

Registration number 03586426

# Phoenix Learning and Care Limited

Directors' Report and Financial Statements

for the Year Ended 31 August 2011

Francis Clark LLP  
Vantage Point  
Woodwater  
Pynes Hill  
Exeter  
Devon  
EX2 5FD

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**Phoenix Learning and Care Limited**  
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**Phoenix Learning and Care Limited**  
**Company Information**

<b>Directors</b>	Mr R C Sens Mr P R Cann Mr K G Burley
<b>Company secretary</b>	Mr P R Cann
<b>Registered office</b>	1st Floor Rolle Quay House Rolle Quay Barnstaple Devon EX31 1JE
<b>Auditors</b>	Francis Clark LLP Vantage Point Woodwater Pynes Hill Exeter Devon EX2 5FD

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**Phoenix Learning and Care Limited**  
**Directors' Report for the Year Ended 31 August 2011**

The directors present their report and the financial statements for the year ended 31 August 2011

**Directors of the company**

The directors who held office during the year were as follows

Mr R C Sens

Mr P R Cann

Mr K G Burley

**Principal activity**

The principal activity of the company is the provision of specialist residential educational services for students with learning difficulties and disabilities

**Business review**

*Fair review of the business*

This has been another year of change and reorganisation within the government departments which the company works with, however the company have managed to keep at the forefront of these changes and have met them with flexibility and robust management

The dissolution of the Connexion offices has made student recruitment more difficult but the company have found new and imaginative ways to contact parents and schools and have secured next years cohort

The directors remain confident that trading in the next year will continue to see growth

**Results and dividends**

The profit for the year, after taxation, amounted to £280,646 Particulars of dividends paid are detailed in note 14 to the financial statements

**Financial instruments**

*Objectives and policies*

The company has tight risk management objectives and policies, the company's major borrowings are protected through a hedging product ensuring that any rapid increases in interest rates remain affordable

*Price risk, credit risk, liquidity risk and cash flow risk*

The company's principal financial assets are bank balances and trade and other receivables

The company's credit risk is primarily attributable to its trade debtors The amounts presented in the balance sheet are net of allowances for doubtful debts An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows

In order to maintain liquidity to ensure sufficient funds are available for ongoing operations and future developments, the company uses a mixture of long-term and short-term debt finance

**Market Value of Land and Buildings**

In the opinion of the directors the market value of land and buildings exceeds the current net book value

**Phoenix Learning and Care Limited**  
**Directors' Report for the Year Ended 31 August 2011**

..... *continued*

**Charitable donations**

During the year the company made the following contributions

	2011 £	2010 £
Charitable donations	<u>108</u>	<u>505</u>

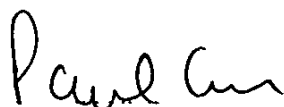
**Disclosure of information to the auditors**

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 which they know the auditors are unaware of.

**Reappointment of auditors**

The auditors Francis Clark LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006

Approved by the Board on ~~20 March 2012~~ and signed on its behalf by



Mr P R Cann  
Company secretary

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## **Phoenix Learning and Care 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.

## **Independent Auditor's Report to the Members of Phoenix Learning and Care Limited**

We have audited the financial statements of Phoenix Learning and Care Limited for the year ended 31 August 2011, set out on pages 7 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities (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 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 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

**Independent Auditor's Report to the Members of  
Phoenix Learning and Care Limited**

*..... continued*

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Francis Clark LLP*

Sean Grinstead (Senior Statutory Auditor)  
For and on behalf of Francis Clark LLP, Statutory Auditor

Vantage Point  
Woodwater  
Pynes Hill  
Exeter  
Devon  
EX2 5FD

Date *21.3.11*



**Phoenix Learning and Care Limited**  
**Profit and Loss Account for the Year Ended 31 August 2011**

	Note	2011 £	2010 £
Turnover		2,889,817	2,676,972
Cost of sales		<u>(1,902,842)</u>	<u>(1,864,179)</u>
Gross profit		986,975	812,793
Administrative expenses		(509,714)	(530,677)
Other operating income		<u>23,405</u>	<u>25,416</u>
Operating profit	2	500,666	307,532
Other interest receivable and similar income	4	274	3,890
Interest payable and similar charges	5	<u>(134,710)</u>	<u>(110,675)</u>
Profit on ordinary activities before taxation		366,230	200,747
Tax on profit on ordinary activities	6	<u>(85,584)</u>	<u>(62,455)</u>
Profit for the financial year	15	<u><u>280,646</u></u>	<u><u>138,292</u></u>

