

Financial Statements

Faskally Care Home Limited

For the year ended 30 September 2014



Registered number: SC301531

Faskally Care Home Limited

Company Information

Director	Mr A R Banks
Registered number	SC301531
Registered office	Earn House Lamberkine Drive Perth PH1 1RA
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 95 Bothwell Street Glasgow G2 7JZ

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Director's Report

For the year ended 30 September 2014

The director presents his report and the audited financial statements for the year ended 30 September 2014.

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

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

Grant Thornton UK LLP, were appointed auditors in January 2015 and will be proposed for re-appointment in accordance with section 485 of the Companies Act 2006.

Director's Report

For the year ended 30 September 2014

Director's responsibilities statement

The director is responsible for preparing the Director's report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare audited financial statements for each financial year. Under that law the director has elected to prepare the audited 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 audited 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 audited 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 audited 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 audited 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.

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



Mr A R Banks

Director

Date: 29 April 2015

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 2014, 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 (APB'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 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 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 take advantage of the small companies' exemption from the requirement to prepare a strategic report.

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

Thomas Chadwick (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Glasgow

Date: 30 April 2015

Profit and Loss Account

For the year ended 30 September 2014

	Note	Year ended 30 September 2014 £000	17 months ended 30 September 2013 £000
Turnover	1	-	8,680
Cost of sales		(189)	(8,680)
Gross loss		(189)	-
Administrative expenses		(11)	-
Operating loss		(200)	-
Exceptional items			
Net loss on sale of tangible fixed assets		-	(204)
Loss on ordinary activities before taxation		(200)	(204)
Tax on loss on ordinary activities		-	-
Loss for the financial year	7	(200)	(204)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

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

Balance Sheet

As at 30 September 2014

	Note	£000	2014 £000	2013 £000
Current assets				
Debtors	4	1,230	1,544	
Cash at bank		1	1	
		<u>1,231</u>	<u>1,545</u>	
Creditors: amounts falling due within one year	5	<u>(171)</u>	<u>(285)</u>	
Net current assets			<u>1,060</u>	<u>1,260</u>
Net assets			<u>1,060</u>	<u>1,260</u>
Capital and reserves				
Called up share capital	6	-	-	
Profit and loss account	7	<u>1,060</u>	<u>1,260</u>	
Shareholders' funds	8	<u>1,060</u>	<u>1,260</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr A R Banks
 Director

Date: 29 April 2015

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

Notes to the Financial Statements

For the year ended 30 September 2014

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 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 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. The directors have updated these projections to April 2015 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.

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 timescale's assumed within the updated projections.

As detailed in note 22 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.

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 2014

2. Auditor's 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 (2013: £1,000).

3. Staff costs

Staff costs were as follows:

	Year ended 30 September 2014 £000	17 months ended 30 September 2013 £000
Wages and salaries	46	-

During the year, no director received any emoluments (2013: £NIL). The director was also a director of, and was remunerated by, the parent company, Balhousie Holdings Limited.

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

	Year ended 30 September 2014 No.	17 months ended 30 September 2013 No.
Staff and director	2	2

4. Debtors

	2014 £000	2013 £000
Amounts owed by group undertakings	1,163	1,476
Amounts owed by related parties	67	43
Other debtors	-	24
Prepayments and accrued income	-	1
	<u>1,230</u>	<u>1,544</u>

Notes to the Financial Statements

For the year ended 30 September 2014

5. Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	-	83
Other taxation and social security	4	-
Accruals and deferred income	167	202
	<u>171</u>	<u>285</u>

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 £37.6m (2013 - £38.3m).

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

6. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
1 Ordinary share of £1	<u>1</u>	<u>1</u>

7. Reserves

	Profit and loss account £000
At 1 October 2013	1,260
Loss for the financial year	(200)
	<u>1,060</u>
At 30 September 2014	<u>1,060</u>

Notes to the Financial Statements

For the year ended 30 September 2014

8. Reconciliation of movement in shareholders' funds

	2014	2013
	£000	£000
Opening shareholders' funds	1,260	1,464
Loss for the financial year/period	(200)	(204)
Closing shareholders' funds	1,060	1,260

9. Contingent liabilities

A claim has been lodged by Her Majesty's Revenue and Customs against Faskally Limited in respect to VAT deemed to be over recovered in the period to September 2013. It has been estimated that the maximum liability should the claim be successful is of the order £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.

10. Related party transactions

During the period the company provided services to Clepington Road LLP totaling £24,605 (2013 - £42,834). Anthony Banks is a partner in Clepington Road LLP. The balance due from Clepington Road LLP at the period end was £67,439 (2013 - £42,834).

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 Group.

11. 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 Balhousie Care Limited are included within the consolidated financial statements of Balhousie Holdings Limited for the year ended 30 September 2014. 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.