

**ST GEORGE ULTIMATE CARE  
LIMITED**

**DIRECTORS' REPORT AND GROUP ACCOUNTS**

**for the year ended  
31st March 2011**

**Company Registration Number 05715862**



**MITCHELL CHARLESWORTH**  
Chartered Accountants

# **ST GEORGE ULTIMATE CARE LIMITED**

## **Financial Statements**

**Year ended 31st March 2011**

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# **ST GEORGE ULTIMATE CARE LIMITED**

## **Officers and Professional Advisers**

<b>The board of directors</b>	N M Fouad H Elnarshy-Fouad
<b>Company secretary</b>	H Elnarshy-Fouad
<b>Registered office</b>	10 Westbourne Drive Wilmslow Cheshire SK9 2GY
<b>Auditor</b>	Mitchell Charlesworth Chartered Accountants Statutory Auditor 24 Nicholas Street Chester CH1 2AU

# **ST GEORGE ULTIMATE CARE LIMITED**

## **The Directors' Report**

### **Year ended 31st March 2011**

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

#### **Principal activities and business review**

The principal activity is that of a holding company. In 2009 the company acquired the whole of the issued A ordinary shares in St George Care UK Limited which represented 75% of the assets and 100% of the voting rights in that company. The company also acquired the entire share capital of St George Homes Limited, a company which owns residential property. In addition, the company owns a Spanish property development company, St George Villas SL. Details of the activities of the St George Care UK trading group are summarised below

#### *St George Care UK Limited*

The principal activity is that of a holding company. The company owns the entire share capital of St George Healthcare Group Limited which owns the entire issued share capital of St Mary's Hospitals Limited, St George Healthcare Limited and Focus on Care Recruitment Limited

#### *St George Healthcare Group Limited*

The principal activity is that of an intermediate holding company

#### *St Mary's Hospitals Limited*

The principal activity of the company is to operate independent rehabilitation hospitals providing facilities and services for patients with mental health needs that are associated with brain injuries and/or deafness and/or development disorders

The company operates two centres from the same site (St Mary's Hospital) at Floyd Drive, off Winwick Road, Warrington, the Phineas Gage Centre which opened in March 2006 and the James Pullen Centre which opened in May 2007

The company is planning the development of a new site in Brampton, Carlisle as an independent secure hospital for people with development disorders

#### *St George Healthcare Limited*

The company operates facilities on two sites, being All Saints Hospital, Oldham for patients with mental illness and sensory impairment and St Cyrils, Chester which opened during October 2009 and provides rehabilitation services for most acute and long-term neurological conditions. The company has obtained planning permission for another independent hospital at a site in Knowlsey, Liverpool

#### *Focus on Care Recruitment Limited*

The principal activity of the company is the provision of nursing staff, predominantly to the group's hospitals

#### **Future developments**

Preparatory groundwork commenced at Milton Hall, the group's site at Brampton near Carlisle, with the view to complying with planning permission to build a new 30 bed hospital for people with development disorders

#### **Results and dividends**

The profit for the year, after taxation, amounted to £699,713. The directors have not recommended a dividend

# ST GEORGE ULTIMATE CARE LIMITED

## The Directors' Report *(continued)*

**Year ended 31st March 2011**

### **Financial instruments**

Details of the company's financial risk management objectives and policies are included in note 22 to the financial statements

### **Directors**

The directors who served the company during the year were as follows

N M Fouad

H Elnarshy-Fouad

### **Principal risks and uncertainties**

The most fundamental risks faced by the group are

- Failure to comply with regulation
- Negative publicity from a serious incident
- Occupancy levels not being achieved having negative effects on profit- Failure to attract and retain sufficient numbers of qualified staff

The group has a risk management process in place to identify, manage and mitigate business risk. Regular reporting and review of these risks are performed by senior management who report findings to the Board.

