Company Registration No. SC301531

FASKALLY CARE HOME LIMITED

Report and Financial Statements

17 months ended 30 September 2013

FASKALLY CARE HOME LIMITED

REPORT AND FINANCIAL STATEMENTS 2013

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

Anthony Banks

REGISTERED OFFICE

Earn House
Lamberkine Drive
Perth
Scotland
PH1 1RA

INDEPENDENT AUDITOR

Deloitte LLP
Edinburgh
United Kingdom

FASKALLY CARE HOME LIMITED

DIRECTOR'S REPORT

The director presents the annual report and the audited financial statements for the 17 month period ended 30 September 2013.

The directors' 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 ACTVITIES AND BUSINESS REVIEW

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").

During the period the company finalised the construction of 3 care homes, with the construction costs of 2 being charged to another Group Company, Balhousie Care Limited and the remaining property, Huntly Care Home was subject to a formal sale to Balhousie Care Limited. The construction of the 2 care homes has resulted in the circumstances described in note 10 to the accounts where a contingent liability has currently been disclosed in relation to VAT deemed to be payable to HMRC.

GOING CONCERN

The company's borrowings are all through the parent company, Balhousie Holdings Limited. 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. 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 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.

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 board on 17 December 2014.

Anthony Banks

Director

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 FASKALLY CARE HOME LIMITED

We have audited the financial statements of Faskally Care Home Limited for the 17 month period ended 30 September 2013 which comprise the profit and loss account, the balance sheet and the related notes 1 to 11. 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 loss 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 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 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

FASKALLY CARE HOME LIMITED

PROFIT AND LOSS ACCOUNT
17 month period ended 30 September 2013

	Note	17 Month period ended 30 September 2013 £000	Year ended 30 April 2012 £000
TURNOVER	1	8,680	-
Cost of sales		(8,680)	-
GROSS PROFIT		-	-
Administrative expenses		-	-
OPERATING PROFIT	2	-	-
Loss on sale of fixed assets		(204)	-
Interest payable		-	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(204)	-
Tax on loss on ordinary activities		-	-
LOSS FOR THE FINANCIAL PERIOD/YEAR	8	(204)	-

There are no other gains or losses for either the current or prior period other than those presented above, all results arise from continuing activities.

BALANCE SHEET
30 September 2013

	Note	30 September 2013 £000	30 April 2012 £000
CURRENT ASSETS			
Stocks	4	-	1,075
Debtors	5	1,544	476
Bank		1	-
		1,545	1,551
CREDITORS: amounts falling due within one year	6	(285)	(87)
NET CURRENT ASSETS		1,260	1,464
TOTAL ASSETS LESS CURRENT LIABILITIES		1,260	1,464
NET ASSETS		1,260	1,464
CAPITAL AND RESERVES			
Called up share capital	7	-	-
Profit and loss account	8	1,260	1,464
SHAREHOLDERS' FUNDS		1,260	1,464

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 director on 17 December 2014.

Anthony Banks
Director

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
17 month period 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 period and preceding financial year.

Basis of preparation

The financial statements are prepared under the historical cost convention 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. 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 represents amounts invoiced and recharged to other group companies for design and build services relating to new care home developments.

Stocks

Work in progress relates to cumulative development costs incurred on behalf of other group companies and is shown net of amounts transferred to cost of sales.

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.

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 bases:

Furniture, fittings and equipment	12.5-20% straight line and 25% reducing balance

No depreciation is provided on freehold property in the current period or prior 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 Group 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
17 month period ended 30 September 2013

2. OPERATING PROFIT

Operating profit is stated after charging:-

	17 Month period ended 30 September 2013 £000	Year ended 30 April 2012 £000
Auditor's remuneration	-	-

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

Audit fees were paid by another group company. The director estimated fees paid on behalf of this company were £1,500 (2012: £1,000).

3. FIXED ASSETS

	Assets under construction £000	Fittings and equipment £000	Total £000
Cost			
At 1 May 2012	-	-	-
Additions	4,924	287	5,211
Disposals	(4,924)	(287)	(5,211)
At **30 September 2013**	-	-	-
Depreciation			
At 1 May 2012 and 30 September 2013	-	-	-
Net book value			
At 30 September 2013	-	-	-
At 1 May 2012	-	-	-

The additions and disposals in the current year relate to the Huntly Care Home Property which was constructed in the period and sold on completion to Balhousie Care Limited, another Balhousie Holdings Limited Group company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
17 month period ended 30 September 2013

4. STOCKS

	30 September 2013 £000	30 April 2012 £000
Work in progress	-	1,075
	-	1,075

Work in progress in the prior period represents costs incurred by the company in relation to evaluating and progressing new care home facilities on behalf of the group. As at the period end no capital commitments had been entered into by the company.

5. DEBTORS

	30 September 2013 £000	30 April 2012 £000
Trade debtors	-	3
Amounts owed by group undertakings	1,476	453
Amouts owed by related parties	43	-
Other debtors	25	20
	1,544	476

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 September 2013 £000	30 April 2012 £000
Trade creditors	83	37
Accruals and deferred income	202	50
	285	87

At the period end the company had granted a first standard security over its assets, 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 (2012 - £37,913,722).

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

7. SHARE CAPITAL

	30 September 2013 £000	30 April 2012 £000
Called up, allotted and fully paid		
1 ordinary shares of £1 each	1	1

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
17 month period ended 30 September 2013

8. RESERVES

	Profit and loss £000
At 1 May 2012	1,464
Loss for the year	(204)
At 30 September 2013	1,260

9. 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 that Group.

During the period the company provided services to Clepington Road LLP totalling £42,834 (2012 - £1,759). Anthony Banks is a partner in Clepington Road LLP. The balance due from Clepington Road LLP at the period end was £42,834 (2012- £Nil)

10. CONTINGENT LIABILITY

A claim has been lodged by Her Majesty's Revenue and Customs against Faskally Limited in respect of VAT deemed to be overrecovered in the period to September 2013. It has been estimated that the maximum liability should the claim be successful is of the order of £189,236, inclusive of penalties. The Group has taken legal advice to the effect that the claim is unlikely to succeed and accordingly no provision has been made in the financial statements.

11. 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.