

Registration number: 02582284

# Heath Farm Limited

Directors' Report and Financial Statements  
for the Year Ended 31 August 2013



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## **Heath Farm Limited Company Information**

<b>Directors</b>	D W Johnson J-L Janet M Robinson N-J Macdonald
<b>Company secretary</b>	W Napier-Fenning
<b>Registered office</b>	1 Merchant's Place River Street Bolton Lancashire BL2 1BX
<b>Solicitors</b>	SNR Denton One Fleet Place London EC4M 7WS
<b>Bankers</b>	Barclays Bank PLC 1 Churchill Place London E14 5HP
<b>Auditors</b>	Ernst & Young LLP Bedford House 16 Bedford Street Belfast Northern Ireland BT2 7DT

## **Heath Farm Limited**

### **Directors' Report for the Year Ended 31 August 2013**

The directors present their report and the financial statements for the year ended 31 August 2013.

#### **Directors of the company**

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

S R Page (resigned 6 August 2013)

D W Johnson

J-L Janet

M Robinson (appointed 22 October 2012)

The following director was appointed after the year end:

N-J Macdonald (appointed 16 September 2013)

#### **Principal activity**

The company provides maintenance, transport and location support services to Heath Farm Family Services Limited's foster and education business. The company is part of the Acorn Care 1 Limited Group ("Group"). The Group provides a range of education and care services for children with special needs and looked after children, their families and local authorities across the UK. The Group Statement of Purpose is to establish a group of schools and care providers that meet the holistic needs of children with special needs. The Group aims to provide high quality care and education, to focus on the outcomes for each individual young person it looks after, and to provide equality of opportunity.

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

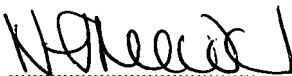
#### **Reappointment of auditors**

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

#### **Small company provisions statement**

This report has been prepared in accordance with the small companies regime under Part 15 of the Companies Act 2006.

Approved by the Board on 29/1/2014 and signed on its behalf by:



N-J Macdonald  
Director

## **Heath Farm Limited**

### **Statement of Directors' Responsibilities**

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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

## **Heath Farm Limited**

### **Independent Auditor's Report to the Members**

We have audited the financial statements of Heath Farm Limited which comprise of the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 14 for the year ended 31 August 2013, set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 3), 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 (APB'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 and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

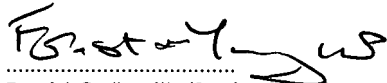
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

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

**Heath Farm Limited**  
**Independent Auditor's Report to the Members**

- 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.



David Galbraith (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor

Bedford House  
16 Bedford Street  
Belfast  
Northern Ireland  
BT2 7DT

Date:.....

31 July 2014

**Heath Farm Limited**  
**Profit and Loss Account for the Year Ended 31 August 2013**

	Note	2013 £	2012 £
Turnover		-	349,531
Administrative expenses		(240,310)	(265,138)
Other operating income		-	100,000
Operating (loss)/profit	3	<u>(240,310)</u>	<u>184,393</u>
(Loss)/profit on ordinary activities before taxation		(240,310)	184,393
Tax on (loss)/profit on ordinary activities	4	<u>50,668</u>	<u>(74,307)</u>
(Loss)/profit for the financial year	10	<u><u>(189,642)</u></u>	<u><u>110,086</u></u>

Turnover and operating profit derive wholly from continuing operations.

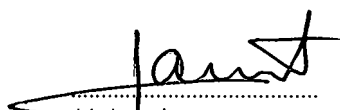


**Heath Farm Limited**  
**(Registration number: 02582284)**  
**Balance Sheet as at 31 August 2013**

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Tangible assets	5	3,493,593	3,559,464
Investments	6	<u>1</u>	<u>1</u>
		<u>3,493,594</u>	<u>3,559,465</u>
<b>Current assets</b>			
Debtors	7	372,033	1,747,443
Cash at bank and in hand		<u>74,955</u>	<u>24,985</u>
		446,988	1,772,428
Creditors: Amounts falling due within one year	8	<u>(2,161,756)</u>	<u>(3,363,425)</u>
Net current liabilities		<u>(1,714,768)</u>	<u>(1,590,997)</u>
Net assets		<u>1,778,826</u>	<u>1,968,468</u>
<b>Capital and reserves</b>			
Called up share capital	9	40,000	40,000
Revaluation reserve	10	1,014,940	1,039,239
Profit and loss account	10	<u>723,886</u>	<u>889,229</u>
Shareholders' funds		<u>1,778,826</u>	<u>1,968,468</u>