### **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 the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to

select suitable accounting policies and then apply them consistently,

make judgements and estimates that are reasonable and prudent,

state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ST GEORGE ULTIMATE CARE LIMITED

## The Directors' Report *(continued)*

### Year ended 31st March 2011

In so far as the directors are aware

there is no relevant audit information of which the group's auditor is unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

#### **Donations**

During the year the group made charitable donations amounting to £48,000 (2010 £260,000)

#### **Disabled employees**

The group is committed to equal opportunities and promoting job opportunities for all sections of the workforce. It is acknowledged that our policies need to adhere to Statutory Legislation and Government Initiative on Improving Working Lives. Our policies are designed to allow flexibility to compliment the people that underpin our service without discrimination.

#### **Employee involvement**

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the company's profit sharing schemes and are encouraged to invest in the company through participation in share option schemes.

Registered office  
10 Westbourne Drive  
Wilmslow  
Cheshire  
SK9 2GY

Signed by order of the directors



H Elnarshy-Fouad  
Company Secretary

Approved by the directors on 3 August 2011

# Mitchell Charlesworth

Chartered Accountants  
24 Nicholas Street Chester

## **Independent Auditor's Report to the Shareholders of St George Ultimate Care Limited**

### **Year ended 31st March 2011**

We have audited the group and parent company financial statements ("the financial statements") of St George Ultimate Care Limited for the year ended 31st March 2011. 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 shareholders, 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 shareholders 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 shareholders 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 Directors' Responsibilities Statement set out on pages 3 to 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 group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by 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 group's and parent company's affairs as at 31st March 2011 and of the group's 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 matters 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.

# Mitchell Charlesworth

Chartered Accountants  
24 Nicholas Street Chester

## **Independent Auditor's Report to the Shareholders of St George Ultimate Care Limited** *(continued)*

**Year ended 31st March 2011**

### **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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or

the parent company 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



MR R J HALL  
(Senior Statutory Auditor)  
For and on behalf of  
MITCHELL CHARLESWORTH  
Chartered Accountants  
Statutory Auditor

24 Nicholas Street  
Chester  
CH1 2AU

3 August 2011



# ST GEORGE ULTIMATE CARE LIMITED

## Group Profit and Loss Account

Year ended 31st March 2011

	Note	2011 £	2010 £
<b>Group turnover</b>	<b>2</b>	13,073,998	11,353,053
Cost of sales		6,634,148	5,947,547
<b>Gross profit</b>		6,439,850	5,405,506
Administrative expenses		3,629,557	3,364,309
<b>Operating profit</b>	<b>3</b>	2,810,293	2,041,197
Interest receivable	<b>6</b>	1	189
Interest payable and similar charges	<b>7</b>	(1,424,286)	(1,502,062)
<b>Profit on ordinary activities before taxation</b>		1,386,008	539,324
Tax on profit on ordinary activities	<b>8</b>	415,681	175,531
<b>Profit on ordinary activities after taxation</b>		970,327	363,793
Minority interests		270,614	(243,809)
<b>Profit attributable to members of the parent company</b>	<b>9</b>	699,713	607,602
<b>Profit for the financial year</b>		699,713	607,602

The company has taken advantage of section 408 of the Companies Act 2006  
not to publish its own Profit and Loss Account

The notes on pages 12 to 24 form part of these financial statements.

