

**GLENCARE (SCOTLAND) LIMITED**

**Report and Financial Statements**

**30 April 2010**

SATURDAY



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29/01/2011  
COMPANIES HOUSE

# **GLENCARE (SCOTLAND) LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2010**

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**GLENCARE (SCOTLAND) LIMITED**

**REPORT AND FINANCIAL STATEMENTS 2010**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Anthony Banks  
Graham Ogilvie

**SECRETARY**

Jill Henderson

**REGISTERED OFFICE**

Eastbourne House  
3 Little Causeway  
Forfar  
Angus  
DD8 2AD

**INDEPENDENT AUDITORS**

Deloitte LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh  
EH1 2DB

# **GLENCARE (SCOTLAND) LIMITED**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors present their annual report and the audited financial statements for the year ended 30 April 2010.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company is the provision of residential care for adults with learning difficulties. The results for the year are shown on page 6. The directors are satisfied with the results for the year. At 30 September 2010 Balhousie Care Group, of which the company is a wholly owned subsidiary, underwent a corporate restructure. This saw the existing structure of a holding company, 11 subsidiaries and two partnerships trading under the "Balhousie" umbrella, condensed into a holding company and four trading subsidiaries (together "the Group"). At this time, the Group also underwent a rebanking exercise which saw all existing debt refinanced, plus the provision of a facility which will aid the Group's future growth strategy.

### **GOING CONCERN**

The company and the Group is funded by cash flows from operations and bank facilities which were recently renegotiated as noted above and in note 6. These facilities are subject to certain financial covenants which are reviewed regularly by management to identify any potential compliance risk. Where such a risk is identified in advance management will take the necessary action to avoid a breach of covenant.

The directors have prepared consolidated forecasts and projections that take account of reasonable possible changes in trading performance, including care home occupancy levels, and show that the company and the Group should be able to operate within the existing covenanted resources available to it. Therefore, the directors have a reasonable expectation that the company and the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **DIRECTORS**

The directors who served during the year and to the date of this report were:

Anthony Banks  
Graham Ogilvie (appointed 20 January 2010)

### **PROVISION OF INFORMATION TO AUDITORS**

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

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report 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.

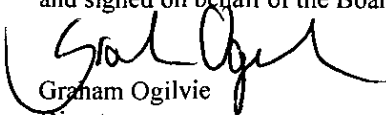
### **INDEPENDENT AUDITORS**

During the year Deloitte LLP were appointed as auditors. Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' regime.

This report was approved by the board on 26 January 2011 and signed on its behalf.

Approved by the Board of Directors  
and signed on behalf of the Board

  
Graham Ogilvie  
Director

**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 judgements and 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 AUDITORS' REPORT TO THE MEMBERS OF GLENCCARE (SCOTLAND) LIMITED**

We have audited the financial statements of Glencare (Scotland) Limited for the year ended 30 April 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

### **Respective responsibilities of directors and auditors**

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 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 (APB'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.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

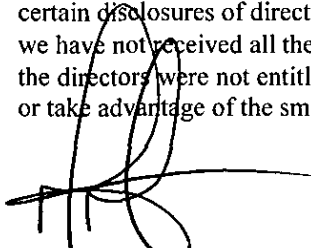
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLENCARE (SCOTLAND) LIMITED (CONTINUED)**

### **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 prepare the financial statements in accordance with the small companies regime or take advantage of the small companies exemption in preparing the Directors' Report



**Michael McGregor ACA (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditors

Edinburgh, United Kingdom

26 January 2011

# GLENCARE (SCOTLAND) LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 30 April 2010

	Note	2010 £	2009 £
<b>TURNOVER</b>	1	1,529,246	863,137
Cost of sales		(650,523)	(457,113)
<b>GROSS PROFIT</b>		878,723	406,024
Administrative expenses		(131,393)	(120,152)
<b>OPERATING PROFIT: continuing operations</b>	2	747,330	285,872
Interest (payable)/receivable		(662)	290
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		746,668	286,162
Tax on profit on ordinary activities	3	(122,308)	(15,397)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		624,360	270,765

All of the activities of the company are classed as continuing.



