

Registration number: 02582284

Heath Farm Limited

Directors' Report and Financial Statements

for the Year Ended 31 August 2014

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Heath Farm Limited Company Information

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

Heath Farm Limited

Directors' Report for the Year Ended 31 August 2014

The directors present their report and the financial statements for the year ended 31 August 2014.

Directors of the company

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

D W Johnson (resigned 13 August 2014)

J-L Janet

M Robinson (resigned 1 February 2014)

N-J Macdonald (appointed 16 September 2013)

Principal activity

The company provides education for children and young people with special education needs with placement being referred from a number of local authorities. 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.

Going concern

The directors of the company believe that the bank facilities in place are more than adequate for the future needs of the Group and that the Group is well placed to manage its business risks successfully.

On the basis of their assessment of the company's financial position, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Please refer to note 1 to the financial statements for further considerations.

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

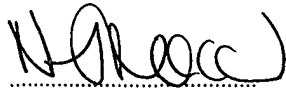
In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Ernst & Young LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Heath Farm Limited
Directors' Report for the Year Ended 31 August 2014

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 23 January 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'N-J Macdonald', written over a dotted line.

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 12 for the year ended 31 August 2014, set out on pages 7 to 16. 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 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 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 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.

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 2014 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 in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report and take advantage of the small companies' exemption in preparing the Directors' Report.

Ernst & Young LLP

Michael Kidd (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

Bedford House
16 Bedford Street
Belfast
Northern Ireland
BT2 7DT

Date: *26 January 2015*

Heath Farm Limited
Profit and Loss Account for the Year Ended 31 August 2014

	Note	2014 £	2013 £
Turnover		-	-
Administrative expenses		<u>(94,185)</u>	<u>(240,310)</u>
Operating loss	2	<u>(94,185)</u>	<u>(240,310)</u>
Loss on ordinary activities before taxation		(94,185)	(240,310)
Tax on loss on ordinary activities	3	<u>36,862</u>	<u>50,668</u>
Loss for the financial year	9	<u><u>(57,323)</u></u>	<u><u>(189,642)</u></u>

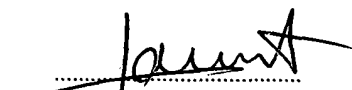
Turnover and operating profit derive wholly from continuing operations.

Heath Farm Limited
(Registration number: 02582284)
Balance Sheet as at 31 August 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	4	3,399,590	3,493,593
Investments	5	<u>1</u>	<u>1</u>
		<u>3,399,591</u>	<u>3,493,594</u>
Current assets			
Debtors	6	407,537	372,033
Cash at bank and in hand		<u>20,557</u>	<u>74,955</u>
		428,094	446,988
Creditors: Amounts falling due within one year	7	<u>(2,106,182)</u>	<u>(2,161,756)</u>
Net current liabilities		<u>(1,678,088)</u>	<u>(1,714,768)</u>
Net assets		<u>1,721,503</u>	<u>1,778,826</u>
Capital and reserves			
Called up share capital	8	40,000	40,000
Revaluation reserve	9	1,014,940	1,014,940
Profit and loss account	9	<u>666,563</u>	<u>723,886</u>
Shareholders' funds		<u>1,721,503</u>	<u>1,778,826</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 23 January 2015 and signed on its behalf by:


 J-L Janet
 Director

Heath Farm Limited

Notes to the Financial Statements for the year ended 31 August 2014

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.

Turnover

Turnover represents amounts chargeable in respect of services provided during the year. Where invoices are raised and the services to which they relate have not been performed, the extent of the invoice relating to the unperformed service is carried forward as deferred income.

Turnover is attributable to one class of business, being the provision of education for children and young adults with special education needs.

All turnover arose within the United Kingdom.

Revenue recognition

Revenue is recognised on the provision of education and care for children and young adults. Revenue is measured at the fair value of the consideration received, excluding VAT and discounts.

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

Heath Farm Limited

Notes to the Financial Statements for the year ended 31 August 2014

Fixed asset investments

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

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.

2 Operating loss

Operating loss is stated after charging/(crediting):

	2014	2013
	£	£
Depreciation	94,003	82,349
Audit of the financial statements	<u>2,624</u>	<u>2,425</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 2014 (2013: Nil).

Heath Farm Limited

Notes to the Financial Statements for the year ended 31 August 2014

3 Taxation

Tax on loss on ordinary activities

	2014 £	2013 £
Current tax		
Group relief	(43,279)	(42,973)
Deferred tax		
Origination and reversal of timing differences	7,111	5,268
Deferred tax adjustment relating to previous years	-	(23,001)
Effect of changes in tax rates	(694)	10,038
Total deferred tax	6,417	(7,695)
Total tax on loss on ordinary activities	<u>(36,862)</u>	<u>(50,668)</u>

Factors affecting current tax charge for the year

The tax on loss on ordinary activities for the year is the same as the standard rate of corporation tax in the UK (2013 - the same as the standard rate of corporation tax in the UK) of 22.16% (2013 - 25.16%).