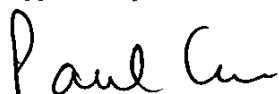
Turnover and operating profit derive wholly from continuing operations

The company has no recognised gains or losses for the year other than the results above

**Phoenix Learning and Care Limited**  
**(Registration number: 03586426)**  
**Balance Sheet at 31 August 2011**

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Tangible fixed assets	7	<u>2,194,711</u>	<u>1,795,438</u>
<b>Current assets</b>			
Stocks	8	7,517	6,808
Debtors	9	1,662,644	1,785,475
Cash at bank and in hand		<u>505,283</u>	<u>537,016</u>
		2,175,444	2,329,299
Creditors Amounts falling due within one year	10	<u>(1,321,174)</u>	<u>(1,185,935)</u>
Net current assets		<u>854,270</u>	<u>1,143,364</u>
Total assets less current liabilities		3,048,981	2,938,802
Creditors Amounts falling due after more than one year	11	(2,014,876)	(1,915,680)
Provisions for liabilities	12	<u>(10,983)</u>	<u>-</u>
Net assets		<u><u>1,023,122</u></u>	<u><u>1,023,122</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account	15	<u>1,023,022</u>	<u>1,023,022</u>
Shareholders' funds	16	<u><u>1,023,122</u></u>	<u><u>1,023,122</u></u>

Approved by the Board on 20.3.12 and signed on its behalf by



Mr P R Cann  
Director

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**Phoenix Learning and Care Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2011**

**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of consideration due. Where a contract has been only partially completed at the balance sheet date, turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

**Government grants**

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

**Fixed assets**

All fixed assets are initially recorded at cost.

**Depreciation**

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold property	see below
Leasehold property	12.5% to 25% straight line
Plant and machinery	10% to 33% straight line
Fixtures and fittings	10% to 20% straight line
Motor vehicles	25% straight line

It is the company's policy to maintain the buildings included within the freehold property in a state of sound repair, with such costs being written off to the profit and loss account when incurred. Accordingly, the Directors believe that the useful economic lives of the buildings are so long and that the residual value, measured in prices prevailing at the time of acquisition, is so high that any depreciation is not material to the accounts. Any impairment in the value of the freehold property is recognised in the profit and loss when incurred.

The depreciation policy regarding the freehold properties described above represented a change in policy in 2009, in order to ensure the company's policy was consistent with the group. Previously, the company had depreciated freehold property at 2% on cost which is frozen in accumulated depreciation brought forward.

**Stock**

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

## Phoenix Learning and Care Limited

### Notes to the Financial Statements for the Year Ended 31 August 2011

..... continued

#### 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, except as required by FRS 19

#### Hire purchase and leasing

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

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

#### Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

## 2 Operating profit

Operating profit is stated after charging

	2011 £	2010 £
Operating leases - plant and machinery	29,765	22,836
Operating leases - other assets	53,610	61,604
Auditor's remuneration - The audit of the company's annual accounts	10,000	10,000
(Profit)/loss on sale of tangible fixed assets	(375)	3,562
Depreciation of owned assets	89,736	113,327
Depreciation of assets held under finance lease and hire purchase contracts	6,890	6,891
Amortisation of government grants re fixed assets	(19,310)	(17,375)

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**Phoenix Learning and Care Limited**

**Notes to the Financial Statements for the Year Ended 31 August 2011**

..... *continued*

**3 Particulars of employees**

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

	<b>2011 No.</b>	<b>2010 No.</b>
Number of staff	<u>107</u>	<u>100</u>

The aggregate payroll costs were as follows

	<b>2011 £</b>	<b>2010 £</b>
Wages and salaries	1,518,640	1,503,909
Social security costs	<u>122,025</u>	<u>115,657</u>
	<u>1,640,665</u>	<u>1,619,566</u>

