

Registered Number SC149922

Central Care Limited
Annual report and financial statements
for the year ended 31 July 2012

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Central Care Limited

Annual report and financial statements for the year ended 31 July 2012

Contents

Director and advisers for the year ended 31 July 2012	1
Director's report for the year ended 31 July 2012.....	2
Independent auditors' report to the members of Central Care Limited	4
Profit and loss account for the year ended 31 July 2012	6
Statement of total recognised gains and losses for the year ended 31 July 2012	6
Note of historical cost profits and losses for the year ended 31 July 2012.....	7
Balance sheet as at 31 July 2012	8
Accounting policies for the year ended 31 July 2012.....	9
Notes to the financial statements for the year ended 31 July 2012.....	11

Central Care Limited

Director and advisers for the year ended 31 July 2012

Director

S Lakhani

Company secretary

I Lakhani

Registered Office

C/O DLA Piper Scotland LLP

Collins House

Rutland Square

Edinburgh

EH1 2AA

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Benson House

33 Wellington Street

Leeds

LS1 4JP

Bankers

Royal Bank of Scotland

26 St Andrew Square

Edinburgh

EH2 2YB

Solicitors

DLA Piper Scotland LLP

Collins House

Rutland Square

Edinburgh

EH1 2AA

Central Care Limited

Director's report for the year ended 31 July 2012

The director presents his annual report and the financial statements for the year ended 31 July 2012.

Principal activity

The company's principal activity is the operation of a nursing home.

Business review

The director is satisfied with the performance of the company during the year and the improved profitability.

The principal risk facing the company is fee income, which in many cases is funded by local authorities. The company has good relations with the local authorities and works closely with them to ensure that the income rates are appropriate for the services provided.

The key performance indicators used by the director to assess the performance of the company are turnover, occupancy rates, operating profit, EBITDA and net assets. On all these indicators, the company's performance remained strong in comparison to the previous year.

Future outlook

The director is confident that the company will continue to show sustained growth and increase profitability in the future years.

Financial risk management

The company makes little use of financial instruments other than operational bank accounts and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of its net assets, liabilities, financial position and profit or loss of the company.

Property revaluation

The land and buildings were revalued on 30 November 2012 by Christie & Co. on an open market existing use basis. A revaluation of £3,150 (2011: £990,094) was charged to the revaluation reserve.

Results and dividends

The profit for the financial year amounted to £377,625 (2011: £295,918). The director recommends that no final dividends be declared (2011: £nil).

Director

The director who held office during the year and up to the date of signing the financial statements is given below:

S Lakhani

Central Care Limited

Director's report for the year ended 31 July 2012 (continued)

Statement of director's responsibilities

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 prepared 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Disclosures of information to auditors

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. The director has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

This report was approved by the board on 19 April 2013 and signed on its behalf.



S Lakhani
Director

Central Care Limited

Independent auditors' report to the members of Central Care Limited

We have audited the financial statements of Central Care Limited for the year ended 31 July 2012 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Note of historical cost profits and losses, the Balance sheet, the Accounting policies 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of director's responsibilities set out on page 3 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 and financial statements to identify material inconsistencies with the audited financial statements. 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 31 July 2012 and of its profit 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Central Care Limited

Independent auditors' report to the members of Central 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.

Arif Ahmad

Arif Ahmad (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
19 April 2013

Central Care Limited

Profit and loss account for the year ended 31 July 2012

	Note	2012 £	2011 £
Turnover	1	2,224,300	2,082,652
Cost of sales		(1,410,943)	(1,387,841)
Gross profit		813,357	694,811
Administrative expenses		(402,458)	(384,278)
Operating profit	2	410,899	310,533
Interest receivable and similar income	5	127	119
Interest payable and similar charges	6	(1,296)	(662)
Profit on ordinary activities before taxation		409,730	309,990
Tax on profit on ordinary activities	7	(32,105)	(14,072)
Profit for the financial year	13	377,625	295,918

All amounts relate to continuing operations.

