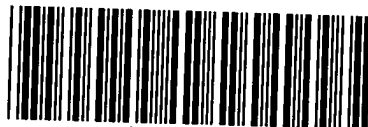


**Parkcare Homes Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2014**

**Registered number: 2155276**

WEDNESDAY



\*A49QKH6Y\*

A28

17/06/2015

#90

COMPANIES HOUSE

Parkcare Homes Limited

Annual report and financial statements

for the year ended 31 December 2014

Contents

Strategic report for the year ended 31 December 2014 .....	1
Directors' report for the year ended 31 December 2014 .....	3
Independent auditors' report to the members of Parkcare Homes Limited .....	5
Profit and loss account for the year ended 31 December 2014.....	7
Balance sheet as at 31 December 2014.....	8
Statement of changes in shareholders' funds for the year ended 31 December 2014.....	9
Statement of accounting policies.....	10
Notes to the financial statements for the year ended 31 December 2014 .....	15

# **Parkcare Homes Limited**

## **Strategic report for the year ended 31 December 2014**

The directors present their strategic report on Parkcare Homes Limited for the year ended 31 December 2014.

### **Principal activity**

The principal activity of the company is the delivery of care for older people.

### **Business review**

The results for the year are set out in the profit and loss account on page 7 and the position of the company as at the year end is set out in the balance sheet on page 8.

The company is focussed on the elderly care sector and the performance of the company can be impacted by external factors. The principal factors are changes in the UK government's policy towards outsourcing of care, changes in the regulatory regime and competitive threats from other independent providers. Management uses a range of financial and non-financial indicators to manage the business. These are derived from all areas of the business and include sales growth by unit, occupancy and profit margins achieved. Gross profit margins have increased from 13.7% in 2013 to 16.2% in 2014, excluding operating exceptional items.

During the year, a credit of £1,037,000 (2013: charge of £10,566,000) was recognised in respect of operating exceptional items as noted in note 2.

The company's management is committed to a continued growth strategy.

### **Key performance indicators**

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business. The development, performance and position of Priory Group No. 1 Limited, which includes the company, is discussed in the group's financial statements which do not form part of this report.

### **Financial risk management**

The company's operations mean that it is exposed to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and interest rate risk. The directors monitor the risks in order to limit the adverse effects on the financial performance by reviewing levels of debt finance and the related finance costs, however these are integrated with the risks of group and not managed separately. Accordingly, the financial risk management policies of Priory Group No. 1 Limited, which include those of the company, are discussed in the group's financial statements which do not form part of this report.

### **Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Priory Group No. 1 Limited, which include those of the company, are discussed in the group's financial statements which do not form part of this report.

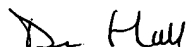
# **Parkcare Homes Limited**

## **Strategic report for the year ended 31 December 2014 (continued)**

### **Future developments**

The future developments of the company are aligned to the strategy of the Priory Group, headed by Priory Group No. 1 Limited. The group's strategy for the future development of the business is included in the group's financial statements, which do not form part of this report.

By order of the board



David Hall  
Company Secretary  
30 March 2015

80 Hammersmith Road  
London  
England  
W14 8UD

# Parkcare Homes Limited

## Directors' report for the year ended 31 December 2014

The directors present their report and the audited financial statements of the company for the year ended 31 December 2014.

This report should be read in conjunction with the strategic report, which contains disclosures regarding future developments.

### Dividends

The directors do not recommend the payment of a dividend (2013: £nil).

### Directors

The directors of the company who held office during the year and up to the date of signing the financial statements were as follows:

Tom Riall

Jason Lock

Matthew Franzidis (resigned 7 January 2015)

Nicola Bales (appointed 18 July 2014, resigned 20 March 2015)

Adrian Pancott (appointed 18 July 2014)

Caroline Denny (appointed 18 July 2014)

Jamie Webb (appointed 20 March 2015)

### Employees

The directors recognise that the continued position of the company in the healthcare sector depends on the quality and motivation of its employees and as such the company is committed to pursue employment policies which will continue to attract, retain and motivate its employees.

