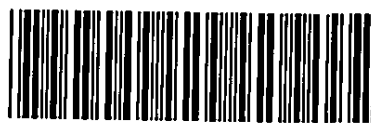


Healthline Individual Care Limited

REPORT AND FINANCIAL STATEMENTS

31 March 2010

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COMPANIES HOUSE

Company Registration No 01440442

Healthline Individual Care Limited

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Healthline Individual Care Limited

DIRECTORS AND ADVISORS

DIRECTORS

DJ Cole
GH Blackoe
TZ Gowers
AC Muchatuta

SECRETARY

TZ Gowers

REGISTERED OFFICE

2nd Floor Bezant House
Bradgate Park View
Chellaston
Derbyshire
DE73 5UH

AUDITORS

Baker Tilly UK Audit LLP
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

Healthline Individual Care Limited

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2010

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of nursing care

REVIEW OF THE BUSINESS

The directors consider the performance of the company to be satisfactory. The company has continued to operate profitably during the year and the directors are confident of future profitability.

The results for the year are shown in the profit and loss account on page 7.

The company's patients and service users are mainly funded by the public sector. During the period the company has continued to put significant effort into building relationships with NHS Specialised Commissioning Groups, local authorities and other public sector purchasing agencies and this has translated to higher occupancy levels.

An important part of the company's activities is the strength of its property portfolio of healthcare facilities. In this context, the company's strategy includes the ongoing economic development of the property portfolio and a regular refurbishment programme.

KEY PERFORMANCE INDICATORS

Financial Performance

The company prepares detailed financial budgets for all of its facilities and operations, against which actual performance is monitored. A key area is occupancy and the company monitors levels in order to manage profitability.

Quality and Compliance with Regulations

The company operates in a highly regulated environment, registered with the Care Quality Commission. The quality of care provided by the company and its compliance with regulation are monitored in a structured manner and subject to continuous review by the senior managers and executive directors.

Position at the year end

The company's performance against these measures was satisfactory at the year end.

FUTURE DEVELOPMENTS

The directors are confident the current level of performance will be maintained in the future.

RISKS AND UNCERTAINTIES

The company is exposed to a variety of risks that could affect the performance of the business. The Board is responsible for maintaining a risk management programme that seeks to identify, manage and mitigate business risk.

Customer and Price risk

The company's main customer is the NHS and any changes in government purchasing policy away from the independent sector would constitute a risk. NHS, government bodies and local authorities will be under pressure to cut spending, which represents a risk to the business in terms of fees for new admissions and inflationary increases on fees for existing users of the services.

Healthline Individual Care Limited

DIRECTORS' REPORT (continued)

Wherever possible the company mitigates price risk through negotiating long term contracts for patients and service users with fixed price agreements and it is committed to working with its purchasers to find solutions that provide demonstrable value for money. In an increasingly competitive market, the strategy is to continue to focus on providing high quality person-centred services at fee levels which are competitive and represent good value.

Credit risk

The company has limited exposure to this risk as counterparties are all local NHS, governmental departments and local authorities.

Health and safety risk

Due to the nature of the company's operations, an independent adviser monitors health and safety risk in conjunction with the operations team, to ensure that company policies are adhered to.

DIVIDENDS

No dividend has been paid in the year (2009 £nil)

FINANCIAL INSTRUMENTS

The company operates its business using bank and cash balances, and continues to be supported by its parent company, Lighthouse Healthcare Limited. As such all financial matters are dealt with at a group level. The company does not hold any financial derivative instruments.

MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors, the market value of the land and buildings of the company exceeds book values of those assets at 31 March 2010. However, as the company does not adopt a policy of valuation, the excess of market value over book value has not been quantified.

EMPLOYEE INVOLVEMENT AND DISABLED PERSONS

The company's policy is to consult and discuss with employees matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the regular and frequent financial and economic factors affecting the company's performance.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made wherever possible for retraining employees who become disabled to enable them to perform work identified as appropriate to their aptitudes.

DIRECTORS

The directors who held office during the year were as follows:

D Whittaker (resigned 26 May 2009)

MA Cork (resigned 21 May 2009)

DJ Cole

TZ Gowers (appointed 26 May 2009)

GH Blackoe (appointed 1 June 2009)

AC Muchatuta (appointed 23 February 2010)

Healthline Individual Care Limited

DIRECTORS' REPORT (continued)


AUDITORS

A resolution for the re-appointment of Baker Tilly UK Audit LLP as auditors of the company is to be proposed at the annual general meeting

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



TZ Gowers
Company Secretary

22 September 2010

Healthline Individual Care Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c 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 AUDITOR'S REPORT TO THE MEMBERS OF HEALTHLINE INDIVIDUAL CARE LIMITED

We have audited the financial statements on pages 7 to 17. 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 directors and auditors

As more fully explained in the Directors' Responsibilities Statement set out on page 5, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the 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 March 2010 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Ronald Goodwin (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

28 September 2010

Healthline Individual Care Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2010

