

WELLBURN CARE HOMES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Registered number: 1965619

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COMPANIES HOUSE

WELLBURN CARE HOMES LIMITED

COMPANY INFORMATION

DIRECTORS

Mr S W Beckett FRICS - (Chairman)
Mr K L Beckett MRICS - (Managing Director)
Mr M G Sillars FCA - (Director)

COMPANY SECRETARY

Miss S Burns M C I P D

COMPANY NUMBER

1965619

REGISTERED OFFICE

Tyne View House
9 Grange Road
Newburn
Newcastle Upon Tyne
NE15 8ND

AUDITORS

Waltons Clark Whitehill LLP
Chartered Accountants & Statutory Auditors
Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

BANKERS

Yorkshire Bank PLC
110 Quayside
Newcastle upon Tyne
NE1 3DX

WELLBURN CARE HOMES LIMITED

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WELLBURN CARE HOMES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

The directors present their report and the financial statements for the year ended 31 March 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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 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.

PRINCIPAL ACTIVITIES

The principal activity of the business continued to be the provision of residential and nursing care, including some day care, for the elderly.

WELLBURN CARE HOMES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

BUSINESS REVIEW

The Business Review included in the Directors' Report for the year ended 31 March 2011 reported on the many difficulties being experienced in the Care Industry. In 2011/12, there have been continuing problems due to Local Authorities cutting down the contributions they make to residents who are not fully self funded. In the tough market conditions now prevailing, occupation levels for 2011/12 decreased from 91.5% to 89.5%. However, the financial result for 2011/12 is the best the Company has had by some distance and the pre tax profit is £943,854 which is 45.4% more than last year's record profit.

The main factors involved in achieving an encouraging result in generally adverse conditions were the maintenance of occupation levels better than many and obtaining satisfactory increases in our room rates. Throughout the year, fully private residents who pay all their fees remained at a level of approximately 55% of total resident numbers and the privately funded residents pay approximately 70% of our total fees. In addition, costs have been carefully monitored and savings have been achieved.

The policy of maintaining the Company's 15 properties to high standards remains central to the business culture generated over the past 25 years and the Company is proud to have a stock of properties which contribute meaningfully to the "Care without Compromise" ethos. During the year, over £1.5 million was spent on improvements and extensions, in particular at Rosevale, Nightingale Hall and the early stages of Scalesceugh Hall.

On the financial side, the Company's main bank facility remains with Yorkshire Bank. In February 2013, the interest-only period expires and capital payments commence. The financial markets are still showing considerable caution about lending for future development and plans for future expansion are moving very slowly. Due to the lack of adequate finance facilities, the Scalesceugh development is likely to fall behind the original schedule and the main Care facility of 47 beds will probably not open for business until approx 2 years hence, with the 6 Close Care units to commence immediately thereafter.

The Company has, during the 2011/12 Financial Year, undertaken reviews of staff training and sickness, although the latter percentage is low in terms of comparables. Staff turnover is also costly and all leavers are interviewed before departure to enable Management to focus on factors which most often result in staff giving notice, where relevant. Staff training is directed towards meeting CQC Standards of NVQ's as a minimum and ideally to meet the Company's own standards, which are higher than CQC. The new Pension Act will affect staff costs when introduced in Autumn 2013.

Looking ahead, the Company will strive to improve on last year's very good result. The current economic problems may result in slower expansion than was hoped twelve months ago, but there are opportunities and finance is the key. Whilst demographics indicate that there is a rising demand, there will be pressure on Government and Local Authority budgets in the short term.

The Company believes that the best way to respond to current conditions is to continue to set itself high standards in all areas of its operations, from the ambience of its well-maintained Homes, to the excellence of its Care services. On the latter, we are much indebted to Norma Burns, who has been with the Company since it commenced operationally in early 1987 and resigned as a Director at the end of March this year. She remains as Care Consultant with the Company part time, on an ongoing basis.

In short, this requires continued forward reinvestment and the Directors are committed to this whole process and as well as the outstanding works at Scalesceugh, they have identified 6 Homes on which further Future Proofing opportunities remain, which involves extra beds and major improvements of existing rooms and some facilities. The Company already has Planning and Listed Building Approval in three instances, with a 4th anticipated shortly.