# ST GEORGE ULTIMATE CARE LIMITED

## Group Balance Sheet

31st March 2011

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Intangible assets	10	169,087	175,126
Tangible assets	11	41,321,600	41,245,658
Investments	12	40,000	40,000
		<u>41,530,687</u>	<u>41,460,784</u>
<b>Current assets</b>			
Debtors	13	899,309	575,871
Cash in hand		3,972	694,256
		<u>903,281</u>	<u>1,270,127</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>4,266,394</u>	<u>5,499,059</u>
<b>Net current liabilities</b>		<u>(3,363,113)</u>	<u>(4,228,932)</u>
<b>Total assets less current liabilities</b>		<u>38,167,574</u>	<u>37,231,852</u>
<b>Creditors: Amounts falling due after more than one year</b>	15	25,807,910	25,957,969
<b>Provisions for liabilities</b>			
Deferred taxation	16	144,188	—
		<u>12,215,476</u>	<u>11,273,883</u>
<b>Capital and reserves</b>			
Called-up equity share capital	18	200	200
Share premium account	19	5,385,522	5,385,522
Profit and loss account	19	3,601,766	2,930,786
<b>Shareholders' funds</b>	20	<u>8,987,488</u>	<u>8,316,508</u>
<b>Minority interests</b>		<u>3,227,988</u>	<u>2,957,375</u>
		<u>12,215,476</u>	<u>11,273,883</u>

These financial statements were approved by the directors and authorised for issue on 3 August 2011, and are signed on their behalf by

  
N.M Fouad

The notes on pages 12 to 24 form part of these financial statements

# ST GEORGE ULTIMATE CARE LIMITED

## Balance Sheet

31st March 2011

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Investments	12	5,455,002	5,455,002
<b>Current assets</b>			
Debtors	13	2,087,849	1,619,741
Cash at bank		2,270	4,376
		<u>2,090,119</u>	<u>1,624,117</u>
<b>Creditors: Amounts falling due within one year</b>	14	<u>1,785,815</u>	<u>1,892,108</u>
<b>Net current assets/(liabilities)</b>		304,304	(267,991)
<b>Total assets less current liabilities</b>		5,759,306	5,187,011
<b>Creditors: Amounts falling due after more than one year</b>	15	<u>990,921</u>	<u>395,861</u>
		<u>4,768,385</u>	<u>4,791,150</u>
<b>Capital and reserves</b>			
Called-up equity share capital	19	200	200
Share premium account	20	5,385,522	5,385,522
Profit and loss account	20	(617,337)	(594,572)
<b>Shareholders' funds</b>		<u>4,768,385</u>	<u>4,791,150</u>

These financial statements were approved by the directors and authorised for issue on 3 August 2011, and are signed on their behalf by



N M Fouad

Company Registration Number 05715862

The notes on pages 12 to 24 form part of these financial statements.

# ST GEORGE ULTIMATE CARE LIMITED

## Group Cash Flow Cash Flow Statement

Year ended 31st March 2011

	Note	2011 £	£	2010 £	£
<b>Net cash inflow from operating activities</b>	<b>22</b>		1,790,880		1,902,460
<b>Returns on investments and Servicing of finance</b>					
Interest received		1		189	
Interest paid		(1,513,363)		(1,412,548)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(1,513,362)		(1,412,359)
<b>Taxation</b>			(6,585)		(1,478)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(288,809)		(2,610,381)	
Receipts from sale of fixed assets		4,150		—	
Purchase of investment properties		—		(2,429,826)	
Acquisitions and disposals				(185,636)	
<b>Net cash outflow for capital expenditure and financial investment</b>			(284,659)		(5,225,843)
<b>Cash outflow before financing</b>			(13,726)		(4,737,220)
<b>Financing</b>					
Issue of ordinary shares		—		566,000	
New secured loans		—		3,488,972	
(Repayment of)/increase in bank loans		(150,059)		(106,570)	
Other new loans		—		133,877	
<b>Net cash (outflow)/inflow from financing</b>			(150,059)		4,082,279
<b>(Decrease)/increase in cash</b>			(163,785)		(654,941)

# ST GEORGE ULTIMATE CARE LIMITED

## Group Cash Flow Cash Flow Statement

Year ended 31st March 2011

### Reconciliation of net cash flow to movement in net debt

	2011		2010	
	£	£	£	£
(Decrease)/increase in cash in the period	(163,785)		(654,941)	
Cash inflow from increase in debt and lease financing	<u>150,059</u>		<u>(3,516,279)</u>	
		(13,726)		(4,171,220)
Change in net debt		(13,726)		(4,171,220)
Net debt at 1 April 2010		(27,343,701)		(23,172,481)
Net debt at 31 March 2011		<u>(27,357,427)</u>		<u>(27,343,701)</u>

