

Financial Statements

Faskally Care Home Limited

For the year ended 30 September 2015



Registered number: SC301531

Faskally Care Home Limited
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Company Information

Director	Mr A R Banks
Registered number	SC301531
Registered office	Earn House Lamberkine Drive Perth Perthshire PH1 1RA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 110 Queen Street Level 8 Glasgow G1 3BX

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Director's Report

For the year ended 30 September 2015

The director presents his report and the audited financial statements for the year ended 30 September 2015.

Principal activities

The principal activity of the company is that of a procurement and project management company operating on behalf of Balhousie Holdings Limited and its subsidiaries ("the Group").

Director

The director who served during the year was:

Mr A R Banks

Disclosure of information to auditor

The director at the time when this Director's report is approved has confirmed that:

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

Auditor

The auditors, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Director's responsibilities statement

The director is responsible for preparing the Director's 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 he is 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 judgments and accounting estimates that are reasonable and prudent;
- 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Faskally Care Home Limited

Director's Report

For the year ended 30 September 2015

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



Mr A R Banks

Director

Date: 29 June 2016

Independent Auditor's 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 September 2015, which comprise the Profit and loss account, the Balance sheet and the related notes. 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its loss 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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Independent Auditor's Report to the Members of Faskally Care Home Limited

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; or
- 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 the requirement to prepare a strategic report or in preparing the Director's report.

A handwritten signature in black ink, appearing to read "Grant Thornton UK LLP" followed by a stylized signature.

Thomas Chadwick (Senior statutory auditor)

for and on behalf of

Grant Thornton UK LLP

Statutory Auditor

Chartered Accountants

Glasgow

29 June 2016

Profit and Loss Account

For the year ended 30 September 2015

	Note	2015 £	2014 £
Turnover	1	700	-
Cost of sales		(4,026)	(188,889)
Gross loss		(3,326)	(188,889)
Administrative expenses		(204,159)	(10,563)
Operating loss		(207,485)	(199,452)
Interest payable and similar charges		(16,437)	-
Loss on ordinary activities before taxation		(223,922)	(199,452)
Tax on loss on ordinary activities		-	-
Loss for the financial year	7	(223,922)	(199,452)

The notes on pages 7 to 10 form part of these financial statements.

Balance Sheet

As at 30 September 2015

	Note	£	2015 £	£	2014 £
Current assets					
Debtors	4	1,056,356		1,230,874	
Cash at bank		996		822	
		<u>1,057,352</u>		<u>1,231,696</u>	
Creditors: amounts falling due within one year	5	<u>(220,596)</u>		<u>(171,018)</u>	
Net current assets			<u>836,756</u>		<u>1,060,678</u>
Total assets less current liabilities			<u>836,756</u>		<u>1,060,678</u>
Capital and reserves					
Called up share capital	6		1		1
Profit and loss account	7		<u>836,755</u>		<u>1,060,677</u>
Shareholders' funds			<u>836,756</u>		<u>1,060,678</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies 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 were approved and authorised for issue by the board and were signed on its behalf on 29 June 2016.



Mr A R Banks
Director

The notes on pages 7 to 10 form part of these financial statements.

Notes to the Financial Statements

For the year ended 30 September 2015

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and investment property in accordance with applicable accounting standards.

The Group is funded by cash flows from operations and bank term loan facilities which incorporate a working capital facility. The Group agreed revised terms of its bank facility in June 2016, 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 to November 2019.

The directors have prepared consolidated forecasts and projections in conjunction with the agreement reached by the Group and these 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.

As detailed in note 8 the Group has disclosed the existence of a contingent liability in relation to its defence of two claims lodged by HMRC in respect for VAT arising on a historic sale and leaseback transaction. In May 2016, the First Tier Tribunal found in favour of the Group in connection with the first claim of £825,800 and found in favour of HMRC against Faskally Care Home Limited in connection with the second claim of £204,160 plus interest. The directors have taken the decision to provide for the costs of the second claim in the current year.

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 12 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.

1.2 Turnover

Turnover represents amounts invoiced and recharged to other group companies for the design and build services relating to new care home developments.

1.3 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Notes to the Financial Statements

For the year ended 30 September 2015

2. Auditors' remuneration

Audit remuneration was borne by another group company. The director estimates the cost borne that relates to the audit of the company to be £1,000 (2014: £1,000)

3. Staff costs

Staff costs were as follows:

	2015	2014
	£	£
Wages and salaries	-	46,336

During the year, no director received any emoluments (2014: £Nil). The director was also a director of, and was remunerated by, the parent company, Balhousie Holdings Limited.

The average monthly number of employees during the year was as follows:

	2015	2014
	No.	No.
Staff and director	1	2

4. Debtors

	2015	2014
	£	£
Amounts owed by group undertakings	988,917	1,163,435
Amounts owed by related parties	67,439	67,439
	<u>1,056,356</u>	<u>1,230,874</u>

Notes to the Financial Statements

For the year ended 30 September 2015

5. Creditors:

Amounts falling due within one year

	2015	2014
	£	£
Other taxation and social security	-	3,879
Other creditors	220,596	167,139
	<u>220,596</u>	<u>171,018</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. The total borrowings outstanding at the balance sheet date in relation to this facility amounted to £38.2 million (2014 £37.6 million).

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

6. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

7. Reserves

	Profit and loss account
	£
At 1 October 2014	1,060,677
Loss for the financial year	(223,922)
	<u>836,755</u>
At 30 September 2015	

Notes to the Financial Statements

For the year ended 30 September 2015

8. Contingent liabilities

As reported in prior periods, a claim was lodged by Her Majesty's Revenue and Customs against Faskally Care Home Limited in respect to VAT deemed to be over recovered in the period to 30 September 2013. Based on legal advice, the directors considered the claim was unlikely to succeed and as such no amounts were provided in relation to this. On 27 May 2016 the First Tier Tribunal found in favour of Her Majesty's Revenue and Customs and the amount due to be settled as a result is £204,160 plus interest. The findings of the Tribunal allow the company to appeal this ruling and they are currently considering whether to do so. Given the initial findings, the directors have taken the decision to provide for the potential future loss in the current year.

9. Related party transactions

During the period the company provided services to Clepington Road LLP totaling £nil (2014 - £24,605). Anthony Banks is a partner in Clepington Road LLP. The balance due from Clepington Road LLP at the period end was £67,439 (2014 - £67,439).

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.

10. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Balhousie Holdings Limited, a company registered in Scotland. The results of Faskally Care Home Limited are included within the consolidated financial statements of Balhousie Holdings Limited for the year ended 30 September 2015. The company which consolidates the largest and smallest group of companies in which this company is included is Balhousie Holdings Limited.

The ultimate controlling party is Mr A R Banks, by virtue of his share ownership in Balhousie Holdings Limited.