	Note	2010 £'000	2009 £'000
TURNOVER	1	11,398	9,798
Cost of sales		(5,686)	(5,294)
GROSS PROFIT		5,712	4,504
Administrative expenses		(2,560)	(2,224)
OPERATING PROFIT		3,152	2,280
Interest receivable and similar income	3	1	61
Interest payable and similar charges	4	(5)	(3)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2-5	3,148	2,338
Taxation	6	(978)	(669)
PROFIT FOR THE FINANCIAL YEAR	13	2,170	1,669

The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

Healthline Individual Care Limited

BALANCE SHEET

At 31 March 2010

	Note	2010 £'000	2009 £'000
FIXED ASSETS			
Tangible assets	7	7,763	7,428
CURRENT ASSETS			
Debtors – (of which £372,000 (2009 £nil) is due after more than one year)	8	818	517
Cash at bank and in hand		1,593	224
		<u>2,411</u>	<u>741</u>
CREDITORS Amounts falling due within one year	9	(1,543)	(574)
NET CURRENT ASSETS		<u>868</u>	<u>167</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,631</u>	<u>7,595</u>
CREDITORS Amounts falling due after more than one year	10	(8)	(1,160)
PROVISIONS FOR LIABILITIES	11	(263)	(245)
NET ASSETS		<u>8,360</u>	<u>6,190</u>
CAPITAL AND RESERVES			
Called up share capital	12	15	15
Profit and loss account	13	8,345	6,175
SHAREHOLDERS' FUNDS		<u>8,360</u>	<u>6,190</u>

The financial statements on pages 7 to 17 were approved by the board and authorised for issue on 22 September 2010 and are signed on its behalf by



DJ Cole
Director

Company Registration No 01440442

Healthline Individual Care Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the year ended 31 March 2010

	2010 £'000	2009 £'000
PROFIT FOR THE FINANCIAL YEAR	2,170	1,669
Net addition to shareholders' funds	2,170	1,669
Opening shareholders' funds	6,190	4,521
CLOSING SHAREHOLDERS' FUNDS	8,360	6,190

Healthline Individual Care Limited

ACCOUNTING POLICIES (continued)

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

The group has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the Lighthouse Healthcare Limited group

GOING CONCERN

The financial statements have been prepared on the going concern basis, which assumes that the company will be able to continue to trade for the foreseeable future

Occupancy levels within the business continue to rise and fee rate targets are being achieved although, as the company is reliant on public funding and given the current uncertain economic outlook, there is a risk that these may not be maintained. The company continues to focus on winning long term contracts to ensure a level of cashflow certainty and controlling staffing costs in units where occupancy levels are not at a maximum. The company is capitalising on being part of a wider group by benefiting from group purchasing contracts to realise efficiencies on the other cost lines. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

The group has bank funding in place until October 2017, with significant headroom on current and forecast performance to meet its obligations. The group currently hedges 77% of its bank debt to mitigate the risk of increased interest costs as a result of adverse LIBOR fluctuations

On this basis the directors consider it appropriate to prepare financial statements on a going concern basis

TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows

Freehold buildings	-	50 years
Plant and equipment	-	3 to 10 years
Motor vehicles	-	4 to 5 years

LEASED ASSETS AND OBLIGATIONS

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Healthline Individual Care Limited

ACCOUNTING POLICIES (continued)

DEFERRED TAXATION

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 in the future 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 years different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

TURNOVER

Turnover represents the amounts derived from the provision of nursing care services to customers during the year. Turnover relating to the supply of nursing care is recognised at the beginning of the month to which it relates.

Healthline Individual Care Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

1 TURNOVER

In the opinion of the directors there is only one class of business, being the provision of nursing care services. All turnover is derived in the UK.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Baker Tilly UK Audit LLP Auditors' remuneration		
- Audit services	8	8
- Tax services	1	1
Depreciation and other amounts written off tangible fixed assets		
Charge for the year		
- Owned assets	207	244
- Leased assets	17	7
(Profit)/loss on disposal of fixed assets	(6)	1
Operating lease rental		
Other	66	-
	<hr/>	<hr/>

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £'000	2009 £'000
Bank interest receivable	1	61
	<hr/>	<hr/>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £'000	2009 £'000
Other interest payable	-	2
Interest on finance leases	5	1
	<hr/>	<hr/>
	5	3
	<hr/>	<hr/>

Healthline Individual Care Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2010

5 EMPLOYEES

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2010 Number	2009 Number
Directors	3	3
Nursing and residential	265	236
Management and administration	18	17
	<hr/>	<hr/>
	286	256
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows

	2010 £'000	2009 £'000
Wages and salaries	5,070	4,882
Social security costs	451	451
Pension costs	-	27
	<hr/>	<hr/>
	5,521	5,360
	<hr/>	<hr/>

The directors received no emoluments for services to the company during the year. The directors received remuneration for services to Lighthouse Healthcare Limited of which Healthline Individual Care Limited is a subsidiary undertaking, however, the proportion attributable to their services to Healthline Individual Care Limited is not separately identifiable.