These accounts have been prepared in accordance with the special provisions of Part 15 of the Company Act 2006 applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board on 29/1/2014 and signed on its behalf by:

  
 J-L Janet  
 Director

# **Heath Farm Limited**

## **Notes to the Financial Statements for the year ended 31 August 2013**

### **1 Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (FRSSE) (effective April 2008).

#### **Exemption from preparing a cash flow statement**

The company is exempt from preparing a cash flow statement in accordance with FRS1 as 90% or more of the voting rights are held within the Group.

#### **Exemption from preparing group accounts**

The company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 and has not prepared group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### **Going concern**

The parent company has indicated its willingness to continue to support the company and in particular not to recall the amounts advanced to the company at the balance sheet date. Accordingly the directors believe it is appropriate to prepare the financial statements on the going concern basis.

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at the following annual rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Freehold properties are held at the revalued amount since acquisition by the Acorn Group and depreciated based on the revalued amount. Freehold land is not depreciated.

#### **Asset class**

Freehold and leasehold property  
Plant and machinery  
Fixtures, fittings and equipment  
Motor vehicles

#### **Depreciation method and rate**

2% straight line or over the period of the lease  
15% straight line  
15 - 33% straight line  
25% straight line

#### **Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any diminution in value.

# Heath Farm Limited

## Notes to the Financial Statements for the year ended 31 August 2013

### Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

### Pensions

The company makes pension contributions in respect of certain eligible teaching staff to the Teachers Pension Agency which is a "Multi-Employer" pension scheme. Based on consultations the directors are unable to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Consequently the company treats the scheme as a defined contribution scheme with contributions charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

## 2 Other Operating Income

	2013 £	2012 £
Operating lease rental	<u>-</u>	<u>100,000</u>

## 3 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	2013 £	2012 £
Depreciation	82,349	103,999
Audit of the financial statements	<u>2,425</u>	<u>3,490</u>

Fees paid to the company's auditor, Ernst & Young LLP, and its associates for services other than the statutory audit of the company are disclosed in Acorn Care 1 Limited on a consolidated basis.

The directors did not receive any remuneration from the company during the year ended 31 August 2013 (2012: Nil).

**Heath Farm Limited**  
**Notes to the Financial Statements for the year ended 31 August 2013**

**4 Taxation**

**Tax on (loss)/profit on ordinary activities**

	2013 £	2012 £
<b>Current tax</b>		
Group relief	(42,973)	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	5,268	63,541
Deferred tax adjustment relating to previous years	(23,001)	15
Effect of changes in tax rates	10,038	10,751
Total deferred tax	(7,695)	74,307
Total tax on (loss)/profit on ordinary activities	(50,668)	74,307

**Factors that may affect future tax charges**

Deferred tax has been calculated at the rates at which timing differences are expected to reverse. The corporation tax rate fell from 24% to 23% from 1 April 2013. Further to this, the corporation tax rate will reduce to 21% from 1 April 2014 and to 20% from 1 April 2015, both changes having been substantively enacted on 2 July 2013.

**5 Tangible fixed assets**

	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 September 2012	4,020,712	86,357	31,212	4,138,281
Additions	-	-	16,128	16,128
At 31 August 2013	4,020,712	86,357	47,340	4,154,409
<b>Depreciation</b>				
At 1 September 2012	462,906	84,349	31,562	578,817
Charge for the year	80,414	255	1,680	82,349
Eliminated on disposals	-	-	(350)	(350)
At 31 August 2013	543,320	84,604	32,892	660,816
<b>Net book value</b>				
At 31 August 2013	3,477,392	1,753	14,448	3,493,593
At 31 August 2012	3,557,806	2,008	(350)	3,559,464

# Heath Farm Limited

## Notes to the Financial Statements for the year ended 31 August 2013

### Revaluations

The freehold property class of fixed assets was revalued on 10 March 2006 by Edward & Co who is external to the company. The basis of this valuation was an open market basis. This class of assets has a current value of £4,020,712 (2012 - £4,020,712) and a carrying amount at historical cost of £1,538,541 (2012 - £1,538,541). The depreciation on this historical cost is £208,873 (2012 - £178,102).

