

Aaroncare Limited

Report and Financial Statements

Year Ended

31 December 2014

Company Number 02077314

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Aaroncare Limited

Report and financial statements for the year ended 31 December 2014

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Directors

P A Warren
D H Evans
M Ramsey

Secretary and registered office

D H Evans, River House, 1 Maidstone Road, Sidcup, Kent, DA14 5RH

Company number

02077314

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Aaroncare Limited

Report of the directors for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year.

A dividend of £635,000 (2013-£Nil) was paid in the year.

Directors

The directors of the company during the year were:

P A Warren	
J Carney	(resigned 6 June 2014)
S Pereira	(resigned 30 January 2015)
M Ramsey	(appointed 30 June 2014)
D H Evans	(appointed 30 January 2015)

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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 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 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.

Aaroncare Limited

Report of the directors for the year ended 31 December 2014 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board

M Ramsey

Director



Date 24th June 2015

Aaroncare Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AARONCARE LIMITED

We have audited the financial statements of Aaroncare Limited for the year ended 31 December 2014 which comprise profit and loss account, the balance sheet, the statement of total recognised gains and losses 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 directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC'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 31 December 2014 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 matters 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.

Aaroncare Limited

Independent auditor's report *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

BDO LLP

*Geraint Jones (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom*

24 June 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Aaroncare Limited

Profit and loss account for the year ended 31 December 2014

	Note	2014 £	2013 £
Turnover	2	8,456,312	8,145,516
Cost of sales		5,835,191	5,735,440
		<hr/>	<hr/>
Gross profit	3	2,621,121	2,410,076
Administrative expenses		2,135,842	2,079,488
		<hr/>	<hr/>
		485,279	330,588
Other operating income		-	341,975
		<hr/>	<hr/>
Operating profit	5	485,279	672,563
Interest payable and similar charges	6	(81,460)	(968,169)
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities before taxation		403,819	(295,606)
Taxation on loss on ordinary activities	7	(331,846)	114,472
		<hr/>	<hr/>
Profit/(Loss) on ordinary activities after taxation		71,973	(181,134)
		<hr/>	<hr/>

All amounts relate to continuing activities.

The notes on pages 8 to 15 form part of these financial statements.

Aaroncare Limited

Statement of total recognised gains and losses for the year ended 31 December 2014

	Note	2014 £	Restated 2013 £
Statement of total recognised gains and losses			
Profit/(Loss) for the financial year		71,973	(181,134)
Unrealised surplus on revaluation of freehold property	13	-	2,447,716
		<hr/>	<hr/>
Total recognised gains and losses for the financial year		71,973	2,266,582
Prior year adjustments:			
- Revaluation of properties		(2,196,704)	-
		<hr/>	<hr/>
Total gains and losses recognised since last financial statements		(2,124,731)	2,266,582
		<hr/>	<hr/>

The notes on pages 8 to 15 form part of these financial statements.

Aaroncare Limited

Balance sheet at 31 December 2014

Company number 02077314	Note	2014 £	2014 £	Restated 2013 £	Restated 2013 £
Fixed assets					
Tangible assets	8		14,391,395		14,943,280
Current assets					
Debtors	9	387,224		592,127	
Cash at bank and in hand		623,333		555,314	
		<u>1,010,557</u>		<u>1,147,441</u>	
Creditors: amounts falling due within one year	10	4,264,208		8,568,525	
Net current liabilities			<u>(3,253,651)</u>		<u>(7,421,084)</u>
Total assets less current liabilities			<u>11,137,744</u>		<u>7,522,196</u>
Provisions for liabilities	11	227,130			
			<u>227,130</u>		
			<u>10,910,614</u>		
Capital and reserves					
Called up share capital	12		4,139,945		188,500
Revaluation reserve	13		4,643,919		4,643,919
Other reserves	13		(342,000)		(342,000)
Profit and loss account	13		2,468,750		3,031,777
Shareholders' funds	14		<u>10,910,614</u>		<u>7,522,916</u>

The financial statements were approved by the board of directors and authorised for issue on 24 June 2015


M Ramsey
Director

The notes on pages 8 to 15 form part of these financial statements.