WELLBURN CARE HOMES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2012

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £736,733 (2011 - £510,033)

DIRECTORS

The directors who served during the year were

Mr S W Beckett FRICS - (Chairman)
Mrs N Burns - (Care Director) (resigned 31 March 2012)
Mr K L Beckett MRICS - (Managing Director)
Mr M G Sillars FCA - (Director)

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made charitable donations of £2,877 during the year

LAND AND BUILDINGS

The company's properties are stated in the financial statements based on a valuation carried out as at 31 March 2011 by an independent firm of Chartered Surveyors specialised in the care sector. The directors consider the valuation to continue to fairly reflect the value as at 31 March 2012.

The properties, with one exception, vary between 100 and 300 years old. Again with one exception, all of the properties are in Conservation Areas and four are Grade II listed. The company has always maintained its properties to very high standards, and will continue to do so, and all maintenance costs are written off immediately.

EMPLOYEE INVOLVEMENT

The directors recognise the importance of good communication and relationship with employees. It is company policy to give full and fair consideration to the employment needs of disabled persons and to comply with any legislation in regard to disabled persons.

ACQUISITION OF OWN SHARES

In June 2011 the company purchased 18 ordinary A £1 shares from a director for a total consideration of £17,100. Further details are given in the notes to the financial statements.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are 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 auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

WELLBURN CARE HOMES LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2012**

AUDITORS

The auditors, Waltons Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on *8 Aug 2012* and signed on its behalf



Mr S W Beckett FRICS
Director

WELLBURN CARE HOMES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WELLBURN CARE HOMES LIMITED

We have audited the financial statements of Wellburn Care Homes Limited for the year ended 31 March 2012, set out on pages 7 to 21. 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 shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement, 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 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 directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report 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.

UNQUALIFIED 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 March 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

WELLBURN CARE HOMES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WELLBURN CARE HOMES 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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Paul Harrison MSc BSc FCA (senior statutory auditor)

for and on behalf of

Waltons Clark Whitehill LLP

Chartered Accountants
Statutory Auditors

Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

15 August 2012

WELLBURN CARE HOMES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
TURNOVER	1,2	14,129,668	13,562,622
Cost of sales		(7,918,641)	(7,670,431)
GROSS PROFIT		6,211,027	5,892,191
Administrative expenses		(3,353,480)	(3,396,526)
OPERATING PROFIT	3	2,857,547	2,495,665
Interest payable and similar charges	6	(1,913,693)	(1,846,508)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		943,854	649,157
Tax on profit on ordinary activities	7	(207,121)	(139,124)
PROFIT FOR THE FINANCIAL YEAR	16	736,733	510,033

All amounts relate to continuing operations

The notes on pages 11 to 21 form part of these financial statements

WELLBURN CARE HOMES LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2012**

	2012	2011
	£	£
PROFIT FOR THE FINANCIAL YEAR	736,733	510,033
Unrealised surplus on revaluation of land and buildings	-	420,683
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	736,733	930,716

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2012**

	2012	2011
	£	£
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	943,854	649,157
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	943,854	649,157
HISTORICAL PROFIT FOR THE YEAR AFTER TAXATION	736,733	510,033

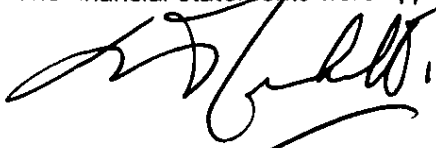
The notes on pages 11 to 21 form part of these financial statements

WELLBURN CARE HOMES LIMITED
REGISTERED NUMBER: 1965619

BALANCE SHEET
AS AT 31 MARCH 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	8		48,701,047		47,748,641
Investments	9		122,100		122,100
			<u>48,823,147</u>		<u>47,870,741</u>
CURRENT ASSETS					
Stocks	10	42,000		42,000	
Debtors	11	259,834		264,599	
Cash at bank and in hand		340,703		357,472	
		<u>642,537</u>		<u>664,071</u>	
CREDITORS : amounts falling due within one year	12	(2,387,705)		(1,876,071)	
NET CURRENT LIABILITIES			<u>(1,745,168)</u>		<u>(1,212,000)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>47,077,979</u>		<u>46,658,741</u>
CREDITORS : amounts falling due after more than one year	13		(25,990,158)		(26,276,864)
PROVISIONS FOR LIABILITIES & CHARGES					
Deferred tax	14		(658,116)		(579,804)
NET ASSETS			<u>20,429,705</u>		<u>19,802,073</u>
CAPITAL AND RESERVES					
Called up share capital	15		19,895		19,913
Share premium account	16		34,742		34,742
Revaluation reserve	16		16,984,904		16,984,904
Capital redemption reserve	16		219,450		219,432
Profit and loss account	16		3,170,714		2,543,082
SHAREHOLDERS' FUNDS	17		<u>20,429,705</u>		<u>19,802,073</u>