### 6 Investments held as fixed assets

	2013 £	2012 £
Shares in group undertakings and participating interests	<u>1</u>	<u>1</u>

#### Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
<b>Cost</b>		
At 1 September 2012	<u>1</u>	<u>1</u>
At 31 August 2013	<u>1</u>	<u>1</u>
<b>Net book value</b>		
At 31 August 2013	<u>1</u>	<u>1</u>
At 31 August 2012	<u>1</u>	<u>1</u>

### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Percentage shareholding	Principal activity
<b>Subsidiary undertakings</b>			
Heath Farm Family Services Limited	UK	100%	Care & education services
Heath Farm Fostering Agency Limited	UK	100%	Dormant

**Heath Farm Limited**  
**Notes to the Financial Statements for the year ended 31 August 2013**

**7 Debtors: Amounts falling due within one year**

	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Amounts owed by group undertakings	259,915	1,685,993
Other debtors	44,331	1,358
Deferred tax	67,787	60,092
	<u>372,033</u>	<u>1,747,443</u>

**Deferred tax**

The movement in the deferred tax asset in the year is as follows:

	<b>Deferred tax</b> <b>£</b>
At 1 September 2012	60,092
Credited to the profit and loss account	<u>7,695</u>
At 31 August 2013	<u>67,787</u>

**Analysis of deferred tax**

	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Difference between accumulated depreciation and amortisation and capital allowances	(35,158)	(28,032)
Tax losses available	<u>102,945</u>	<u>88,124</u>
	<u>67,787</u>	<u>60,092</u>

**8 Creditors: Amounts falling due within one year**

	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
Amounts owed to group undertakings	2,161,756	3,358,466
Accruals and deferred income	<u>-</u>	<u>4,959</u>
	<u>2,161,756</u>	<u>3,363,425</u>

# Heath Farm Limited

## Notes to the Financial Statements for the year ended 31 August 2013

### 9 Share capital

#### Allotted, called up and fully paid shares

	2013		2012	
	No.	£	No.	£
Ordinary shares of £1 each	40,000	40,000	40,000	40,000

### 10 Reserves

	Revaluation reserve £	Profit and loss account £	Total £
At 1 September 2012	1,039,239	889,229	1,928,468
Loss for the year	-	(189,642)	(189,642)
Realisation of valuation gains of previous periods	(24,299)	24,299	-
At 31 August 2013	1,014,940	723,886	1,738,826

### 11 Pension schemes

#### Defined contribution 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 scheme and amounted to £553 (2012 - £1,854).

### 12 Contingent liabilities

The company has given security by way of unlimited fixed and floating charges over all of its assets to the finance parties providing banking facilities to Acorn Care 4 Limited, a fellow subsidiary undertaking of the Acorn Care 1 Limited Group. The amount outstanding to the finance parties providing the banking facilities to Acorn Care 4 Limited at 31 August 2013 was £86,027,138 (2012 : £94,709,385).

### 13 Related party transactions

During the year, the company entered into transactions, in the ordinary course of business, with other related parties, including management charges, interest and amounts paid on behalf of the company. Transactions, entered into, and trading balances, excluding group relief, outstanding at 31 August 2013 are as follows:

**Heath Farm Limited**  
**Notes to the Financial Statements for the year ended 31 August 2013**

	<i>Sales to related parties</i>	<i>Purchases from related parties</i>	<i>Value of transactions £ Amounts owed by related parties</i>	<i>Balance at year end £ Amounts owed to related parties</i>
	£	£	£	£
Amounts with Parent Company				
2013	-	-	-	(1,746,682)
2012	-	-	-	(1,746,682)
Amounts with Subsidiary Companies				
2013	-	-	-	(415,074)
2012	-	-	-	(185,706)
Amounts with Fellow Undertakings				
2013	-	-	259,915	-
2012	-	-	259,915	-

**14 Ultimate parent undertaking and controlling party**

The immediate parent company is Acorn Care & Education Limited, a company incorporated in England and Wales.

The ultimate parent undertaking is Acorn Care 1 Limited, a company incorporated in England and Wales.

However, by virtue of its shareholdings in Acorn Care 1 Limited, the ultimate controlling party is Ontario Teachers' Pension Plan Board.

Copies of the financial statement of Acorn Care 1 Limited are available from the company's registered office, 1 Merchant's Place, River Street, Bolton, BL2 1BX.