**4 Other interest receivable and similar income**

	<b>2011 £</b>	<b>2010 £</b>
Bank interest receivable	<u>274</u>	<u>3,890</u>

**5 Interest payable and similar charges**

	<b>2011 £</b>	<b>2010 £</b>
Interest on bank borrowings	44,168	15,839
Finance charges	877	1,107
Other similar charges payable	<u>89,665</u>	<u>93,729</u>
	<u>134,710</u>	<u>110,675</u>

**Phoenix Learning and Care Limited**

**Notes to the Financial Statements for the Year Ended 31 August 2011**

..... *continued*

**6 Taxation**

**Tax on profit on ordinary activities**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
Corporation tax charge	78,098	65,000
Adjustments in respect of previous years	<u>(3,497)</u>	<u>-</u>
UK Corporation tax	74,601	65,000
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>10,983</u>	<u>(2,545)</u>
Total tax on profit on ordinary activities	<u><u>85,584</u></u>	<u><u>62,455</u></u>

**Factors affecting current tax charge for the year**

Tax on profit on ordinary activities for the year is lower than (2010 - higher than) the standard rate of corporation tax in the UK of 26% (2010 - 28%)

The differences are reconciled below

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>366,230</u>	<u>200,747</u>
Corporation tax at standard rate	95,220	56,209
Capital allowances in excess of depreciation	(10,989)	18,905
Non-taxable income	(4,826)	(4,293)
Expenses not deductible for tax purposes	2,748	221
Over/under provision in prior year	(3,497)	-
Utilisation of tax losses	6	-
Other differences	<u>(4,061)</u>	<u>(6,042)</u>
Total current tax	<u><u>74,601</u></u>	<u><u>65,000</u></u>

**Phoenix Learning and Care Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2011**

..... *continued*

**7 Tangible fixed assets**

	Freehold land and buildings £	Short leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>						
At 1 September 2010	1,674,429	274,828	397,878	114,580	100,220	2,561,935
Additions	468,878	8,515	12,102	4,654	1,750	495,899
At 31 August 2011	2,143,307	283,343	409,980	119,234	101,970	3,057,834
<b>Depreciation</b>						
At 1 September 2010	103,545	176,693	341,513	72,526	72,220	766,497
Charge for the year	-	36,394	34,264	11,465	14,503	96,626
At 31 August 2011	103,545	213,087	375,777	83,991	86,723	863,123
<b>Net book value</b>						
At 31 August 2011	2,039,762	70,256	34,203	35,243	15,247	2,194,711
At 31 August 2010	1,570,884	98,135	56,365	42,054	28,000	1,795,438

**Phoenix Learning and Care Limited**

**Notes to the Financial Statements for the Year Ended 31 August 2011**

..... *continued*

**Leased assets**

Included within the net book value of tangible fixed assets is £3,337 (2010 - £10,227) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £6,890 (2010 - £6,891)

**8 Stocks**

	<b>2011 £</b>	<b>2010 £</b>
Stocks	<u>7,517</u>	<u>6,808</u>

**9 Debtors**

	<b>2011 £</b>	<b>2010 £</b>
Trade debtors	65,403	26,366
Amounts owed by group undertakings	1,499,859	1,687,846
Other debtors	50,757	53,377
Prepayments and accrued income	<u>46,625</u>	<u>17,886</u>
	<u>1,662,644</u>	<u>1,785,475</u>

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

	<b>2011 £</b>	<b>2010 £</b>
Trade creditors	15,512	46,476
Bank loans and overdrafts	154,411	156,651
Obligations under finance lease and hire purchase contracts	2,478	8,042
Corporation tax	142,553	159,052
Other taxes and social security	295,803	86,067
Other creditors	10,020	13,154
Accruals and deferred income	<u>700,397</u>	<u>716,493</u>
	<u>1,321,174</u>	<u>1,185,935</u>



**Phoenix Learning and Care Limited**

**Notes to the Financial Statements for the Year Ended 31 August 2011**

..... *continued*

Creditors amounts falling due within one year includes the following liabilities, on which security has been given by the company

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loans	151,192	133,275
Hire purchase agreements	<u>2,478</u>	<u>8,042</u>
	<u>153,670</u>	<u>141,317</u>

Hire purchase agreement creditors are secured by fixed charges on the assets concerned. The bank loans are secured by debenture of all present and future group freehold property.

