

**Company Registration No. SC96630**

**Advanced Specialist Care Limited**

**Report and Financial Statements**

**17 months ended 30 September 2013**

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# **Advanced Specialist Care Limited**

## **Report and financial statements 2013**

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# **Advanced Specialist Care Limited**

## **Report and financial statements 2013**

### **Officers and professional advisers**

#### **Director**

Anthony Banks

#### **Registered Office**

Earn House  
Lamberkine Drive  
Perth  
Scotland  
PH1 1RA

#### **Auditor**

Deloitte LLP  
Edinburgh  
United Kingdom

# **Advanced Specialist Care Limited**

## **Director's report**

The director presents the annual report and the audited financial statements for the period ended 30 September 2013.

This director's report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

### **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 period are shown on page 7. The director is satisfied with the results for the period.

### **Going concern**

The company's borrowings are all through the parent company, Balhousie Holdings Limited (together with its subsidiaries "the Group"). The company is reliant on the Group for continued financial support.

The Group is funded by cash flows from operations and bank term loan facilities which incorporate a working capital facility. The Group finalised the renegotiation of the terms of these banking facilities in November 2014, including the interest cost, repayment terms, the financial & information covenants and general undertakings attaching to the facilities. The facilities are for a five year term.

The directors have prepared consolidated forecasts and projections in conjunction with the agreement reached by the Group with its lenders in November 2014. These projections have been used by the directors as the basis for the going concern assertion with respect to the approval of these financial statements.

The projections take account of reasonably possible changes in the key trading assumptions upon which the associated financial covenants and general undertakings were agreed between the Group and its lenders. The principal underlying trading assumptions include, care home occupancy levels, resident fee rates, operational costs and levels of capital expenditure across the existing portfolio. The projections and context of these key assumptions are based upon the Group continuing to operate its existing portfolio of care homes, each of which has an established and mature trading record.

In addition the Group is required to divest specified freehold interests that are non-core during the going concern period, the net proceeds from which will be applied to amortise the term loan component of the banking facilities. The assets concerned are being marketed by the group and the directors are confident of completing these divestments at the levels and within the timescales assumed within the projections.

As detailed in note 31 in the Group accounts the Group has disclosed the existence of a contingent liability in relation to its defence of a claim lodged by HMRC in respect of VAT arising on an historic sale & leaseback transaction. The directors have concluded that no cash outflow will arise in respect of this matter determining their going concern assertion.

The projections show that the company and Group should be able to operate within the existing covenanted resources available to it, for a period of not less than twelve months from the date of approving these financial statements.

Having considered the foregoing matters, the directors have a reasonable expectation that the company and the Group have 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.

### **Director**

The director who served during the period and to the date of this report was Anthony Banks

# Advanced Specialist Care Limited

## Director's report (continued)

### Provision of information to auditor

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

- so far as that director is aware, there is no relevant audit information of which the company's auditor is 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 auditor in connection with preparing their report 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 expressed their willingness to continue in office and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

This report was approved by the director on 17 December 2014 and signed.



Anthony Banks  
Director

# **Advanced Specialist Care Limited**

## **Director's responsibilities statement**

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director 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 director is 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 director is 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 members of Advanced Specialist Care Limited**

We have audited the financial statements of Advanced Specialist Care Limited for the period ended 30 September 2013 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 12. 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 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 director and auditor**

As explained more fully in the Director's Responsibilities Statement, the director is 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 director; 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 30 September 2013 and of its profit for the period 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 Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Advanced Specialist Care 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from preparing a Strategic Report and in preparing the Director's Report.



Michael McGregor ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Edinburgh, United Kingdom

17 December 2014



## Advanced Specialist Care Limited

### Profit and loss account 17 months ended 30 September 2013

		<b>17 Month period ended 30 September 2013 £'000</b>	<b>Year ended 30 April 2012 £'000</b>
	<b>Notes</b>		
<b>Turnover</b>	1	3,844	1,953
Cost of sales		(1,779)	(906)
<b>Gross profit</b>		2,065	1,047
Administrative expenses		(361)	(170)
<b>Operating profit</b>	2	1,704	877
<b>Profit on ordinary activities before taxation</b>		1,704	877
Tax on profit on ordinary activities	3	59	(95)
<b>Profit for the financial period</b>	10	1,763	782