Aaroncare Limited

Notes forming part of the financial statements for the year ended 31 December 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold property.

The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Custodes Topco Limited and the company is included in consolidated financial statements, which are publically available.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Revenue is recognised for each period of occupancy within the accounting period.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for land, evenly over their expected useful lives. It is calculated at the following rates:

Motor vehicles	-	25% straight line
Fixtures and fittings	-	15% straight line
Land and buildings	-	Revalued every 3-5 years

Depreciation is not provided on land and buildings as the Directors believe that the company's maintenance programme results in there not being any reduction in either the value or useful life of the buildings.

Land and buildings

As at 31 December 2014 the company had taken advantage of the arrangements under Financial Reporting Standard 15 'Tangible fixed assets' which allow the carrying value of those assets acquired prior to 23 March 2000, which had been revalued, to be retained.

Financial Reporting Standard 15 'Tangible fixed assets' requires fixed assets which are carried at revalued amounts to be shown at their current value at the balance sheet date. To achieve this, starting from 31 December 2013, land and buildings are subject to a full valuation every five years with an interim valuation carried out in the third year of this cycle and as the directors consider appropriate during this period.

The profit or loss on disposal of revalued properties is calculated by reference to net book value and any realised revaluation surplus is transferred to the profit and loss account through reserves.

Aaroncare Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (*continued*)

1 Accounting policies (*continued*)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Prior year adjustment

It has come to the attention of the directors that fixed assets of £2,196,704 had incorrectly been included in the prior year financial statements. A prior period adjustment of £2,196,704 has been made and comparatives have been restated. There was no impact on the result for the prior period however net assets reduced by £2,196,704.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Aaroncare Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (continued)

3 Employees

	2014 £	2013 £
Staff costs (including directors) consist of:		
Wages and salaries	4,542,031	4,789,856
Social security costs	281,510	295,807
Other pension costs	2,714	2,500
	<u>4,826,255</u>	<u>5,088,163</u>

The average number of employees (including directors) during the year was as follows:

	2014 Number	2013 Number
Directors, management and nursing home staff	356	333
	<u>356</u>	<u>333</u>

4 Directors' remuneration

No director received any emoluments during the current year (2013 - £Nil).

5 Operating profit

	2014 £	2013 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	685,057	700,775
Amortisation of positive goodwill	-	28,889
Impairment of positive goodwill	-	380,364
Hire of plant and machinery - operating leases	-	655
	<u></u>	<u></u>

Auditors' remuneration has been borne by New Century Care Limited, a fellow subsidiary within the group.

Aaroncare Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (*continued*)

6 Interest payable and similar charges

	2014 £	2013 £
Loans from group companies	81,032	965,493
Hire purchase contracts	428	2,676
	<u>81,460</u>	<u>968,169</u>

7 Taxation on loss on ordinary activities

	2014 £	2013 £
<i>UK Corporation tax</i>		
Adjustment in respect of previous periods	-	22,932
Tax charge for the year	104,716	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	227,130	(137,404)
	<u>331,846</u>	<u>(114,472)</u>
Taxation on loss on ordinary activities		

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2014 £	2013 £
Profit/(Loss) on ordinary activities before tax	<u>403,819</u>	<u>(295,606)</u>
Profit/(Loss) on ordinary activities at the standard rate of corporation tax in the UK of 21.82 % (2013 - 23.25%)	88,113	(68,718)
Effect of:		
Expenses not deductible for tax purposes	17,681	218,811
Depreciation for period in excess of capital allowances	127,107	65,915
Adjustment to tax charge in respect of previous periods	-	22,932
Group relief	(128,185)	(173,634)
Unrelieved tax losses and other deductions in the period	-	(42,374)
	<u>104,716</u>	<u>22,932</u>