### Analysis of changes in net debt

	At 1 Apr 2010 £	Cash flows £	At 31 Mar 2011 £
Net cash			
Cash in hand and at bank	694,256	(690,284)	3,972
Overdrafts	<u>(1,165,109)</u>	<u>526,499</u>	<u>(638,610)</u>
	<u>(470,853)</u>	<u>(163,785)</u>	<u>(634,638)</u>
Debt			
Debts due within one year	(991,978)		(991,978)
Debt due after 1 year	<u>(25,880,870)</u>	<u>150,059</u>	<u>(25,730,811)</u>
Net debt	<u>(27,343,701)</u>	<u>(42,460)</u>	<u>(27,357,427)</u>

# **ST GEORGE ULTIMATE CARE LIMITED**

## **Notes to the Financial Statements**

**Year ended 31st March 2011**

### **1. Accounting policies**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

#### **Basis of consolidation**

The financial statements consolidate the accounts of St George Ultimate Care Limited and all of its subsidiary undertakings

The results of subsidiaries acquired during the year are included from the effective date of acquisition

The financial statements include the results of St George Villas SL for the year ended 31 December 2010 and the net assets as at that date

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year

#### **Goodwill**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life

#### **Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

5 - 20% straight line

#### **Fixed assets**

All fixed assets are initially recorded at cost

#### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

# ST GEORGE ULTIMATE CARE LIMITED

## Notes to the Financial Statements

Year ended 31st March 2011

### 1. Accounting policies *(continued)*

Freehold property	- No depreciation
Leasehold property improvements	- 10% straight line
Fixtures and fittings	- 10 - 33 3% reducing balance

Freehold land is not depreciated. No depreciation is charged on the group properties. The directors are of the opinion that the depreciation charge and accumulated depreciation on properties is immaterial owing to these assets having very long useful lives and high residual values. In the absence of provision for depreciation on such assets, an impairment review is carried out on an annual basis in accordance with FRS 11.

#### Investment properties

Investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No. 19 and are not depreciated. This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company and the group.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Pension costs

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

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.

# **ST GEORGE ULTIMATE CARE LIMITED**

## **Notes to the Financial Statements**

**Year ended 31st March 2011**

### **1. Accounting policies *(continued)***

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

#### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

#### **Investments**

##### **1) Subsidiary undertakings**

Investments in subsidiaries are valued at cost less provision for impairment

##### **2) Other investments**

Investments held as fixed assets are shown at cost less provision for impairment

#### **Liquid resources**

Liquid resources comprise deposits held by recognised banks and building societies

### **2. Turnover**

The whole of the turnover is attributable to the provision of rehabilitation services for patients with brain injury and a range of therapies in the field of mental health and deafness

All turnover arose within the UK



# ST GEORGE ULTIMATE CARE LIMITED

## Notes to the Financial Statements

Year ended 31st March 2011

### 3. Operating profit

Operating profit is stated after charging

	2011	2010
	£	£
Amortisation of intangible assets	6,039	6,039
Depreciation of owned fixed assets	208,717	128,094
Auditor's remuneration		
- as auditor	21,500	33,480
Operating lease costs		
- Plant and equipment	23,124	
- Other	96,000	29,318
Difference on foreign exchange	(28,734)	(29,096)
Research and development expenditure written off	—	11,333
	<u>          </u>	<u>          </u>

### 4. Particulars of employees

The average number of staff employed by the group during the financial year amounted to

	2011	2010
	No	No
Directors	2	2
Non-medical	95	80
Medical	201	239
	<u>298</u>	<u>321</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	6,001,807	6,203,455
Social security costs	574,060	595,474
Other pension costs	34,679	58,216
Other pension costs		
	<u>6,610,546</u>	<u>6,857,145</u>