Good and effective employee communications are particularly important, and throughout the business it is the directors' policy to promote the understanding by all employees of the company's business aims and performance. This is achieved through internal publications, presentations on performance and a variety of other approaches appropriate for a particular location. Employees are consulted on issues through workshops, which are run regularly across the group.

The directors believe that it is important to recruit and retain capable and caring staff regardless of their sex, marital status, race or religion. It is the company's policy to give full and fair consideration to applications for employment from people who are disabled, to continue wherever possible the employment of and to arrange appropriate training for, employees who become disabled and to provide equal opportunities for the career development, training and promotion of disabled employees.

### Going concern

The ultimate parent company, Priory Group No. 1 Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least 12 months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis.

### Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

# Parkcare Homes Limited

## Directors' report for the year ended 31 December 2014 (continued)

### 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.

### Statement of directors' responsibilities

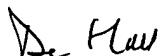
The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS 101). 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 United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- Prepare the financial statements on a 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.

By order of the board



David Hall  
Company Secretary  
30 March 2015

80 Hammersmith Road  
London  
England  
W14 8UD

# **Parkcare Homes Limited**

## **Independent auditors' report to the members of Parkcare Homes Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion the financial statements, defined below:

- 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.

This opinion is to be read in the context of what we say in the remainder of this report.

#### **What we have audited**

The financial statements, which are prepared by Parkcare Homes Limited, comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended;
- the statement of changes in shareholders' funds for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

# **Parkcare Homes Limited**

## **Independent auditors' report to the members of Parkcare Homes Limited (continued)**

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the statement of directors' responsibilities set out on page 4, 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 ISAs (UK & 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.



Richard Bunter (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle Upon Tyne  
30 March 2015



## Parkcare Homes Limited

### Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Turnover</b>	1	<b>23,218</b>	25,079
Cost of sales		<b>(19,457)</b>	(21,655)
<b>Gross profit</b>		<b>3,761</b>	3,424
Administrative expenses (including an operating exceptional credit of £1,037,000; 2013: cost of £10,566,000)	2	<b>195</b>	(11,197)
<b>Operating profit/(loss)</b>		<b>3,956</b>	(7,773)
Loss on disposal of assets held for sale and fixed assets	2	<b>(349)</b>	(1,617)
<b>Profit/(loss) on ordinary activities before taxation and interest</b>		<b>3,607</b>	(9,390)
Interest receivable and similar income	5	<b>691</b>	-
Interest payable and similar charges	5	<b>(87)</b>	(12)
<b>Profit/(loss) on ordinary activities before taxation</b>	2	<b>4,211</b>	(9,402)
Tax on profit/(loss) on ordinary activities	6	<b>(565)</b>	932
<b>Profit/(loss) for the financial year</b>		<b>3,646</b>	(8,470)

The results for the current and prior year derive from continuing activities.

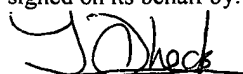
There is no other comprehensive income for the period.

# Parkcare Homes Limited

## Balance sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000	2012 £'000
<b>Fixed assets</b>				
Investments	7	40	40	40
Intangible assets	8	526	526	526
Property, plant and equipment	9	39,298	38,839	48,756
		<b>39,864</b>	<b>39,405</b>	<b>49,322</b>
<b>Current assets</b>				
Stocks		32	32	36
Debtors	10	542	1,728	871
Cash at bank and in hand		24	31	35
Assets held for sale	11	-	3,991	4,221
		<b>598</b>	<b>5,782</b>	<b>5,163</b>
<b>Creditors: amounts falling due within one year</b>	12	<b>(3,269)</b>	<b>(10,072)</b>	<b>(12,912)</b>
<b>Net current liabilities</b>		<b>(2,671)</b>	<b>(4,290)</b>	<b>(7,749)</b>
<b>Total assets less current liabilities</b>		<b>37,193</b>	<b>35,115</b>	<b>41,573</b>
<b>Creditors: amounts falling due after more than one year</b>	13	<b>(50)</b>	<b>(92)</b>	<b>(57)</b>
<b>Provisions for liabilities</b>	14	<b>(1,540)</b>	<b>(3,066)</b>	<b>(1,089)</b>
<b>Net assets</b>		<b>35,603</b>	<b>31,957</b>	<b>40,427</b>
<b>Capital and reserves</b>				
Called up share capital	15	4,772	4,772	4,772
Share premium account		2,305	2,305	2,305
Profit and loss account		28,526	24,880	33,350
<b>Total shareholders' funds</b>		<b>35,603</b>	<b>31,957</b>	<b>40,427</b>