The differences are reconciled below:

	2014 £	2013 £
Loss on ordinary activities before tax	<u>(94,185)</u>	<u>(240,310)</u>
Corporation tax at standard rate	(20,873)	(60,462)
Capital allowances in excess of depreciation	(7,111)	(5,268)
Non-taxable income	(37,805)	-
Expenses not deductible for tax purposes	22,510	18,962
Other differences	-	3,795
Total current tax	<u>(43,279)</u>	<u>(42,973)</u>

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 23% to 21% from 1 April 2014. Further to this, the corporation tax rate will reduce to 20% from 1 April 2015.

Heath Farm Limited
Notes to the Financial Statements for the year ended 31 August 2014

4 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 September 2013	4,020,712	86,357	47,340	4,154,409
At 31 August 2014	4,020,712	86,357	47,340	4,154,409
Depreciation				
At 1 September 2013	543,320	84,604	32,892	660,816
Charge for the year	80,414	1,754	11,835	94,003
At 31 August 2014	623,734	86,358	44,727	754,819
Net book value				
At 31 August 2014	3,396,978	(1)	2,613	3,399,590
At 31 August 2013	3,477,392	1,753	14,448	3,493,593

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 (2013 - £4,020,712) and a carrying amount at historical cost of £1,538,541 (2013 - £1,538,541). The depreciation on this historical cost is £239,644 (2013 - £208,873).

Heath Farm Limited
Notes to the Financial Statements for the year ended 31 August 2014

5 Investments held as fixed assets

	2014 £	2013 £
Shares in group undertakings and participating interests	<u>1</u>	<u>1</u>

Shares in group undertakings and participating interests

	Subsidiary undertakings £	Total £
Cost		
At 1 September 2013	<u>1</u>	<u>1</u>
At 31 August 2014	<u>1</u>	<u>1</u>
Net book value		
At 31 August 2014	<u>1</u>	<u>1</u>
At 31 August 2013	<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
Subsidiary undertakings			
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 2014

6 Debtors: Amounts falling due within one year

	2014	2013
	£	£
Amounts owed by group undertakings	259,915	259,915
Other debtors	86,252	44,331
Deferred tax	61,370	67,787
	<u>407,537</u>	<u>372,033</u>

Deferred tax

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

	Deferred tax
	£
At 1 September 2013	67,787
Charged to the profit and loss account	<u>(6,417)</u>
At 31 August 2014	<u>61,370</u>

Analysis of deferred tax

	2014	2013
	£	£
Difference between accumulated depreciation and amortisation and capital allowances	(41,575)	(35,158)
Tax losses available	102,945	102,945
	<u>61,370</u>	<u>67,787</u>

7 Creditors: Amounts falling due within one year

	2014	2013
	£	£
Trade creditors	2,628	-
Amounts owed to group undertakings	2,100,295	2,161,756
Other creditors	3,259	-
	<u>2,106,182</u>	<u>2,161,756</u>

Heath Farm Limited
Notes to the Financial Statements for the year ended 31 August 2014

8 Share capital

Alotted, called up and fully paid shares

	2014		2013	
	No.	£	No.	£
Ordinary shares of £1 each	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>

9 Reserves

	Revaluation reserve £	Profit and loss account £	Total £
At 1 September 2013	1,014,940	723,886	1,738,826
Loss for the year	<u>-</u>	<u>(57,323)</u>	<u>(57,323)</u>
At 31 August 2014	<u>1,014,940</u>	<u>666,563</u>	<u>1,681,503</u>

10 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 2014 was £81,749,002 (2013 : £86,027,138).

11 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 2014 are as follows:

Heath Farm Limited
Notes to the Financial Statements for the year ended 31 August 2014

	<i>Sales to related parties</i>	<i>Purchases from related parties</i>	Value of transactions £ <i>Amounts owed by related parties</i>	Balance at year end £ <i>Amounts owed to related parties</i>
	£	£	£	£
Amounts with Parent Company				
2014	-	-	-	(1,728,168)
2013	-	-	-	(1,746,682)
Amounts with Subsidiary Companies				
2014	-	-	-	(372,128)
2013	-	-	-	(415,074)
Amounts with Fellow Undertakings				
2014	-	-	259,915	-
2013	-	-	259,915	-

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