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



Mr S W Beckett FRICS
 Director

8 Aug 2012

The notes on pages 11 to 21 form part of these financial statements

WELLBURN CARE HOMES LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012**

	Note	2012 £	2011 £
Net cash flow from operating activities	19	3,168,445	3,051,258
Returns on investments and servicing of finance	20	(1,913,693)	(1,846,508)
Taxation		(58,594)	(11,979)
Capital expenditure and financial investment	20	(1,275,290)	(2,562,368)
Equity dividends paid		(92,001)	(92,084)
CASH OUTFLOW BEFORE FINANCING		(171,133)	(1,461,681)
Financing	20	154,364	1,446,900
DECREASE IN CASH IN THE YEAR		(16,769)	(14,781)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE YEAR ENDED 31 MARCH 2012**

	2012 £	2011 £
Decrease in cash in the year	(16,769)	(14,781)
Cash inflow from increase in debt and lease financing	(171,464)	(1,464,000)
MOVEMENT IN NET DEBT IN THE YEAR	(188,233)	(1,478,781)
Net debt at 1 April 2011	(26,249,411)	(24,770,630)
NET DEBT AT 31 MARCH 2012	(26,437,644)	(26,249,411)

The notes on pages 11 to 21 form part of these financial statements

WELLBURN CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

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 land and buildings and in accordance with applicable accounting standards

Group accounts have not been prepared as all of the company's subsidiaries are permitted to be excluded from group accounts by virtue of sections 402 and 405 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The directors, having made due and careful enquiry and preparing forecasts, are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of services supplied during the year.

1.4 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:

Additions to leasehold property	-	over 10 years
Motor vehicles	-	over 4 years
Fixtures, fittings and equipment	-	over 4 to 15 years

The directors do not depreciate freehold buildings as they estimate that the remaining useful life of those buildings is 99 years and that the residual values are so high that depreciation would be immaterial. Additions to long leasehold buildings are depreciated over the period of the lease. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company.

1.5 Revaluation of tangible fixed 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 year where it is likely that there has been a material change in value.

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.

WELLBURN CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

1. ACCOUNTING POLICIES (continued)

1.6 Investments

Investments held as fixed assets are valued at cost

1.7 Operating leases

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

1.8 Stocks

Stocks are valued at the estimated cost amount per home of consumables, such as food, held at the year end

1.9 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 reverse

Deferred tax assets and liabilities are not discounted

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

2. TURNOVER

The whole of the turnover is attributable to the provision of residential and nursing care, together with some sheltered and day care accommodation for the elderly

All turnover arose within the United Kingdom

WELLBURN CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

3. OPERATING PROFIT

The operating profit is stated after charging

	2012 £	2011 £
Depreciation of tangible fixed assets		
- owned by the company	322,884	379,190
Auditors' remuneration	14,160	13,800
Operating lease rentals		
- other operating leases	57,349	61,357
	<u>394,393</u>	<u>454,347</u>

Auditors remuneration for taxation and related services amounted to £9,791 (2011 £10,527)

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	7,421,549	7,126,914
Social security costs	476,354	500,766
Other pension costs	20,000	30,000
	<u>7,917,903</u>	<u>7,657,680</u>

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

	2012 No.	2011 No.
Care home staff	563	526
Administration, management and maintenance	36	34
	<u>599</u>	<u>560</u>

5 DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	176,685	171,224
	<u>176,685</u>	<u>171,224</u>
Company pension contributions to defined contribution pension schemes	20,000	30,000
	<u>20,000</u>	<u>30,000</u>

During the year retirement benefits were accruing to 2 directors (2011 - 2) in respect of defined contribution pension schemes