The financial statements on pages 7 to 25 were approved by the board of directors on 30 March 2015 and were signed on its behalf by:



Jason Lock  
Director

Registered number: 2155276

## **Parkcare Homes Limited**

### **Statement of changes in shareholders' funds for the year ended 31 December 2014**

	<b>Called up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
At 1 January 2013	4,772	2,305	33,350	40,427
Loss for the financial year	-	-	(8,470)	(8,470)
At 1 January 2014	4,772	2,305	24,880	31,957
Profit for the financial year	-	-	3,646	3,646
<b>At 31 December 2014</b>	<b>4,772</b>	<b>2,305</b>	<b>28,526</b>	<b>35,603</b>

# Parkcare Homes Limited

## Statement of accounting policies

The following accounting policies have been applied consistently in the company's financial statements.

### **Basis of preparation**

The company is a private limited company, incorporated and domiciled in the United Kingdom.

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on a going concern basis and under the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below, and, unless otherwise stated, these policies have been consistently applied to all the periods presented.

The ultimate parent company, Priory Group No. 1 Limited, has confirmed that it will continue to provide financial support to the company for the foreseeable future and for at least 12 months from the date of approval of these financial statements. Accordingly the financial statements have been prepared on the going concern basis.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 "Reduced Disclosure Framework (FRS 101) and, the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a qualifying entity for the purposes of FRS 101. Note 20 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

These are the first financial statements of the Company prepared in accordance with FRS 101. The Company's date of transition to FRS 101 is 1 January 2013. The Company has notified its shareholders in writing about, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements. The impact of the amendments to the Company's previously adopted accounting policies in accordance with UK GAAP (excluding FRS 101) is explained in Note 19.

The principle disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- Statement of cash flows;
- IFRS 7 financial instrument disclosures;
- IAS 1 information on management of capital;
- IAS 8 disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IAS 24 disclosure of key management personnel compensation;
- IAS 24 disclosures in respect of related party transactions entered into between fellow group companies (the company has no other related party transactions); and
- Roll-forward reconciliations in respect of share capital (IAS 1), property, plant and equipment (IAS 16) and intangible assets (IAS 38).

# Parkcare Homes Limited

## Statement of accounting policies (continued)

### **Basis of preparation (continued)**

The preparation of financial statements in conformity with FRS 101 requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group financial statements on the grounds that it is included in the consolidated financial statements of a parent undertaking. These financial statements present information about the company as an individual undertaking and not about its group.

### **Goodwill**

Goodwill relating to acquisitions of businesses, which represents the excess of the fair value of the consideration paid over the fair value of the assets and liabilities acquired, is capitalised in the balance sheet in the year of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment at least annually, or more frequently where circumstances suggest an impairment may have occurred. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

### **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Assets in the course of construction represent the direct costs of purchasing, constructing and installing property, plant and equipment ahead of their productive use. No depreciation is provided on an asset that is in the course of construction until it is completed and the asset is ready for its intended use.

Depreciation is provided to write off the cost less the estimated residual value of property, plant and equipment by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	over 50 years
Short leasehold land and buildings	-	over lease term
Fixtures and fittings	-	over 3 to 16 years
Motor vehicles	-	over shorter of the lease term and 4 years

The expected residual values and useful lives of the assets to the business are reassessed, and adjusted if appropriate at each balance sheet date. Land is not depreciated on the basis that land has an unlimited life. Where the cost of land and buildings cannot be split, the directors have estimated that the value attributable to land is 22% of the cost of the land and buildings, based on experience.

### **Investments**

Investments in subsidiaries are stated at cost less provision for any impairment in value.