### 5. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2011	2010
	£	£
Remuneration receivable	372,000	372,208
Value of company pension contributions to money purchase schemes	5,760	5,760
	<u>377,760</u>	<u>377,698</u>

# ST GEORGE ULTIMATE CARE LIMITED

## Notes to the Financial Statements

Year ended 31st March 2011

### 5. Directors' remuneration *(continued)*

The number of directors who accrued benefits under company pension schemes was as follows

	2011	2010
	No	No
Money purchase schemes	<u>1</u>	<u>1</u>

The highest paid director received remuneration of £222,000 (2010 £222,000)

### 6. Interest receivable

	2011	2010
	£	£
Bank interest receivable	<u>1</u>	<u>189</u>

### 7. Interest payable and similar charges

	2011	2010
	£	£
Interest payable on bank borrowing	28,874	294
Other similar charges payable	<u>1,395,412</u>	<u>1,501,768</u>
	<u>1,424,286</u>	<u>1,502,062</u>

### 8. Taxation on ordinary activities

#### (a) Analysis of charge in the year

	2011	2010
	£	£
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2010 - 28%)	<u>176,037</u>	<u>(6,585)</u>
Total current tax	<u>176,037</u>	<u>(6,585)</u>
Deferred tax		
Origination and reversal of timing differences	239,644	169,802
Tax losses	<u>—</u>	<u>12,314</u>
Tax on profit on ordinary activities	<u>415,681</u>	<u>175,531</u>

# ST GEORGE ULTIMATE CARE LIMITED

## Notes to the Financial Statements

Year ended 31st March 2011

### 8. Taxation on ordinary activities *(continued)*

#### (b) Factors affecting current tax charge

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

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>1,386,008</u>	<u>539,324</u>
Profit on ordinary activities by rate of tax	388,082	151,011
Expenses not deductible for tax purposes	(15,247)	88,559
Capital allowances for period in excess of depreciation	(160,156)	(66,908)
Utilisation of tax losses	(70,153)	(262,602)
Difference in tax rates	-	2,217
Group relief	33,511	-
Overseas profits	-	(5,556)
Tax losses arising in the year carried forward	-	75,875
Amortisation of goodwill not allowable for tax	-	10,819
Total current tax (note 8(a))	<u>176,037</u>	<u>(6,585)</u>

### 9. Loss attributable to members of the parent company

The loss dealt with in the financial statements of the parent company was £(22,765) (2010 - £(442,738))

### 10. Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1st April 2010 and 31st March 2011	<u>216,412</u>
<b>Amortisation</b>	
At 1st April 2010	41,286
Charge for the year	6,039
At 31st March 2011	<u>47,325</u>
<b>Net book value</b>	
At 31st March 2011	<u>169,087</u>
At 31st March 2010	<u>175,126</u>

# ST GEORGE ULTIMATE CARE LIMITED

## Notes to the Financial Statements

Year ended 31st March 2011

### 11. Tangible fixed assets

Group	Freehold & Leasehold Property £	Investment property £	Fixtures & Fittings £	Total £
<b>Cost</b>				
At 1st April 2010	36,039,548	4,504,225	955,510	41,499,283
Additions	209,965	–	78,844	288,809
Disposals	–	–	(4,150)	(4,150)
<b>At 31st March 2011</b>	<u>36,249,513</u>	<u>4,504,225</u>	<u>1,030,204</u>	<u>41,783,942</u>
<b>Depreciation</b>				
At 1st April 2010	18,703	–	234,922	253,625
Charge for the year	2,158	–	206,559	208,717
<b>At 31st March 2011</b>	<u>20,861</u>	<u>–</u>	<u>441,481</u>	<u>462,342</u>
<b>Net book value</b>				
<b>At 31st March 2011</b>	<u>36,228,652</u>	<u>4,504,225</u>	<u>588,723</u>	<u>41,321,600</u>
At 31st March 2010	<u>36,020,845</u>	<u>4,504,225</u>	<u>720,588</u>	<u>41,245,658</u>

