

## Grove Care Partnership Limited

### Directors' Report and Financial Statements

for the Year Ended 31 March 2011



## **Grove Care Partnership Limited**

### **Company Information**

DIRECTORS	P A K Jeffery N B Schofield P M Hill
COMPANY SECRETARY	N B Schofield
COMPANY NUMBER	04918627
REGISTERED OFFICE	Bradbury House 830 The Crescent Colchester Business Park Colchester Essex CO4 9YQ
AUDITOR	Deloitte LLP Chartered Accountants & Statutory Auditor Cambridge England

## **Grove Care Partnership Limited**

### **Contents**

	<b>Page</b>
<b>Directors' Report</b>	<b>1 - 3</b>
<b>Independent Auditor's Report</b>	<b>4 - 5</b>
<b>Profit and Loss Account</b>	<b>6</b>
<b>Statement of Total Recognised Gains and Losses</b>	<b>7</b>
<b>Note of Historical Cost Profits and Losses</b>	<b>7</b>
<b>Balance Sheet</b>	<b>8</b>
<b>Notes to the Financial Statements</b>	<b>9 - 16</b>

## **Grove Care Partnership Limited**

### **Directors' report for the year ended 31 March 2011**

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

#### **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 then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company in the year under review was that of the provision of care home services, and the directors expect this to continue for the foreseeable future.

#### **BUSINESS REVIEW**

The directors have enacted a reorganisation of the Group headed by the ultimate undertaking during the year, of which the company is a component in order to rationalise ownership of trading divisions.

As shown in the company's profit and loss account on page 6, the company's turnover amounted to £3,963,616 (31 March 2010: £4,022,402), whilst the company generated an operating profit of £924,630 (31 March 2010: £746,477) for the year ended 31 March 2010. The profit for the year, after taxation, amounted to £604,630 (2010: £346,413).

As shown in the company's balance sheet on page 8, net assets amounted to £8,812,895 (31 March 2010: £6,647,747).

## **Grove Care Partnership Limited**

### **Directors' report for the year ended 31 March 2011**

#### **DIVIDENDS**

No dividend has been paid during the financial year (2010 Nil)

#### **DIRECTORS**

The directors who served during the year were

P A K Jeffery  
N B Schofield  
P M Hill (appointed 16 December 2010)

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

##### **Financial risk management objectives and policies.**

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

##### **Cash flow risk**

The company's activities expose it primarily to the financial risks of changes in interest rates.

Where possible, interest bearing assets and liabilities are held at fixed rates in order to ensure certainty of cash flows.

##### **Credit risk**

The company's principal financial assets are bank balances and cash, intercompany debtors and trade debtors.

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.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

##### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company primarily relies on intercompany financing. Such financing is provided as required.

##### **GOING CONCERN**

The company is reliant on the parent company for financial support. The parent company has committed to provide such financial support to the company for the foreseeable future being a period of not less than 12 months from the signing of these accounts. Accordingly, the directors continue to adopt the going concern basis of preparation.

**Grove Care Partnership Limited**

**Directors' report  
for the year ended 31 March 2011  
PROVISION OF INFORMATION TO AUDITOR**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

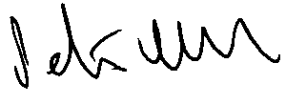
- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006

**AUDITOR**

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

This report was approved by the board on 12 August 2011 and signed on its behalf



Director P M Hill

## **Grove Care Partnership Limited**

### **Independent auditor's report to the shareholders of Grove Care Partnership Limited**

We have audited the financial statements of Grove Care Partnership Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Note of Historical Cost Profits and Losses and the related notes 1 to 17. 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 auditor**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 annual 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 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 March 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.

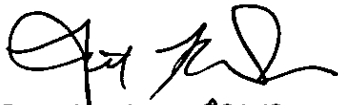
**Grove Care Partnership Limited**

**Independent auditor's report to the shareholders of Grove Care Partnership Limited**

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



Stuart Henderson ACA (Senior statutory auditor)

for and on behalf of  
Deloitte LLP

Chartered Accountants & Statutory Auditor

Cambridge  
England  
Date

16 August 2011



**Grove Care Partnership Limited**

**Profit and Loss Account  
for the Year Ended 31 March 2011**

	Note	2011 £	2010 £
<b>Turnover</b>	1,2	3,963,616	4,022,402
<b>Cost of sales</b>		<u>(2,157,096)</u>	<u>(2,229,355)</u>
<b>Gross Profit</b>		1,806,520	1,793,047
<b>Administrative expenses</b>		<u>(881,890)</u>	<u>(1,046,570)</u>
<b>Operating Profit</b>	4	924,630	746,477
Interest receivable and similar income		-	53
Interest payable and similar charges	5	<u>(320,000)</u>	<u>(400,117)</u>
<b>Profit on Ordinary Activities Before Taxation</b>		604,630	346,413
Tax on profit on ordinary activities	6	<u>-</u>	<u>-</u>
<b>Profit For The Financial Year</b>	12	<u><u>604,630</u></u>	<u><u>346,413</u></u>