Statement of total recognised gains and losses for the year ended 31 July 2012

	Note	2012 £	2011 £
Profit for the financial year		377,625	295,918
Revaluation	14	3,150	-
Total recognised gains and losses relating to the year		380,775	295,918

Central Care Limited

Note of historical cost profits and losses for the year ended 31 July 2012

	2012 £	2011 £
Reported profit on ordinary activities before taxation	409,730	309,990
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	34,149	26,149
Historical cost profit on ordinary activities before taxation	443,879	336,139
Historical profit for the year after taxation	411,774	322,067

Central Care Limited

Balance sheet as at 31 July 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	8	6,604,007	6,776,157
		6,604,007	6,776,157
Current assets			
Debtors	9	560,852	373,366
Cash at bank and in hand		101,167	63,628
		662,019	436,994
Creditors - amounts falling due within one year	10	(1,918,764)	(2,246,664)
Net current liabilities		(1,256,745)	(1,809,670)
Total assets less current liabilities		5,347,262	4,966,487
Net assets		5,347,262	4,966,487
Capital and reserves			
Called up share capital	12	96,000	96,000
Revaluation reserve	13	3,950,530	3,947,380
Profit and loss account	13	1,300,732	923,107
Total shareholders' funds	14	5,347,262	4,966,487

The financial statements on pages 6 to 17 were approved by the board on 19 April 2013 and were signed on its behalf by:



S Lakhani
Director

Registered Number SC149922

Central Care Limited

Accounting policies for the year ended 31 July 2012

Basis of preparation of financial statements

The financial statements have been prepared on the going concern basis under the historical cost convention except for the revaluation of land and buildings and in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards. The principal accounting policies are set out below and applied consistently.

Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

Turnover

Turnover comprises revenue recognised by the company in respect of operation of a nursing home property, exclusive of value added tax and trade discounts.

Tangible assets and depreciation

Tangible assets are stated at cost or valuation less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible assets is provided at rates calculated to write off the cost or valuation of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Land and buildings	-	1%	reducing balance
Motor vehicles	-	25%	reducing balance
Furniture and fittings	-	10%	straight line
Office equipment	-	25%	reducing balance

Land represents freehold land, therefore has not been depreciated.

Revaluation of tangible assets

Individual freehold and leasehold properties are 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 intervening year where the director considers that a trigger event has occurred.

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.

Central Care Limited

Accounting policies for the year ended 31 July 2012 (continued)

Leases

Finance lease

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in tangible assets and the capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets.

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to be reversed.

Central Care Limited

Notes to the financial statements for the year ended 31 July 2012

1 Turnover

The whole of the turnover is attributable to the principal activity of the business. All turnover arose within the United Kingdom.

2 Operating profit

The operating profit is stated after charging:

	2012	2011
	£	£
Depreciation of tangible assets		
- assets owned by the company	183,928	183,877
- assets held under finance lease and hire purchase contacts	2,692	2,692
Auditors' remuneration	-	5,000
Operating lease rentals - plant and machinery	8,845	14,054

3 Staff costs

Staff costs were as follows:

	2012	2011
	£	£
Wages and salaries	1,255,450	1,237,921
Social security costs	75,225	75,493
	1,330,675	1,313,414

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

	2012	2011
	Number	Number
Management and nursing staff	75	74

Central Care Limited

Notes to the financial statements for the year ended 31 July 2012 (continued)

4 Director's remuneration

During the year, the director did not receive any emoluments in respect of his services to the company (2011: £nil).

5 Interest receivable and similar income

	2012 £	2011 £
On cash at bank	127	119

6 Interest payable and similar charges

	2012 £	2011 £
On finance lease and hire purchase contacts	1,296	662

7 Tax on profit on ordinary activities

	2012 £	2011 £
Current tax		
UK corporation tax on profits of the year	79,763	-
Adjustment in respect of previous periods	4,769	-
Total current tax	84,532	-
Deferred tax		
Origination and reversal of timing differences	(18,351)	14,377
Effect of changes in tax rates	1,726	(466)
Adjustment in respect of previous periods	(35,802)	161
Total deferred tax (see note 11)	(52,427)	14,072
Tax on profit on ordinary activities	32,105	14,072

Central Care Limited

Notes to the financial statements for the year ended 31 July 2012 (continued)

7 Tax on profit on ordinary activities

Factors affecting tax charge for the year

The tax assessed for the year is lower (2011: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2012	2011
	£	£
Profit on ordinary activities before taxation	409,730	309,990
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.33% (2011: 20.67%)	103,785	64,075
Effects of:		
Expenses not deductible for tax purposes	13,478	-
Capital allowances for year less than/(in excess of) depreciation	18,351	(14,377)
Adjustments in respect of previous periods	4,769	-
Group relief not paid for	(55,851)	(49,698)
Current tax charge for the year	84,532	-

Factors affecting current and future tax charges

As the latest Finance Act was substantively enacted on 3 July 2012, effectively reducing the standard corporation tax rate to 23% from 1 April 2013, any deferred assets or liabilities released or settled after 1 April 2013 will reverse at 20% or 23%. Therefore we have prepared the provision on this basis and calculated the rate of deferred tax to be 20% and 23.67%.