# Parkcare Homes Limited

## Statement of accounting policies (continued)

### **Asset impairment**

Goodwill and property, plant and equipment are tested for impairment by management when a trigger event that might affect asset values has occurred. An impairment loss is recognised in the profit and loss account to the extent that the carrying amount cannot be recovered either by selling the asset or by the discounted future earnings from an income-generating unit, which is an individual business operational unit. Goodwill is also subject to an annual impairment review.

### **Non-current assets held for sale**

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale and expect the sale to complete within one year from the date of classification or the reporting date.

### **Trade and other debtors**

Trade and other debtors are initially stated at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses, and are assessed for indicators of impairment at each balance sheet date. Trade and other debtors are considered to be impaired when there is objective evidence that the estimated future cash flows associated with the asset have been affected. In addition, certain trade and other debtors that are not considered to be individually impaired, may be assessed for impairment on a collective basis. Objective evidence for impairment for a portfolio of receivables could include the company's past experience of collecting payment, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions.

### **Cash**

Cash comprises all bank balances and is stated in the balance sheet at fair value. The company does not hold any cash equivalents.

### **Trade and other creditors**

Trade and other creditors are initially stated at fair value and subsequently measured at amortised cost using the effective interest rate method.

### **Provisions**

Provisions for dilapidation lease costs are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The provisions are not discounted and not recognised for future operating loss.

# Parkcare Homes Limited

## Statement of accounting policies (continued)

### Leases

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Leased assets classified as property, plant and equipment are depreciated over the shorter of their useful economic life or the period of the lease.

Lease payments made in respect of finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lease payments made in respect of operating leases are recognised on a straight line basis over the term of the lease.

### Retirement benefit costs

The company participates in a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

### Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit can differ from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years, or that are never taxable or deductible. The company's liability for current tax is calculated using rates that have been effective during the accounting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax liabilities and when they relate to income taxes levied by the same taxation authority, and the company intends to settle its current tax assets and liabilities on a net basis. Deferred tax balances are not discounted.

# **Parkcare Homes Limited**

## **Statement of accounting policies (continued)**

### **Group relief**

Payment is generally made for group relief at the current tax rate at the time of first estimating the tax provision. To the extent that amendments are subsequently made to the group relief plan, there is generally no payment or receipt in respect of the change.

### **Turnover and revenue recognition**

Turnover represents consideration received for the provision of services to customers. Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured at the fair value of the consideration received, excluding discounts, rebates and sales taxes. Turnover is recognised as the services are provided. Turnover received in advance is included in deferred income until the service is provided. Turnover in respect of services provided but not yet invoiced by the period end is included within accrued income.

### **Exceptional items**

Items that are both material and non-recurring and whose significance is sufficient to warrant separate disclosure and identification are referred to as exceptional items. Items that may give rise to classification as exceptional include, but are not limited to, significant and material restructuring and reorganisation programme and acquisition costs.



# Parkcare Homes Limited

## Notes to the financial statements for the year ended 31 December 2014

### 1 Turnover

The company's turnover, profit/(loss) on ordinary activities before taxation and net assets arise primarily from its principal activity of the delivery of elderly care.

All turnover and profit/(loss) on ordinary activities before taxation arose within the United Kingdom and from one class of business.

### 2 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2014	2013
	£'000	£'000
Depreciation of property, plant and equipment:		
Owned	1,563	1,504
Leased	50	55
Rentals under operating leases:		
Hire of plant and machinery	10	-
Other operating leases	60	60
Loss on disposal of assets held for sale and fixed assets	349	1,617
Operating exceptional items:		
Re-organisation and rationalisation costs	513	232
Onerous lease (credit)/charges (note 14)	(1,550)	2,241
Release of dilapidations provision (note 14)	-	(300)
Impairment of assets held for sale (note 11)	-	550
Impairment of property, plant and equipment	-	7,843

The re-organisation and rationalisation costs of £513,000 (2013: £232,000) incurred in the year primarily relate to employee redundancy payments made as the company re-organised and streamlined its operations.

Impairment of property, plant and equipment and assets held for sale and onerous lease charges in the prior year relate to properties and associated assets that the company has identified as being extraneous to its ongoing operations and consequently written down to their net recoverable value through disposal.