Aaroncare Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (*continued*)

8 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>				
At 1 January 2014 (<i>as Restated – See Note 1</i>)	12,743,296	42,443	5,056,041	17,841,780
Additions	45,366	-	91,086	136,452
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	12,788,662	42,443	5,147,127	17,978,232
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 January 2014	-	39,163	2,859,337	2,898,500
Provided for year	-	3,280	685,057	688,337
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014	-	42,443	3,544,394	3,586,837
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 2014	12,788,662	-	1,602,733	14,391,395
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2013 (<i>as Restated – See Note 1</i>)	12,743,296	3,280	2,196,704	14,943,280
	<hr/>	<hr/>	<hr/>	<hr/>

The company's freehold land and buildings were subject to a full revaluation on 31 July 2014 by an external party who is RICS qualified, at market value.

The gross value of Land and buildings are stated at:

	2014 £	Restated 2013 £
At cost	8,144,743	8,099,377
At valuation:		
Revaluation in 1994	2,196,203	2,196,203
Revaluation in 2013	2,447,716	2,447,716
	<hr/>	<hr/>
	12,788,662	12,743,296
	<hr/>	<hr/>

**Notes forming part of the financial statements
for the year ended 31 December 2014 (continued)**

All amounts shown under debtors fall due for payment within one year.

11 Provisions for liabilities		Deferred taxation £
At 1 January 2014		-
Charged to profit and loss account		227,130
		227,130
	2014 £	2013 £
Accelerated capital allowances	227,130	-

Aaroncare Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (*continued*)

12 Share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
4,129,946 (2013-178,501) Ordinary shares of £1 each	4,129,946	178,501
9,999 Ordinary 'A' shares of £1 each	9,999	9,999
	<u>4,139,945</u>	<u>188,500</u>

The above classes of share rank pari passu in all respects.

13 Reserves

	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 January 2014 as previously stated	6,840,623	(342,000)	3,031,777
Prior year adjustment	(2,196,704)	-	-
At 1 January 2014	<u>4,643,919</u>	<u>(342,000)</u>	<u>3,031,777</u>
Profit for the year	-	-	71,973
Ordinary dividends paid	-	-	(635,000)
At 31 December 2014	<u>4,643,919</u>	<u>(342,000)</u>	<u>2,468,750</u>

Aaroncare Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (*continued*)

14 Reconciliation of movements in shareholders' funds

	2014 £	Restated 2013 £
Profit/(Loss) for the year	71,973	(181,134)
Other net recognised gains and losses relating to the year		
- Unrealised surplus on revaluation of properties (<i>as Restated</i>)	-	2,447,716
- Issue of ordinary shares	3,951,445	-
- Ordinary dividends paid	(635,000)	
	<hr/>	<hr/>
Net deductions from shareholders' funds	3,388,418	2,266,582
Opening shareholders' funds	7,522,196	5,255,614
	<hr/>	<hr/>
Closing shareholders' funds	10,910,614	7,522,196
	<hr/>	<hr/>

15 Dividends

	2014 £	2013 £
Ordinary shares		
Final dividend paid for the year of £0.15p (2013 – Nil) per share	635,000	-
	<hr/>	<hr/>

16 Related party disclosures

The company is a wholly owned subsidiary of Custodes Topco Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with Custodes Topco Limited or other wholly owned subsidiaries within that group.

17 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of Custodes Acqco Limited, which is the immediate parent company, incorporated in England & Wales.

As at 31 December 2014 the ultimate parent company was Custodes Topco Limited, incorporated in England & Wales

Subsequent to the year-end, the group was restructured to include Custodes Midco Ltd as 100% parent of Custodes Acqco Limited, incorporated in England & Wales.

The ultimate parent company is Custodes Topco Limited, incorporated in England & Wales, by virtue of its ownership of Custodes Acqco Limited.