WELLBURN CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

6. INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	<u>1,913,693</u>	<u>1,846,508</u>

7. TAXATION

	2012 £	2011 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	128,580	58,365
Adjustments in respect of prior periods	229	(12,656)
Total current tax	<u>128,809</u>	<u>45,709</u>
Deferred tax (see note 14)		
Origination and reversal of timing differences	78,312	93,415
Tax on profit on ordinary activities	<u>207,121</u>	<u>139,124</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - *lower than*) the standard rate of corporation tax in the UK of 26% (2011 - 21%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>943,854</u>	<u>649,157</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2011 - 21%)	245,402	136,323
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,284	1,389
Capital allowances for year in excess of depreciation	(107,014)	(79,314)
Other adjustments	2,167	(33)
Marginal relief	(14,259)	-
Adjustments to tax charge in respect of prior periods	229	(12,656)
Current tax charge for the year (see note above)	<u>128,809</u>	<u>45,709</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges

WELLBURN CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

8. TANGIBLE FIXED ASSETS

	Land and buildings £	Additions to leasehold premises £	Motor vehicles £	Furniture, fittings and equipment £	Total £
Cost or valuation					
At 1 April 2011	47,016,741	281,418	125,645	3,242,370	50,666,174
Additions	1,103,875	-	22,599	148,816	1,275,290
At 31 March 2012	48,120,616	281,418	148,244	3,391,186	51,941,464
Depreciation					
At 1 April 2011	-	112,571	81,238	2,723,724	2,917,533
Charge for the year	-	28,142	15,855	278,887	322,884
At 31 March 2012	-	140,713	97,093	3,002,611	3,240,417
Net book value					
At 31 March 2012	48,120,616	140,705	51,151	388,575	48,701,047
At 31 March 2011	47,016,741	168,847	44,407	518,646	47,748,641

Land and buildings were revalued at 31 March 2011 by the directors, based on external professional valuations completed during the year by Colliers CRE, agents, valuers and surveyors. The valuations by Colliers CRE were based on a multiple of the existing profitability of each individual care home, the standard for the industry, and also reflect the company's ongoing improvement programme. The valuation also included a portfolio premium provided by Colliers CRE, which assumed that the properties would be sold together as a single portfolio.

The directors consider the above valuation to be a fair reflection of the value of land and buildings at 31 March 2012.

If land and buildings had not been revalued they would have been included at a cost of £31,135,712 (2011 - £30,031,837).

The valuation of land and property includes long leasehold property of £2,672,265.

WELLBURN CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

9. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2011 and 31 March 2012	122,100
Net book value	
At 31 March 2012	122,100
<i>At 31 March 2011</i>	122,100

Subsidiary undertakings

The company owns 100% of the issued share capital of Wellburn Care Limited and Extracover Limited. Both of these subsidiary companies are dormant and their capital and reserves at 31 March 2012 are £100, and £122,000 respectively.

10. STOCKS

	2012 £	2011 £
Food & consumables	42,000	42,000

11 DEBTORS

	2012 £	2011 £
Trade debtors	75,735	113,770
Other debtors	3,496	-
Prepayments and accrued income	180,603	150,829
	259,834	264,599

WELLBURN CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

12 CREDITORS.

Amounts falling due within one year

	2012	2011
	£	£
Bank loans	910,189	452,019
Trade creditors	412,817	504,566
Corporation tax	128,580	58,365
Social security and other taxes	134,504	147,400
Other creditors	557,122	539,697
Accruals and deferred income	244,493	174,024
	2,387,705	1,876,071

The bank overdraft and loan (due after more than one year) facilities are secured by

- 1 Legal mortgages over the company's freehold properties
- 2 A fixed and floating charge over all the assets of the company
- 3 £100,000 and £250,000 life policy mortgages in relation to two of the directors

13 CREDITORS:

Amounts falling due after more than one year

	2012	2011
	£	£
Mortgage loans	25,868,158	26,154,864
Amounts owed to group undertakings (note 24)	122,000	122,000
	25,990,158	26,276,864

Creditors include amounts not wholly repayable within 5 years as follows

	2012	2011
	£	£
Mortgage loans	23,061,089	22,051,652

The loans are repayable in monthly instalments by February 2033. Capital repayments will start in March 2013. The standard interest rate is variable at 1.15% above LIBOR, a hedging facility exists which reverts to an agreed fixed rate should certain LIBOR rate conditions be met.