# **GLENCARE (SCOTLAND) LIMITED**

## **STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES** **For the year ended 30 April 2010**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	624,360	270,765
Unrealised surplus on revaluation of tangible fixed assets	144,903	2,319,692
	<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b>769,263</b>	<b>2,590,457</b>
	<hr/>	<hr/>

# **GLENCARE (SCOTLAND) LIMITED**

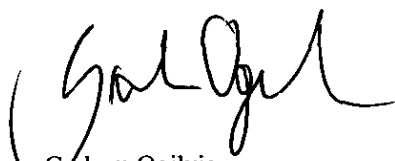
## **BALANCE SHEET**

**30 April 2010**

	Note	2010 £	2009 £
<b>FIXED ASSETS</b>			
Tangible assets	4	5,570,002	4,961,002
<b>CURRENT ASSETS</b>			
Stocks		4,473	2,000
Debtors	5	535,568	711,927
Cash at bank and in hand		36	1,706
		540,077	715,633
<b>CREDITORS: amounts falling due within one year</b>	6	(961,040)	(1,137,872)
<b>NET CURRENT LIABILITIES</b>		(420,963)	(422,239)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,149,039	4,538,763
<b>PROVISIONS FOR LIABILITIES</b>			
Deferred tax	7	(65,013)	-
		5,084,026	
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	50,000	50,000
Revaluation reserve	9	3,503,887	3,358,984
Profit and loss account	9	1,530,139	1,129,779
<b>SHAREHOLDERS' FUNDS</b>		5,084,026	4,538,763

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements of Glencare (Scotland) Limited were approved and authorised for issue by the board and were signed on its behalf on 26 January 2011.

  
Graham Ogilvie  
Director

# GLENCARE (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2010

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial year.

#### **Basis of preparation**

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The directors have prepared consolidated forecasts and projections that take account of reasonable possible changes in trading performance, including care home occupancy levels, and show that the company and the Group should be able to operate within the existing covenanted resources available to it. Therefore, the directors have a reasonable expectation that the company and the Group has adequate resources to continue in operational existence for the foreseeable future and for this reason, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **Turnover**

Turnover comprises revenue recognised by the company in respect of fees charged to private and local authority residents. Revenue is recognised over the period in which the fees fall due.

#### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Furniture, fittings and equipment	15% straight line
Motor vehicles	25% straight line

No depreciation is provided on freehold property in the current year. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as permitted under FRS15 'Tangible fixed assets'.

The company has a policy and practice of regular maintenance and repairs (charges for which are recognised in the profit and loss account) such that the freehold property is kept to its previously assessed standards of performance. As a result the property maintains a high residual value and any depreciation is not considered material.

#### **Revaluation of tangible fixed assets**

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

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

#### **Stocks**

Stocks comprise care home consumables and are stated at cost. Provision is made for obsolete and slow moving stocks.

# GLENCARE (SCOTLAND) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2010

### 1. ACCOUNTING POLICIES (CONTINUED)

#### Deferred Taxation

Current tax, comprising UK corporation 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 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.

A net deferred tax is regarded as recoverable and therefore recognised only when, 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 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.

### 2. OPERATING PROFIT

The operating profit is stated after charging:-

	2010 £	2009 £
Depreciation of tangible fixed assets:		
- owned by the company	19,162	12,287
Auditors' remuneration	1,500	2,148

During the year, no director received any emoluments (2009 - £nil) for services for the company. The directors are also directors of, and are remunerated by, the parent company, Balhousie Holdings Limited.

### 3. TAXATION

	2010 £	2009 £
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax charge on profit for the year	27,562	5,250
Adjustments in respect of prior periods	-	543
<b>Total current tax</b>	<u>27,562</u>	<u>5,793</u>
<b>Deferred tax (see note 7)</b>		
Origination and reversal of timing differences	94,746	9,604
<b>Tax on profit on ordinary activities</b>	<u>122,308</u>	<u>15,397</u>

# **GLENCARE (SCOTLAND) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **Year ended 30 April 2010**

### **4. TANGIBLE FIXED ASSETS**

	Freehold property £	Furniture, fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 May 2009	4,894,302	341,261	3,650	5,239,213
Additions	457,818	25,441	-	483,259
Revaluation	144,903	-	-	144,903
At 30 April 2010	5,497,023	366,702	3,650	5,867,375
<b>Depreciation</b>				
At 1 May 2009	-	274,563	3,648	278,211
Charge for the year	-	19,160	2	19,162
At 30 April 2010	-	293,723	3,650	297,373
<b>Net book value</b>				
At 30 April 2010	5,497,023	72,979	-	5,570,002
At 30 April 2009	4,894,302	66,698	2	4,961,002

Cost or valuation at 30 April 2010 is as follows:

	Freehold Property £
At cost	2,114,406
Valuation	3,382,617
<b>At 30 April 2010</b>	<b>5,497,023</b>

The directors have reviewed the freehold property valuation and concluded there has been no material change in value since the last independent valuation prepared by Savills (members of the Royal Institute of Chartered Surveyors) on 25 January 2010.

