

FASKALLY CARE HOME LIMITED

Report and Financial Statements

30 April 2010

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FASKALLY CARE HOME LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

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FASKALLY CARE HOME LIMITED

REPORT AND FINANCIAL STATEMENTS 2010

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Anthony Banks
Graham Ogilvie

SECRETARY

Jill Henderson

REGISTERED OFFICE

3 Little Causeway
Forfar
Angus
DD8 2AD

INDEPENDENT AUDITORS

Deloitte LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2DB

FASKALLY CARE HOME LIMITED

DIRECTORS' REPORT

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 was the provision of residential and nursing care facilities for the elderly and infirm. 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"). The restructure saw all of the assets and liabilities of the company being hived across to Balhousie Care Limited. The company effectively ceased trading as a care home operator on that date.

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.

The company is expected to recommence trading as a procurement and project management company operating on behalf of the Group in 2011.

GOING CONCERN

The Group is funded by cash flows from operations and bank facilities which were recently renegotiated as noted below. 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 Group and the company 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.

FASKALLY CARE HOME LIMITED

DIRECTORS' REPORT

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 FASKALLY CARE HOME LIMITED

We have audited the financial statements of Faskally Care Home 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 15. 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

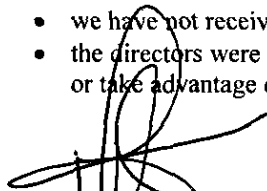
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FASKALLY CARE HOME 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

FASKALLY CARE HOME LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 30 April 2010

	Note	2010 £	2009 £
TURNOVER	1	1,171,534	264,751
Cost of sales		(730,680)	(111,319)
GROSS PROFIT		440,854	153,432
Administrative expenses		(140,063)	(77,563)
OPERATING PROFIT	2	300,791	75,869
Interest payable		(653)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		300,138	75,869
Tax on profit/(loss) on ordinary activities	3	(78,879)	(67,304)
PROFIT FOR THE FINANCIAL YEAR	9	221,259	8,565

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

FASKALLY CARE HOME LIMITED

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

	2010	2009
	£	£
PROFIT FOR THE FINANCIAL YEAR	221,259	8,565
Unrealised surplus on revaluation of tangible fixed assets	15,784	1,303,011
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TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	237,043	1,311,576
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FASKALLY CARE HOME LIMITED

BALANCE SHEET

30 April 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	4	4,450,000	4,450,000
CURRENT ASSETS			
Stocks		750	750
Debtors	5	109,919	94,554
Cash at bank and in hand		95,616	31,718
		206,285	127,022
CREDITORS: amounts falling due within one year	6	(3,114,256)	(3,223,352)
NET CURRENT LIABILITIES		(2,907,971)	(3,096,330)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,542,029	1,353,670
PROVISIONS FOR LIABILITIES			
Deferred tax	7	(118,620)	(67,304)
NET ASSETS		1,423,409	1,286,366
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Revaluation reserve	9	1,318,795	1,303,011
Profit and loss account	9	104,613	(16,646)
SHAREHOLDERS' FUNDS		1,423,409	1,286,366

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 Faskally Care Home Limited, registered number SC301531, were approved and authorised for issue by the board and were signed on its behalf on 26 January 2011.



Graham Ogilvie
Director

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 cash flow projections, taking into account reasonable downside sensitivities primarily in relation to care home occupancy levels, for a period 12 months from the date of approval of these financial statements. After making enquires, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

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	12.5% - 33% straight line
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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.