WELLBURN CARE HOMES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

14 DEFERRED TAXATION

	2012 £	2011 £
At beginning of year	579,804	486,389
Charge for year	78,312	93,415
At end of year	<u>658,116</u>	<u>579,804</u>

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Accelerated capital allowances	<u>658,116</u>	<u>579,804</u>

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold without it being possible to claim rollover relief. The total amount unprovided for is £3,197,120 (2011: £3,494,371). It is not envisaged that any tax will become payable in the foreseeable future.

15. SHARE CAPITAL

	2012 £	2011 £
Allotted, called up and fully paid		
18,295 (2011 - 18,313) Ordinary A shares of £1 each	18,295	18,313
1,600 Ordinary B shares of £1 each	1,600	1,600
	<u>19,895</u>	<u>19,913</u>

During the year the company purchased 18 of the ordinary A £1 shares from a director, further details are given in note 24.

16. RESERVES

	Share premium account £	Capital redempt'n reserve £	Revaluation reserve £	Profit and loss account £
At 1 April 2011	34,742	219,432	16,984,904	2,543,082
Profit for the year				736,733
Dividends				(92,001)
Equity capital				
Purchase of own shares				(17,100)
Transfer on purchase of own shares		18		
At 31 March 2012	<u>34,742</u>	<u>219,450</u>	<u>16,984,904</u>	<u>3,170,714</u>

WELLBURN CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	19,802,073	18,980,541
Profit for the year	736,733	510,033
Dividends (Note)	(92,001)	(92,084)
Shares redeemed during the year	(17,100)	(17,100)
Other recognised gains and losses during the year	-	420,683
	<u>20,429,705</u>	<u>19,802,073</u>
Closing shareholders' funds		

18. DIVIDENDS

	2012 £	2011 £
Dividends paid on equity capital	<u>92,001</u>	<u>92,084</u>

19. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	2,857,547	2,495,665
Depreciation of tangible fixed assets	322,884	379,190
Decrease in debtors	4,765	230,256
Decrease in creditors	(16,751)	(53,853)
	<u>3,168,445</u>	<u>3,051,258</u>
Net cash inflow from operating activities		

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
Returns on investments and servicing of finance		
Interest paid	<u>(1,913,693)</u>	<u>(1,846,508)</u>
	<u>2012 £</u>	<u>2011 £</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<u>(1,275,290)</u>	<u>(2,562,368)</u>

WELLBURN CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

20. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2012 £	2011 £
Financing		
Purchase of ordinary shares	(17,100)	(17,100)
New secured loans	564,000	1,464,000
Repayment of secured loan	(392,536)	-
Net cash inflow from financing	<u>154,364</u>	<u>1,446,900</u>

21. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2011 £	Cash flow £	Other non-cash changes £	31 March 2012 £
Cash at bank and in hand	357,472	(16,769)	-	340,703
Debt:				
Debts due within one year	(452,019)	(171,464)	(286,706)	(910,189)
Debts falling due after more than one year	(26,154,864)	-	286,706	(25,868,158)
Net debt	<u>(26,249,411)</u>	<u>(188,233)</u>	<u>-</u>	<u>(26,437,644)</u>

22. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the benefit of two directors. The assets of the schemes are administered by trustees in funds independent from those of the company.

The total contributions paid in the year amounted to £20,000 (2011 £30,000).

23. OPERATING LEASE COMMITMENTS

At 31 March 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2012 £	2011 £
Expiry date:		
Between 2 and 5 years	29,500	-
After more than 5 years	28,700	58,200

WELLBURN CARE HOMES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24 RELATED PARTY TRANSACTIONS

Control

Throughout the year the company was controlled by Mr S W Beckett, a director

Transactions and balances

Amounts owed to group undertakings falling due greater than 1 year consists of £122,00 (2011 £122,000) due to Extracover Limited

During the year the company rented premises at £29,500 per annum from Wellburn Care Retirement Benefit Scheme

During the year the company paid £500 conference fees to English Community Care Association a company in which Mr S Beckett is a director

Dividends of £80,111 were paid to directors during the year

On 29 June 2011 the company purchased 18 ordinary A £1 shares from Mr K Beckett, a director, for a total consideration of £17,100

At 31 March 2012 £78,468 was owed to Mr K Beckett (1 April 2011 £63,868)