749,240)</u>    |
| <b>Acquisition and disposals</b>                       |                    |                     |
| Purchase of subsidiary undertaking                     | -                  | (13,415,145)        |
| Net cash acquired with subsidiary undertaking          | -                  | 1,629,194           |
| <b>Net cash outflow</b>                                | <u>-</u>           | <u>(11,785,951)</u> |
| <b>Financing</b>                                       |                    |                     |
| Issue of ordinary share capital                        | -                  | 1                   |
| New borrowings   | -                  | 16,979,636          |
| Loans repaid on acquisition                            | -                  | (2,719,738)         |
| Loans repaid   | (333,647)          | (163,155)           |
| Investor Loan Note payments                            | (713,836)          | (502,901)           |
| <b>Net cash (outflow)/inflow</b>                       | <u>(1,047,483)</u> | <u>13,593,843</u>   |

# Christchurch Court (UK) Limited

## Notes to the financial statements

For the year ended 30 April 2012

### 21. Financial commitments

There were no capital commitments at year end

Annual commitments under non-cancellable operating leases are as follows

|                              | 2012                       |               | 2011                       |            |
|------------------------------|----------------------------|---------------|----------------------------|------------|
|                              | Land and<br>buildings<br>£ | Other<br>£    | Land and<br>buildings<br>£ | Other<br>£ |
| <b>Group</b>                 |                            |               |                            |            |
| Expiry date                  |                            |               |                            |            |
| - within one year            | 4,500                      | 13,151        | -                          | -          |
| - between two and five years | -                          | 13,151        | -                          | -          |
|                              | <u>4,500</u>               | <u>26,302</u> | <u>-</u>                   | <u>-</u>   |

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs

### 22. Retirement benefit schemes

#### Defined contribution schemes

The Group operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The total cost charged to income statement of £36,649 (2011 £24,336) represents contributions payable to this scheme at rates specified in the rules of the plans. As at 30 April 2012, contributions of £4,634 (2011 £2,672) due in respect of the current reporting period had not been paid over to the scheme.

### 23 Related party transactions

The company has taken advantage of the exemption permitted by Financial Reporting Standard No 8 not to disclose transactions with other undertakings within its qualifying group.

#### Directors' transactions

The only transactions with Directors in the period were their remuneration as disclosed in note 6.

### 24. Government funding

During the year the company received £Nil (2011 £645) from government initiatives to fund the training and development of staff. This funding has been offset against the human resources and training overhead in the profit and loss account and, as such, the overall effect of the funding is to increase the company's reserves by £Nil (2011 £645).

### 25. Controlling party

The immediate parent undertaking is Christchurch Court Holdings Limited and the controlling party is Sovereign Capital Partners Limited Partnership III. The controlling parties are incorporated in the United Kingdom.