The remuneration of the auditors of £5,000 (2013: £5,000) was borne by another group undertaking.

## Parkcare Homes Limited

### Notes to the financial statements for the year ended 31 December 2014 (continued)

#### 3 Remuneration of directors

The costs relating to the directors' services have been borne by Priory Central Services Limited, a fellow group company. No amounts have been recharged to the company in respect of the directors' services and the directors do not believe that it is practical to allocate these costs between group companies.

#### 4 Staff numbers and costs

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

	2014	2013
	Number	Number
Analysis by activity:		
Nursing	803	917
Ancillary	195	216
Administrative	46	52
	1,044	1,185

The aggregate payroll costs of these persons were as follows:

	2014	2013
	£'000	£'000
Wages and salaries	13,020	14,121
Social security costs	864	932
Other pension costs (note 18)	65	49
	13,949	15,102

# Parkcare Homes Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 5 Net interest receivable and similar income

	2014	2013
	£'000	£'000
Interest receivable and similar income:		
Interest receivable from group undertakings	691	-
	691	-
Interest payable and similar charges		
Interest on finance leases	(9)	(9)
Provision unwind	(77)	-
Other interest payable	(1)	(3)
	(87)	(12)
	604	(12)

### 6 Tax on profit/(loss) on ordinary activities

	2014	2013
	£'000	£'000
UK corporation tax:		
Current tax charge/(credit) arising in the year	509	(425)
Adjustment in respect of prior years	(51)	(543)
<b>Total current tax charge/(credit)</b>	<b>458</b>	<b>(968)</b>
Deferred tax:		
Deferred tax charge/(credit) arising in the year	85	(536)
Adjustment in respect of prior years	22	536
Effect of tax rate change on opening balance	-	36
<b>Total deferred tax charge</b>	<b>107</b>	<b>36</b>
<b>Total tax charge/(credit)</b>	<b>565</b>	<b>(932)</b>

The current tax charge of £458,000 (2013: credit of £968,000) on profits/(losses) for the year has been surrendered against the profits of other group companies in exchange for payment of the same amount.

# Parkcare Homes Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 6 Tax on profit/(loss) on ordinary activities (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 21.5% (2013: 23.25%). The actual tax charge for the year is lower (2013: higher) than the standard rate for the reasons set out in the following reconciliation:

	2014	2013
	£'000	£'000
Profit/(loss) on ordinary activities before taxation	4,211	(9,402)
Tax on profit/(loss) on ordinary activities at standard rate	905	(2,186)
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	-	1,945
Depreciation on non qualifying assets	161	490
Fixed asset timing differences	(282)	(1,002)
Transfer pricing adjustments	(161)	(208)
Adjustments in respect of prior years	(29)	(7)
Impact of rate changes	(29)	36
<b>Total tax charge/(credit) for the year</b>	<b>565</b>	<b>(932)</b>

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's profits for this accounting year are taxed at an effective rate of 21.5% (2013: 23.25%).

In his budget speech on 20 March 2013, the Chancellor announced that the main rate of corporation tax would change from 21% to 20% from 1 April 2015. This change was substantively enacted in July 2013, as such the company's deferred tax balances have been restated to reflect their expected unwind at 20% rather than the main rate of 21%.

# Parkcare Homes Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 7 Investments

	Shares in group undertakings £'000
Cost and net book value	
At 31 December 2012, 31 December 2013 and 31 December 2014	40

The subsidiary undertaking in which the company's direct interest at the year end is more than 20% is:

Subsidiary undertaking	Principal activities	Country of incorporation	Class and percentage of shares held
Speciality Care (Rest Care) Limited	Dormant	United Kingdom	100% ordinary £1 shares

The directors consider that the carrying value of the investment is supported by its underlying net assets.

### 8 Intangible assets

	Goodwill £'000
Cost and net book value	
At 31 December 2012, 31 December 2013 and 31 December 2014	526

The company tests goodwill annually for impairment, or more frequently if there is an indication that goodwill might be impaired. The recoverable amount is determined from either value in use or fair value less costs to sell calculations. No reasonably likely changes in underlying assumptions would result in a material impairment charge.