All amounts relate to continuing operations

The notes on pages 9 to 16 form part of these financial statements

**Grove Care Partnership Limited**

**Statement of Total Recognised Gains and Losses  
for the Year Ended 31 March 2011**

	2011 £	2010 £
<b>Profit for the Financial Year</b>	604,630	346,413
Unrealised surplus/(deficit) on revaluation of tangible fixed assets	1,560,518	(1,448,452)
<b>Total Recognised Gains and Losses Relating to the Year</b>	<u>2,165,148</u>	<u>(1,102,039)</u>

---

**Note of Historical Cost Profits and Losses  
for the Year Ended 31 March 2011**

	2011 £	2010 £
<b>Reported Profit on Ordinary Activities before Taxation</b>	604,630	346,413
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	232,290	145,825
<b>Historical Cost Profit on Ordinary Activities Before Taxation</b>	<u>836,920</u>	<u>492,238</u>
<b>Historical Cost Profit for the Year after Taxation</b>	<u>836,920</u>	<u>492,238</u>

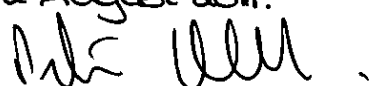
The notes on pages 9 to 16 form part of these financial statements

**Grove Care Partnership Limited**  
**Registered number. 04918627**

**Balance Sheet**  
**as at 31 March 2011**

	Note	£	2011 £	£	2010 £
<b>Fixed Assets</b>					
Tangible assets	7		13,583,859		12,327,832
<b>Current Assets</b>					
Debtors	8	2,916,424		1,940,631	
Cash at bank and in hand		14,189		160,544	
		<u>2,930,613</u>		<u>2,101,175</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(7,663,568)</u>		<u>(7,781,260)</u>	
<b>Net Current Liabilities</b>			<u>(4,732,955)</u>		<u>(5,680,085)</u>
<b>Total Assets Less Current Liabilities</b>			<u>8,850,904</u>		<u>6,647,747</u>
<b>Creditors: amounts falling due after more than one year</b>	10		<u>(38,009)</u>		<u>-</u>
<b>Net Assets</b>			<u><u>8,812,895</u></u>		<u><u>6,647,747</u></u>
<b>Capital &amp; Reserves</b>					
Called up share capital	11		1		100
Revaluation reserve	12		7,510,694		6,182,466
Profit and loss account	12		<u>1,302,200</u>		<u>465,181</u>
<b>Shareholders' Funds</b>	13		<u><u>8,812,895</u></u>		<u><u>6,647,747</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
12 August 2011.



Director P M Hill

The notes on pages 9 to 16 form part of these financial statements

**Notes to the financial statements  
for the year ended 31 March 2011**

**1. ACCOUNTING POLICIES**

**1.1 Basis of accounting and preparation of the financial statements**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with applicable United Kingdom accounting standards.

**1.2 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

**1.3 Turnover**

Turnover represents sales and services to third party customers in the health and social care sector, stated net of any applicable value added tax. Revenue is recognised when the services are provided, with any fees invoiced in advance and included within deferred income until the service is completed.

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fully Operational Trading Unit	-	3% per annum
Motor vehicles	-	25% per annum

**1.5 Revaluation of tangible fixed assets**

Individual fully operational trading units are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

**1.6 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

## **Grove Care Partnership Limited**

### **Notes to the financial statements for the year ended 31 March 2011**

#### **1 ACCOUNTING POLICIES (continued)**

##### **1.7 Operating leases**

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

##### **1.8 Taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

##### **1.9 Going Concern**

The company is reliant on the parent company for financial support. The parent company has committed to provide such financial support to the company for the foreseeable future being a period of not less than 12 months from the signing of these accounts. Accordingly, the directors continue to adopt the going concern basis of preparation.

##### **1.10 Equity Instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs

##### **1.11 Group reorganisation**

Share capital has been reduced in accordance with s641 of Companies Act 2006

#### **2 TURNOVER**

The whole of the turnover is attributable to the UK and to the company's principal activity

## Grove Care Partnership Limited

### Notes to the financial statements for the year ended 31 March 2011

#### 3. STAFF COSTS

Staff costs were as follows

	2011 £	2010 £
Wages and salaries	1,992,786	1,961,581
Social security costs	164,043	166,350
	<u>2,156,829</u>	<u>2,127,931</u>

The average monthly number of employees, including the directors, during the year was as follows

	2011 No	2010 No
Nurses, catering and domestic staff	<u>127</u>	<u>121</u>

#### 4. OPERATING PROFIT

The operating profit is stated after charging

	2011 £	2010 £
Depreciation of tangible fixed assets		
- owned by the company	298,283	367,681
- held under finance leases	17,953	23,938
Auditor's remuneration	6,000	3,500
Operating lease rentals		
- plant and machinery	<u>7,978</u>	<u>14,413</u>

During the year, no director received any emoluments (2010 - £NIL)

#### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Interest charged on intercompany loans	<u>320,000</u>	<u>400,117</u>

# Grove Care Partnership Limited

## Notes to the financial statements for the year ended 31 March 2011

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £	2010 £
UK corporation tax charge on profit for the year	-	-