Healthline Individual Care Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

6 TAXATION

a) Analysis of charge in the year	2010 £'000	2009 £'000
UK corporation tax on income for year	249	-
Payment for group relief	711	675
Adjustment in respect of prior years	-	(3)
	<hr/>	<hr/>
Total current tax	960	672
Deferred taxation		
Origination and reversal of timing differences	18	12
Adjustments in respect of previous years	-	(15)
	<hr/>	<hr/>
	18	(3)
	<hr/>	<hr/>
Tax on profit on ordinary activities	978	669
	<hr/>	<hr/>

b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2009 higher) than the standard rate of corporation tax in the UK being 28% (2009 28%) The differences are explained below

	2010 £'000	2009 £'000
Profit on ordinary activities before taxation	3,148	2,338
	<hr/>	<hr/>
Corporation tax at standard rate 28% (2009 28%)	882	655
Expenses not deductible for tax purposes	95	32
Capital allowances in excess of depreciation	(18)	(12)
Adjustment in respect of prior years	-	(3)
Over provision in current period	1	-
	<hr/>	<hr/>
Current year tax charge	960	672
	<hr/>	<hr/>

Healthline Individual Care Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

7 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At beginning of year	7,441	663	237	8,341
Additions	525	57	-	582
Disposals	-	-	(82)	(82)
At end of year	7,966	720	155	8,841
Depreciation				
At beginning of year	399	371	143	913
Charge for the year	132	63	29	224
Disposals	-	-	(59)	(59)
At end of year	531	434	113	1,078
Net book value At 31 March 2010	7,435	286	42	7,763
At 31 March 2009	7,042	292	94	7,428

The net book value of motor vehicles includes £29,000 (2009 £69,000) in respect of fixed assets held under finance leases and hire purchase contracts. Depreciation charged for the year on these assets was £17,000 (2009 £7,000).

Included in freehold land and buildings is land with a value of £1,050,000 (2009 £1,050,000) which is not depreciated.

8 DEBTORS

	2010 £'000	2009 £'000
Due within one year		
Trade debtors	408	461
Corporation tax	-	23
Other debtors	2	1
Prepayments and accrued income	36	32
	446	517
Due after more than one year		
Amounts owed by group undertakings	372	-

Healthline Individual Care Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

9 CREDITORS Amounts falling due within one year

	2010 £'000	2009 £'000
Obligations under finance leases (see Note 10)	16	28
Trade creditors	40	107
Other taxation and social security costs	114	218
Other creditors	3	4
Corporation Tax	249	-
Accruals and deferred income	1,121	217
	<u>1,543</u>	<u>574</u>

10 CREDITORS Amounts falling due after more than one year

	2010 £'000	2009 £'000
Obligations under finance leases	8	36
Amounts owed to group undertakings	-	1,124
	<u>8</u>	<u>1,160</u>

The maturity of obligations under finance leases is as follows

	2010 £'000	2009 £'000
Within one year	16	28
Within two to five years	8	36
	<u>24</u>	<u>64</u>

Obligations under finance leases are secured against the underlying assets

11 PROVISIONS FOR LIABILITIES

		Deferred tax £'000
At beginning of year		245
Charge for the year		18
At end of year		263
	<u>2010 £'000</u>	<u>2009 £'000</u>
The amounts provided for deferred taxation are set out below		
Difference between accumulated depreciation and capital allowance	263	245

Healthline Individual Care Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

12 CALLED UP SHARE CAPITAL

	2010 £'000	2009 £'000
Allotted, called up and fully paid 15,000 Ordinary shares of £1 each	15	15

13 PROFIT AND LOSS ACCOUNT

	£'000
At beginning of year	6,175
Profit for the financial year	2,170
At end of year	8,345

14 PENSION SCHEME

The company operates a defined contribution pension scheme that is administered independently to the company. The contributions for the year were £nil (2009 £27,000). There was £nil (2009 £nil) of outstanding contributions at the end of the year.

15 CONTINGENT LIABILITIES

The company, along with other members of the Lighthouse Healthcare Limited group, is a guarantor in respect of the parent company loans with the Bank of Scotland. At the balance sheet date the loans outstanding amounted to £65,199,000 (2009 £65,043,000).

The company is also a guarantor, along with other members of the Lighthouse Healthcare Limited group, in respect of the parent company loans with Alcentra Limited. At the balance sheet date the loans outstanding amounted to £11,508,000 (2009 £10,755,000).

The loans are secured by legal charges dated 19 October 2007 and 22 December 2009 securing the debt against the company's freehold property by way of a fixed charge and the remainder of the company's assets by way of a floating charge. In terms of security, the Alcentra debt ranks secondary to the Bank of Scotland senior debt.

16 ULTIMATE PARENT COMPANY

The directors consider that the ultimate parent undertaking is Lighthouse Healthcare Limited. Lighthouse Healthcare Limited is the immediate parent company, and is the smallest and largest group for which consolidated accounts including Healthline Individual Care Limited are prepared.

The consolidated accounts of Lighthouse Healthcare Limited are available from

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF4 3UZ