# Parkcare Homes Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 9 Property, plant and equipment

	Long leasehold land and buildings £'000	Freehold land and buildings £'000	Assets in the course of construction £'000	Fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
<b>Cost</b>						
At 1 January 2014	10,809	44,348	817	13,753	242	69,969
Additions	-	-	359	1,990	14	2,363
Disposals	-	(2,172)	(11)	(539)	(13)	(2,735)
Transfers between classifications	-	-	(807)	807	-	-
Transfers from current assets (note 11)	-	2,284	-	832	-	3,116
<b>At 31 December 2014</b>	<b>10,809</b>	<b>44,460</b>	<b>358</b>	<b>16,843</b>	<b>243</b>	<b>72,713</b>
<b>Accumulated depreciation</b>						
At 1 January 2014	9,448	12,708	-	8,900	74	31,130
Charge for the year	34	364	-	1,168	47	1,613
Disposals	-	(908)	-	(365)	(7)	(1,280)
Transfers from current assets (note 11)	-	1,413	-	539	-	1,952
<b>At 31 December 2014</b>	<b>9,482</b>	<b>13,577</b>	<b>-</b>	<b>10,242</b>	<b>114</b>	<b>33,415</b>
<b>Net book amount</b>						
<b>At 31 December 2014</b>	<b>1,327</b>	<b>30,883</b>	<b>358</b>	<b>6,601</b>	<b>129</b>	<b>39,298</b>
At 31 December 2013	1,361	31,640	817	4,853	168	38,839

The net book value of assets held under finance leases is £106,000 (2013: £168,000) for motor vehicles.

# Parkcare Homes Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 10 Debtors

	2014	2013	2012
	£'000	£'000	£'000
Trade debtors	449	633	765
Group relief recoverable	-	968	-
Prepayments and accrued income	93	127	106
	542	1,728	871

### 11 Assets held for sale

	Freehold land and buildings	Fixtures and fittings	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2014	5,634	2,891	8,525
Disposals	(3,350)	(2,059)	(5,409)
Transfer to property, plant and equipment (note 9)	(2,284)	(832)	(3,116)
<b>At 31 December 2014</b>	-	-	-
<b>Accumulated depreciation</b>			
At 1 January 2014	2,556	1,978	4,534
Disposals	(1,143)	(1,439)	(2,582)
Transfer to property, plant and equipment (note 9)	(1,413)	(539)	(1,952)
<b>At 31 December 2014</b>	-	-	-
<b>Net book value</b>			
<b>At 31 December 2014</b>	-	-	-
At 31 December 2013	3,078	913	3,991

Assets held for sale in the prior year related to three properties which were actively marketed for sale.

## Parkcare Homes Limited

### Notes to the financial statements for the year ended 31 December 2014 (continued)

#### 12 Creditors: amounts falling due within one year

	2014	2013	2012
	£'000	£'000	£'000
Amounts owed to group undertakings	608	7,356	9,921
Group relief payable	458	-	427
Other creditors	293	394	103
Other taxation and social security	242	257	299
Accruals and deferred income	1,628	2,020	2,138
Obligations under finance lease contracts (note 13)	40	45	24
	3,269	10,072	12,912

Amounts due to group undertakings are unsecured, non-interest bearing and repayable on demand.

#### 13 Creditors: amounts falling due after more than one year

	2014	2013	2012
	£'000	£'000	£'000
Obligations under finance lease contracts	50	92	57

Obligations under finance lease contracts are payable as follows:

	2014	2013	2012
	£'000	£'000	£'000
Within one year	40	45	24
In more than one year but not more than five years	50	92	57
	90	137	81



## Parkcare Homes Limited

### Notes to the financial statements for the year ended 31 December 2014 (continued)

#### 14 Provisions for liabilities

	Deferred taxation £'000	Onerous contracts £'000	Dilapidations £'000	Total £'000
At 1 January 2013	739	-	350	1,089
Charge to the profit and loss account	36	2,241	-	2,277
Released on sale of property	-	-	(300)	(300)
At 1 January 2014	775	2,241	50	3,066
Utilisation of provisions	-	(160)	-	(160)
Unwinding of provision	-	77	-	77
Charge/(credit) to the profit and loss account	107	(1,550)	-	(1,443)
<b>At 31 December 2014</b>	<b>882</b>	<b>608</b>	<b>50</b>	<b>1,540</b>

Provisions have been recorded for costs of returning properties held under operating leases to the state of repair at the inception of the lease. These provisions are expected to be utilised on the termination of the underlying leases.