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2010 - lower than) the standard rate of corporation tax in the UK of 28% (2010 - 28%). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	604,630	346,413
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 - 28%)	169,296	96,996
<b>Effects of</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	678
Capital allowances for year in deficit of depreciation	47,227	109,653
Depreciation on assets not eligible for capital allowances	41,319	-
Group relief	(257,842)	(207,327)
<b>Current tax charge for the year (see note above)</b>	-	-

#### Factors that may affect future tax charges

On 23 March 2011 the Government announced that the main rate of corporation tax would reduce to 26% with effect from 1 April 2011, with subsequent 1% reductions per annum to reach 23% with effect from 1 April 2014. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have not been reflected in the financial statements. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

**Grove Care Partnership Limited**

**Notes to the financial statements  
for the year ended 31 March 2011**

**7. TANGIBLE FIXED ASSETS**

	Fully Operational Trading Units £	Motor vehicles £	Total £
<b>Cost or valuation</b>			
At 1 April 2010	12,623,701	97,616	12,721,317
Additions	11,745	-	11,745
Revaluation surplus	894,554	-	894,554
At 31 March 2011	13,530,000	97,616	13,627,616
<b>Depreciation</b>			
At 1 April 2010	367,681	25,804	393,485
Charge for the year	298,283	17,953	316,236
Adjustment on revaluation	(665,964)	-	(665,964)
At 31 March 2011	-	43,757	43,757
<b>Net book value</b>			
At 31 March 2011	13,530,000	53,859	13,583,859
At 31 March 2010	12,256,020	71,812	12,327,832

The fully operational trading unit was professionally valued by Colliers International Chartered Surveyors, on an existing use basis as at 31 March 2011

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2011 £	2010 £
Motor vehicles	53,859	71,812

Cost or valuation at 31 March 2011 is as follows

	Fully Operational Trading Unit £	Motor vehicles £
<b>At cost</b>	-	97,616
<b>At valuation</b>		
31 March 2011	13,530,000	-
	13,530,000	97,616



**Grove Care Partnership Limited**

**Notes to the financial statements  
for the year ended 31 March 2011**

**8 DEBTORS**

	2011 £	2010 £
<b>Due within one year</b>		
Trade debtors	91,878	159,788
Amounts owed by group undertakings	2,804,549	1,749,198
Prepayments and accrued income	19,997	31,645
	<u>2,916,424</u>	<u>1,940,631</u>

**9 CREDITORS**

**Amounts falling due within one year**

	2011 £	2010 £
Net obligations under finance leases and hire purchase contracts	25,545	81,476
Amounts owed to group undertakings	7,541,006	7,562,405
Corporation tax	-	1,262
Social security and other taxes	-	40,305
Other creditors	4,972	5,923
Accruals and deferred income	92,045	89,889
	<u>7,663,568</u>	<u>7,781,260</u>

**10. CREDITORS**

**Amounts falling due after more than one year**

	2011 £	2010 £
Net obligations under finance leases and hire purchase contracts	38,009	-

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2011 £	2010 £
Between two and five years	38,009	-

**11. CALLED UP SHARE CAPITAL**

	2011 £	2010 £
<b>Allotted, called up and fully paid</b>		
1 (2010 - 100) Ordinary share of £1	1	100

## Grove Care Partnership Limited

### Notes to the financial statements for the year ended 31 March 2011

#### 12. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 April 2010	6,182,466	465,181
Profit for the year		604,630
Surplus on revaluation of fixed assets	1,560,518	
Transfer to profit and loss account	(232,290)	232,290
Realised gain on the restructure of the Group		99
At 31 March 2011	<u>7,510,694</u>	<u>1,302,200</u>

#### 13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS/(DEFICIT)

	2011 £	2010 £
Opening shareholders' funds	6,647,747	7,749,786
Profit for the year	604,630	346,413
Surplus on revaluation of fixed assets	1,560,518	(1,448,452)
Closing shareholders' funds	<u>8,812,895</u>	<u>6,647,747</u>

#### 14 OPERATING LEASE COMMITMENTS

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as follows

	2011 £	2010 £
<b>Expiry date</b>		
Between 1 and 5 years	<u>14,022</u>	<u>22,000</u>

#### 15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent company is Caring Homes Healthcare Group Limited, by virtue of its 100% shareholding and its ultimate parent company Mynad Healthcare Limited which is registered in England and Wales

The ultimate controlling party is P A K Jeffery, a director of the company and of the ultimate parent company

The largest and smallest group of undertakings for which consolidated accounts will be drawn up is that headed by Mynad Healthcare Limited

#### 16. CONTINGENT LIABILITIES

The company had the following contingent liabilities at 31 March 2011

Cross - guarantees to secure the bank borrowings of Mynad Healthcare Limited, which at 31 March 2011 amounted to £361m (2010 £502m)

**Grove Care Partnership Limited**

**Notes to the financial statements  
for the year ended 31 March 2011**

**17. RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary of Myriad Healthcare Limited the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Myriad Healthcare Limited on the grounds that consolidated accounts are publicly available from Companies House