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

## Advanced Specialist Care Limited

### Statement of total recognised gains and losses 17 months ended 30 September 2013

	<b>17 Month period ended 30 September 2013 £'000</b>	<b>Year ended 30 April 2012 £'000</b>
<b>Profit for the financial period</b>	1,763	782
Unrealised (deficit)/surplus on revaluation of tangible fixed assets (Note 4)	(1,240)	1,626
<b>Total recognised gains and losses relating to the period</b>	<u>523</u>	<u>2,408</u>

# Advanced Specialist Care Limited

## Balance sheet 30 September 2013

	Notes	30 September 2013 £'000	30 April 2012 £'000
<b>Fixed assets</b>			
Tangible assets	4	8,050	9,233
<b>Current assets</b>			
Stocks		2	-
Debtors	5	864	129
Cash at bank and in hand		12	49
		878	178
<b>Creditors: amounts falling due within one year</b>	6	(291)	(1,242)
<b>Net current assets/ (liabilities)</b>		587	(1,064)
<b>Total assets less current liabilities</b>		8,637	8,169
<b>Creditors: amounts falling due after one year</b>	7	(1)	(10)
<b>Provisions for liabilities</b>			
Deferred tax	8	(133)	(179)
		8,503	7,980
<b>Capital and reserves</b>			
Called up share capital	9	50	50
Revaluation reserve	10	3,809	5,049
Profit and loss account	10	4,644	2,881
<b>Shareholders' funds</b>		8,503	7,980

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 Advanced Specialist Care Limited, registered number SC96630 were approved and authorised for issue by the director on 17 December 2014.



Anthony Banks  
Director

# **Advanced Specialist Care Limited**

## **Notes to the financial statements 17 months ended 30 September 2013**

### **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 period.

#### **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 company's borrowings are all through the parent company, Balhousie Holdings Limited (together with its subsidiaries "the Group"). The company is reliant on the Group for continued financial support.

The Group is funded by cash flows from operations and bank term loan facilities which incorporate a working capital facility. The Group finalised the renegotiation of the terms of these banking facilities in November 2014, including the interest cost, repayment terms, the financial & information covenants and general undertakings attaching to the facilities. The facilities are for a five year term.

The directors have prepared consolidated forecasts and projections in conjunction with the agreement reached by the Group with its lenders in November 2014. These projections have been used by the directors as the basis for the going concern assertion with respect to the approval of these financial statements.

The projections take account of reasonably possible changes in the key trading assumptions upon which the associated financial covenants and general undertakings were agreed between the Group and its lenders. The principal underlying trading assumptions include, care home occupancy levels, resident fee rates, operational costs and levels of capital expenditure across the existing portfolio. The projections and context of these key assumptions are based upon the Group continuing to operate its existing portfolio of care homes, each of which has an established and mature trading record.

In addition the Group is required to divest specified freehold interests that are non-core during the going concern period, the net proceeds from which will be applied to amortise the term loan component of the banking facilities. The assets concerned are being marketed by the group and the directors are confident of completing these divestments at the levels and within the timescales assumed within the projections.

As detailed in note 31 in the Group accounts the Group has disclosed the existence of a contingent liability in relation to its defence of a claim lodged by HMRC in respect of VAT arising on an historic sale & leaseback transaction. The directors have concluded that no cash outflow will arise in respect of this matter determining their going concern assertion.

The projections show that the company and Group should be able to operate within the existing covenanted resources available to it, for a period of not less than twelve months from the date of approving these financial statements.

Having considered the foregoing matters, the directors have a reasonable expectation that the company and the Group have 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.

# **Advanced Specialist Care Limited**

## **Notes to the financial statements 17 months ended 30 September 2013**

### **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 and preceding period. The director considers 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 period 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 period 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.

### **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 asset 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.

# Advanced Specialist Care Limited

## Notes to the financial statements (continued) 17 months ended 30 September 2013

### 1. Accounting policies (continued)

#### Hire purchase transactions

Assets held under hire purchase transactions, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital elements of future 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.

### 2. Operating profit

The operating profit is stated after charging:

	Period ended 30 September 2013 £'000	Year ended 30 April 2012 £'000
Depreciation of tangible fixed assets:		
- owned by the company	39	26
- leased assets	6	5
Auditor's remuneration	-	-

Audit fees were borne by Balhousie Care Limited. The director estimated fees payable in relation to this company amounted to £3,000 (year ended 30 April 2012: £2,500).