Provisions have been recorded on certain lease arrangements. They have been established on the basis of the expected onerous element of future lease payments over the remaining life of the relevant leases and agreements. These have been discounted and the provisions are expected to be utilised, with the discounts unwinding accordingly over the remaining terms of the corresponding lease arrangements.

An analysis of deferred tax liabilities and assets included within provisions is as follows:

	2014 £'000	2013 £'000	2012 £'000
Accelerated capital allowances	582	247	(700)
Short term timing differences	300	541	1,439
Tax losses carried forward	-	(13)	-
	<b>882</b>	<b>775</b>	<b>739</b>

# Parkcare Homes Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 15 Called up share capital

	2014	2013	2012
	£'000	£'000	£'000
<b>Authorised</b>			
4,800,000 (2013: 4,800,000) ordinary shares of £1 each	4,800	4,800	4,800
<b>Issued and fully paid</b>			
4,772,000 (2013: 4,772,000) ordinary shares of £1 each	4,772	4,772	4,772

### 16 Contingent liabilities

On 31 December 2014, borrowings of a fellow group undertaking were secured by fixed and floating charges over all the assets of the company.

### 17 Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2014	2013
	£'000	£'000
Contracted	231	170

At the balance sheet date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2014		2013	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Within one year	60	5	60	-
In the second to fifth years inclusive	240	9	240	-
In over five years	2,625	-	2,685	-
	2,925	14	2,985	-

# **Parkcare Homes Limited**

## **Notes to the financial statements for the year ended 31 December 2014 (continued)**

### **18 Pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £65,000 (2013: £49,000).

As at 31 December 2014, there were outstanding contributions of 11,000 (2013: £12,000).

### **19 Impact of the first time adoption of FRS 101**

The impact of the adoption of FRS 101 is as follows:

- Non-amortisation of goodwill, which was previously amortised. As a result of this change, net assets have increased by £316,000 at 1 January 2013, £342,000 at 31 December 2013 and £368,000 at 31 December 2014. The loss for the financial year ended 31 December 2013 decreased by £26,000 and the profit for the financial year ended 31 December 2014 increased by £26,000.
- The “deemed cost” provisions of IFRS 1 have been applied to land and buildings. At the date of conversion the depreciated revalued amounts are deemed to approximate to fair value and have been taken as the net book value. There is no impact on net assets at 1 January 2013, 31 December 2013 or 31 December 2014 or on the profit for the financial years ended 31 December 2013 and 31 December 2014.
- Deferred tax liabilities have been recognised in relation to the difference between the carrying value and the tax written down value of land and buildings. A liability of £1,548,000 has been recognised at 1 January 2013, £611,000 at 31 December 2013 and £329,000 at 31 December 2014. The loss for the financial year ended 31 December 2013 decreased by £938,000 and the profit for the financial year ended 31 December 2014 increased by £282,000.

### **20 Ultimate parent company and controlling party**

The company’s immediate parent company which is incorporated in the United Kingdom is Amore Care (Holdings) Limited (formerly Craegoor Older People Care (Holdings) Limited).

The ultimate parent undertaking and controlling party is Priory Group No. 1 Limited. Priory Group No. 1 Limited is beneficially owned by funds managed by Advent International Corporation which is considered by the directors to be the ultimate controlling party of the company.

Priory Group No. 1 Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2014. Priory Group No. 3 PLC is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 31 December 2014. The consolidated financial statements of Priory Group No. 1 Limited and Priory Group No. 3 PLC can be obtained from the Company Secretary at 80 Hammersmith Road, London, W14 8UD.