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

Operating profit is stated after charging:-

	2010	2009
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	34,668	8,434
Auditors' remuneration	1,500	1,363
	<u> </u>	<u> </u>

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

3. TAXATION

	2010	2009
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit(loss) for the year	27,562	-
Deferred tax (see note 7)		
Origination and reversal of timing differences	51,317	67,304
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	<u>78,879</u>	<u>67,304</u>

FASKALLY CARE HOME LIMITED

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

4. TANGIBLE FIXED ASSETS

	Freehold property £	Furniture fittings and equipment £	Total £
Cost or valuation			
At 1 May 2009	4,192,506	265,928	4,458,434
Additions	7,475	11,409	18,884
Revaluation surplus	15,784	-	15,784
	<hr/>	<hr/>	<hr/>
At 30 April 2010	4,215,765	277,337	4,493,102
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 May 2009	-	8,434	8,434
Charge for the year	-	34,668	34,668
	<hr/>	<hr/>	<hr/>
At 30 April 2010	-	43,102	43,102
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 April 2010	4,215,765	234,235	4,450,000
	<hr/>	<hr/>	<hr/>
At 30 April 2009	4,192,506	257,494	4,450,000
	<hr/>	<hr/>	<hr/>

Cost or valuation at 30 April 2010 is as follows:

	Freehold Property £
At cost	2,896,970
Valuation	1,318,795
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At 30 April 2010	4,215,765
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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.

FASKALLY CARE HOME LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2010

5. DEBTORS

	2010 £	2009 £
Trade debtors	36,199	40,570
Other debtors	64,801	41,903
Prepayments and accrued income	8,919	12,081
	<u>109,919</u>	<u>94,554</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade creditors	23,865	25,086
Amounts owed to group undertaking	2,926,389	3,077,298
Other creditors	29,121	37,388
Corporation tax	27,562	
Accruals and deferred income	107,319	83,580
	<u>3,114,256</u>	<u>3,223,352</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-Balhousesie Holdings Limited, and fellow subsidiaries - Glencare (Scotland) Limited, Balhousesie Care Limited, Antiquary Court (Arbroath) Limited, Alastrean Care Limited, Monkbarns House Limited, Balhousesie Luncarty Care Home Limited, RBNH Limited, Glens Care Management Limited, Faskally Care Home Limited and Dalnaglar Care Homes Limited.

On 30 September 2010 the trade, assets, liabilities and standard securities of the company were hived across into another group company, Balhousesie Care Limited, at their carrying value on that day.

The company ceased to trade on that date as a residential and nursing care home operator. The company is expected to recommence trading as a procurement and project management company operating on behalf of the Group in 2011.

7. DEFERRED TAX

	2010 £	2009 £
At beginning of year	67,303	-
Charge for year	51,317	67,304
At end of year	<u>118,620</u>	<u>67,304</u>

The provision for deferred tax is made up as follows:

	2010 £	2009 £
Accelerated depreciation	<u>118,620</u>	<u>67,304</u>

FASKALLY CARE HOME LIMITED

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

8. SHARE CAPITAL

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

9. RESERVES

	Revaluation reserve £	Profit and loss £
At 1 May 2009	1,303,011	(16,646)
Profit for the year	-	221,259
Dividends paid (note 10)	-	(100,000)
Surplus on revaluation of freehold property	<u>15,784</u>	<u>-</u>
At 30 April 2010	<u>1,318,795</u>	<u>104,613</u>

10. DIVIDENDS

	2010 £	2009 £
Dividends paid £100,000 (2009- £nil) per ordinary share	<u>100,000</u>	<u>-</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>3,071,686</u>

12. OPERATING LEASE COMMITMENTS

At 30 April 2010 the company had annual commitments under non-cancellable operating leases as follows:

	2010 £	2009 £
Expiry date: After more than 5 years	<u>25,177</u>	<u>24,999</u>

13. RELATED PARTY TRANSACTIONS

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Year ended 30 April 2010

14. POST BALANCE SHEET EVENT

On 30 September 2010 the trade, assets and liabilities of the company were hived across into another group company, Balhousie Care Limited, at their carrying value on that day.

The company ceased to trade on that date as a residential and nursing care home operator. The company is expected to recommence trading as a procurement and project management company operating on behalf of the Group in 2011.

15. 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.