**11 Creditors: Amounts falling due after more than one year**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	1,906,761	1,785,777
Obligations under finance lease and hire purchase contracts	-	2,478
Accruals and deferred income	<u>108,115</u>	<u>127,425</u>
	<u>2,014,876</u>	<u>1,915,680</u>

## Phoenix Learning and Care Limited

### Notes to the Financial Statements for the Year Ended 31 August 2011

..... *continued*

Creditors amounts falling due after more than one year includes the following liabilities, on which security has been given by the company

	2011 £	2010 £
Bank loans	1,906,761	1,785,777
Hire purchase agreements	-	2,478
	<u>1,906,761</u>	<u>1,788,255</u>

Hire purchase agreement creditors are secured by fixed charges on the assets concerned. The bank loans are secured by debenture of all present and future group freehold property.

Included in the creditors are the following amounts due after more than five years

	2011 £	2010 £
After more than five years by instalments	1,269,797	1,226,217
	<u>1,269,797</u>	<u>1,226,217</u>

Loans are repayable over 5 and 15 years at an interest rate of 3% and 1.43% over Bank of England base rate respectively.

#### Obligations under finance leases and HP contracts

##### Amounts repayable:

	2011 £	2010 £
In one year or less on demand	2,478	8,042
Between one and two years	-	2,478
	<u>2,478</u>	<u>10,520</u>

#### 12 Provisions

	Deferred tax £	Total £
At 1 September 2010	-	-
Charged to the profit and loss account	10,983	10,983
At 31 August 2011	<u>10,983</u>	<u>10,983</u>

# Phoenix Learning and Care Limited

## Notes to the Financial Statements for the Year Ended 31 August 2011

..... continued

### Analysis of deferred tax

	2011 £	2010 £
Difference between accumulated depreciation and amortisation and capital allowances	10,989	(2,545)
Tax losses available	(6)	-
	<u>10,983</u>	<u>(2,545)</u>

### 13 Share capital

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

	2011		2010	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 14 Dividends

	2011 £	2010 £
<b>Dividends paid</b>		
Equity dividend paid	<u>280,646</u>	<u>138,292</u>

**Phoenix Learning and Care Limited**

**Notes to the Financial Statements for the Year Ended 31 August 2011**

*..... continued*

**15 Reserves**

	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 September 2010	1,023,022	1,023,022
Profit for the year	280,646	280,646
Dividends	(280,646)	(280,646)
At 31 August 2011	<u>1,023,022</u>	<u>1,023,022</u>

**16 Reconciliation of movement in shareholders' funds**

	<b>2011 £</b>	<b>2010 £</b>
Profit attributable to the members of the company	280,646	138,292
Dividends	<u>(280,646)</u>	<u>(138,292)</u>
Net addition/(reduction) to shareholders' funds	-	-
Shareholders' funds at 1 September	<u>1,023,122</u>	<u>1,023,122</u>
Shareholders' funds at 31 August	<u>1,023,122</u>	<u>1,023,122</u>

**Phoenix Learning and Care Limited**  
**Notes to the Financial Statements for the Year Ended 31 August 2011**

..... *continued*

**17 Commitments**

**Operating lease commitments**

As at 31 August 2011 the company had annual commitments under non-cancellable operating leases as follows  
Operating leases which expire

	2011 £	2010 £
<b>Land and buildings</b>		
Within one year	14,875	-
Within two and five years	51,800	66,800
	<u>66,675</u>	<u>66,800</u>
<b>Other</b>		
Within one year	3,110	-
Within two and five years	27,552	15,516
Over five years	-	10,000
	<u>30,662</u>	<u>25,516</u>

**18 Related party transactions**

**Other related party transactions**

During the year the company made the following related party transactions

**PKR Partnership**

(The directors of Phoenix Learning & Care Limited and Phoenix Child Care Limited are also partners of PKR Partnership)

The company paid rent to PKR partnership during the year of £28,404 (2010 £41,800) The balance due relates to a deposit held by the partnership against any potential property repairs that may be required At the balance sheet date the amount due from PKR Partnership was £48,077 (2010 - £52,476)

Transactions with group companies have not been disclosed due to advantage being taken of the exemptions granted under Financial Reporting Standard No 8

**19 Control**

The company is controlled by the ultimate parent undertaking, Phoenix Child Care Limited, a company incorporated in Great Britain and registered in England and Wales