During the current and preceding period, the director received no emoluments for services to the company. The director was also director of, and was remunerated by, the parent company, Balhousie Holdings Limited in both periods.

### 3. Taxation

	Period ended 30 September 2013 £'000	Year ended 30 April 2012 £'000
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b>		
UK corporation tax recoverable on profit for the period	(13)	-
<b>Total current tax</b>	(13)	-
<b>Deferred tax (see note 9)</b>		
Origination and reversal of timing differences	(46)	95
<b>Tax on profit on ordinary activities</b>	(59)	95

# Advanced Specialist Care Limited

## Notes to the financial statements (continued) 17 months ended 30 September 2013

### 4 Tangible fixed assets

	Freehold property £'000	Furniture, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 30 April 2012	9,094	462	27	9,583
Additions	47	55	-	102
Revaluation deficit	(1,240)	-	-	(1,240)
At 30 September 2013	7,901	517	27	8,445
<b>Accumulated depreciation</b>				
At 30 April 2012	-	335	15	350
Charge for the period	-	41	4	45
At 30 September 2013	-	376	19	395
<b>Net book value</b>				
At 30 September 2013	7,901	141	8	8,050
At 30 April 2012	9,094	127	12	9,233

Cost or valuation at 30 September 2013 is as follows:

	Freehold property £'000
At historic cost	4,092
Valuation	3,809
<b>At 30 September 2013</b>	<b>7,901</b>

The director has reviewed the freehold property valuation conducted by Jones Lang Lasalle as at May 2014. This has resulted in a decrease of £1.2m.

The net book value of assets held under hire purchase agreements at 30 September 2013 is £6,000 (year ended 30 April 2012: £12,000).

### 5 Debtors

	30 September 2013 £'000	30 April 2012 £'000
<b>Due within one year</b>		
Trade debtors	72	66
Amounts owed by group undertakings	684	-
Prepayments and accrued income	108	63
	<b>864</b>	<b>129</b>

## Advanced Specialist Care Limited

### Notes to the financial statements (continued) 17 months ended 30 September 2013

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

	30 September 2013 £'000	30 April 2012 £'000
Amounts owed to group undertaking	18	1,196
Other creditors	207	-
Hire purchase creditors	5	3
Accruals and deferred income	61	43
	<u>291</u>	<u>1,242</u>

At the period end the company had granted a first standard security over its properties, together with a bond and floating charge, as security for the bank borrowings of its parent company Balhousie Holdings Limited. The company is an additional guarantor under the terms of the Group's syndicated arrangement between Santander and Co-operative Bank. The total borrowings outstanding at the balance sheet date in relation to this facility amounted to £36,653,722 (year ended 30 April 2012: £37,553,722).

Lloyds Banking Group provide the operational banking facility and they also have a floating charge over the assets of the company.

#### 7. Creditors: amounts falling due after one year

	30 September 2013 £'000	30 April 2012 £'000
Hire purchase creditors	<u>1</u>	<u>10</u>



# Advanced Specialist Care Limited

## Notes to the financial statements (continued) 17 months ended 30 September 2013

### 8. Deferred tax

	30 September 2013 £'000	30 April 2012 £'000
At beginning of period	179	84
Charged during period	14	109
Effect of change in tax rate	(60)	(14)
At end period	<u>133</u>	<u>179</u>

The deferred tax balance is made up as follows:

	30 September 2013 £'000	30 April 2012 £'000
Capital allowances in excess of depreciation	<u>133</u>	<u>179</u>

### 9. Share capital

	30 September 2013 £'000	30 April 2012 £'000
<b>Called up, allotted and fully paid</b> 50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

### 10. Reserves

	Revaluation reserve £'000	Profit and loss account £'000
At 1 May 2012	5,049	2,881
Profit for the period	-	1,763
Revaluation of freehold property (Note 4)	(1,240)	-
At 30 September 2013	<u>3,809</u>	<u>4,644</u>

## **Advanced Specialist Care Limited**

### **Notes to the financial statements (continued)** **17 months ended 30 September 2013**

#### **11. 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.

#### **12. 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.