Further reductions to the UK corporation tax rate were announced in the March 2013 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate to 21% by 1 April 2014 and 20% by 1 April 2015. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

Central Care Limited

Notes to the financial statements for the year ended 31 July 2012 (continued)

8 Tangible assets

	Land and buildings	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£
Cost or valuation				
At 1 August 2011	5,500,000	47,080	1,964,580	7,511,660
Additions	-	-	11,320	11,320
Revaluation	(50,000)	-	-	(50,000)
At 31 July 2012	5,450,000	47,080	1,975,900	7,472,980
Accumulated depreciation				
At 1 August 2011	-	17,472	718,031	735,503
Charge for the year	53,150	7,402	126,068	186,620
Revaluation	(53,150)	-	-	(53,150)
At 31 July 2012	-	24,874	844,099	868,973
Net book value				
At 31 July 2012	5,450,000	22,206	1,131,801	6,604,007
At 1 August 2011	5,500,000	29,608	1,246,549	6,776,157

Included in land and buildings is freehold land at cost and valuation of £185,000 (2011: £185,000) which is not depreciated.

The net book value of tangible assets includes £22,206 (2011: £29,608) in respect of assets held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounted to £2,692 (2011: £2,692) for the year.

The freehold land and buildings were revalued in November 2012 by Christie & Co, Chartered Surveyors, on an open market value basis, in accordance with the RICS Appraisal and Valuation Manual

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2012	2011
	£	£
Cost	1,822,085	1,822,085
Accumulated depreciation	(236,168)	(217,167)
Net book value	1,585,917	1,604,918

Central Care Limited

Notes to the financial statements for the year ended 31 July 2012 (continued)

9 Debtors

	2012	2011
	£	£
Trade debtors	90,684	74,571
Amounts owed by group undertakings	426,203	246,104
Other debtors	1,428	2,724
Prepayments and accrued income	29,715	49,967
Deferred tax (see note 11)	12,822	-
	560,852	373,366

Amounts owed by group undertakings are unsecured, repayable on demand and interest-free.

10 Creditors – Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	27,671	51,767
Amounts owed to group undertakings	886,106	715,691
Social security and other taxes	21,821	18,972
Obligations under hire purchase contracts and finance leases	16,191	22,768
Other creditors	872,650	1,388,068
Corporation tax	84,532	-
Accruals and deferred income	9,793	9,793
Deferred tax (see note 11)	-	39,605
	1,918,764	2,246,664

Amounts owed to group undertakings are unsecured, repayable on demand and interest-free.

A fixed and floating charge over the company's assets is held by Royal Bank of Scotland plc. The company's freehold property is also subject to a charge as security for a loan held by the company's parent undertaking, Tower Bridge Homes Care (Central Care) Limited.

Central Care Limited

Notes to the financial statements for the year ended 31 July 2012 (continued)

11 Deferred taxation

	2012	2011
	£	£
At beginning of year	39,605	25,533
(Credited)/charged during year (see note 7)	(16,625)	14,072
Adjustment in respect of prior years	(35,802)	-
At end of year	(12,822)	39,605

The provision for deferred taxation is made up as follows:

	2012	2011
	£	£
Accelerated capital allowances	(12,823)	39,605

12 Called up share capital

	2012	2011
	£	£
Authorised		
100,000 (2011: 100,000) ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
96,000 (2011: 96,000) ordinary shares of £1 each	96,000	96,000

13 Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 1 August 2011	3,947,380	923,107
Profit for the financial year	-	377,625
Revaluation	3,150	-
At 31 July 2012	3,950,530	1,300,732

Central Care Limited

Notes to the financial statements for the year ended 31 July 2012 (continued)

14 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Opening total shareholders' funds	4,966,487	3,680,475
Profit for the financial year	377,625	295,918
Revaluation	3,150	990,094
Closing total shareholders' funds	5,347,262	4,966,487

15 Operating lease commitments

At 31 July the company had annual commitments under non-cancellable operating leases to make payments as follows:

On leases expiring	2012	2011
	Other	Other
	£	£
Within two to five years	8,845	14,054

16 Contingent liabilities

The company has guaranteed loans taken out by certain other group companies.

17 Related party transactions

Details of the company's balances with group undertakings are provided in Notes 9 and 10.

18 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Tower Bridge Homes Care (Central Care) Limited, incorporated in Scotland. The ultimate parent undertaking is The Holmes Care (Group) Limited, incorporated in England and Wales. Copies of consolidated financial statements for this company are available from Companies House.

The Holmes Care (Group) Limited is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements.

The ultimate controlling party is S Lakhani, the company's director.