# **GLENCARE (SCOTLAND) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 30 April 2010**

### **5. DEBTORS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Due after more than one year</b>		
Deferred tax asset (see note 7)	-	29,733
<b>Due within one year</b>		
Trade debtors	13,793	62,526
Amounts owed by group undertakings	265,468	465,300
Amounts owed by related parties	142,900	-
Prepayments and accrued income	113,407	154,368
	<u>535,568</u>	<u>711,927</u>

### **6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	8,510	172,129
Trade creditors	37,753	37,336
Amounts owed to group undertaking	835,522	856,636
Corporation tax	32,627	5,250
Other creditors	5,857	1,150
Accruals and deferred income	40,771	65,371
	<u>961,040</u>	<u>1,137,872</u>

At the year end the company had granted the Royal Bank of Scotland Plc ("RBS") a first standard security over its property, together with a bond and floating charge, as security for the bank borrowings of the company, its parent company-Balhousie Holdings Limited, and fellow subsidiaries - Glencare (Scotland) Limited, Balhousie Care Limited, Antiquary Court (Arbroath) Limited, Alastrean Care Limited, Monkbarns House Limited, Balhousie Luncarty Care Home Limited, RBNH Limited, Glens Care Management Limited, Faskally Care Home Limited and Dalnaglar Care Homes Limited.

On 30 September 2010 the group underwent a corporate restructure and refinance. The refinance saw Balhousie Holdings Limited moving all loan facilities from RBS, to a syndicate arrangement between Santander and Co-operative Bank, with Lloyds Banking Group providing the operational banking facility. The new facilities include a £1m working capital facility, a £29m 10 year term loan with an interest rate hedged at 4.85% and a £15m 5 year revolving credit facility with an interest rate hedged at 3.33%. The loans are secured by a standard security and bond and floating charge over the assets of the company.

# **GLENCARE (SCOTLAND) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **Year ended 30 April 2010**

### **7. DEFERRED TAX**

	2010 £	2009 £
At beginning of year	29,733	39,337
Charged during year	(94,746)	(9,604)
At end of year	<u>(65,013)</u>	<u>29,733</u>

The deferred tax balance is made up as follows:

	2010 £	2009 £
(Capital allowances in excess off depreciation)/accelerated depreciation	<u>(65,013)</u>	<u>29,733</u>

### **8. SHARE CAPITAL**

	2010 £	2009 £
Called up, allotted and fully paid 50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

### **9. RESERVES**

	Revaluation reserve £	Profit and loss £
At 1 May 2009	3,358,984	1,129,779
Profit for the year	-	624,360
Dividends paid	-	(224,000)
Surplus on revaluation of freehold property	144,903	-
At 30 April 2010	<u>3,503,887</u>	<u>1,530,139</u>

### **10. DIVIDENDS**

	2010 £	2009 £
Dividends paid of £4.48 (2009 - £3.96) per ordinary share	<u>224,000</u>	<u>198,000</u>

### **11. CAPITAL COMMITMENTS**

At 30 April 2010 the company had capital commitments as follows:

	2010 £	2009 £
Contracted for but not provided in these financial statements	<u>-</u>	<u>331,448</u>

## **GLENCARE (SCOTLAND) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**Year ended 30 April 2010**

#### **12. RELATED PARTY TRANSACTIONS**

The company is a wholly owned subsidiary of Balhousie Holdings Limited, the consolidated accounts of which are publicly available from the Register of Companies. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of the Balhousie Care Group.

During the year the company was charged £408,030 by Milnbank Limited for construction services provided. The balance due to Milnbank Limited at the year end was £nil. Anthony Banks is a 50% shareholder in Milnbank Limited.

The amounts due from related parties as detailed in note 5 are due from Willowbank Partnership in which the director, Anthony Banks, is a partner.

#### **13. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The ultimate parent company is Balhousie Holdings Limited, a company registered in Scotland, which prepared consolidated financial statements available from Companies House, Fountainbridge, Edinburgh. The director, Anthony Banks, controls Balhousie Holdings Limited and is therefore considered to be the ultimate controlling party of the company.