### 12. Investments

Group	Total £
<b>Cost</b>	
At 1st April 2010 and 31st March 2011	<u>70,000</u>
<b>Amounts written off</b>	
At 1st April 2010 and 31st March 2011	<u>30,000</u>
<b>Net book value</b>	
<b>At 31st March 2011 and 31st March 2010</b>	<u>40,000</u>

Company	Group companies £	Associated undertakings £	Total £
<b>Cost</b>			
At 1st April 2010 and 31st March 2011	<u>5,568,568</u>	<u>70,000</u>	<u>5,638,568</u>
<b>Amounts written off</b>			
At 1st April 2010 and 31st March 2011	<u>153,566</u>	<u>30,000</u>	<u>183,566</u>
<b>Net book value</b>			
<b>At 31st March 2011 and 31st March 2010</b>	<u>5,415,002</u>	<u>40,000</u>	<u>5,455,002</u>

# ST GEORGE ULTIMATE CARE LIMITED

## Notes to the Financial Statements

Year ended 31st March 2011

### 12. Investments (Continued)

#### Subsidiaries

The interests in group undertakings, which are all included in the consolidation, are as follows

Company name	Country	Percentage Shareholding	Principal activities
St George Villas SL	Spain	100%	Property investment
St George Care UK Ltd	England	75%	Holding company
St George Homes Limited	England	100%	Property investment
St George Healthcare Group Limited*	England	75%	Holding company
St George Healthcare Limited**	England	75%	Rehabilitation hospitals
St Mary's Hospitals Limited**	England	75%	Rehabilitation hospitals
Focus on Care Recruitment Limited**	England	75%	Provision of nursing Staff

\* - Wholly owned subsidiary of St George Care UK Limited

\*\* - Wholly owned subsidiary of St George Healthcare Group Limited

The percentage shareholding is of Ordinary shares and represents the proportion of the nominal value held and the proportion of voting rights represented by those shares other than as follows

- St George Ultimate Care Limited holds 100% of the Ordinary A shares of St George Care UK Limited which represents 75% of the assets and 100% of the voting rights of the company
- The share capital of St George Healthcare Group Limited is divided into A shares and B shares

### 13. Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	560,569	98,018	670	—
Amounts owed by group undertakings	—	—	2,087,179	1,619,382
Other debtors	2,409	4,746	—	—
Director's current account	134	115	—	—
Deferred taxation (Note 16)	—	95,456	—	—
Called up share capital not paid	270,199	270,199	—	—
Prepayments and accrued income	65,998	107,337	—	359
	<u>899,309</u>	<u>575,871</u>	<u>2,087,849</u>	<u>1,619,741</u>

# ST GEORGE ULTIMATE CARE LIMITED

## Notes to the Financial Statements

Year ended 31st March 2011

### 14. Creditors: Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	965,067	2,157,087	–	–
Trade creditors	380,304	533,448	–	1,580
Amounts owed to group undertakings	–	–	–	–
Other creditors including taxation and social security	–	–	–	–
Corporation tax	169,452	–	–	–
Other taxation and social security	191,614	190,683	–	–
Other creditors	1,896,548	2,033,200	1,782,315	1,885,198
Accruals and deferred income	663,409	584,641	3,500	5,330
	<u>4,266,394</u>	<u>5,499,059</u>	<u>1,785,815</u>	<u>1,892,108</u>

### 15. Creditors: Amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	25,730,812	25,880,870	–	–
Amounts owed to group undertakings	–	–	990,921	395,861
Accruals and deferred income	77,098	77,099	–	–
	<u>25,807,910</u>	<u>25,957,969</u>	<u>990,921</u>	<u>395,861</u>

Bank loans of £18,000,000 and £6,000,000 are repayable in quarterly instalments of £236,842 and £78,947 respectively. Interest is charged at 1.75% and 2% above LIBOR on the respective loans.

Bank loans and overdrafts amounting to £24,091,298 (2010: £25,165,108) are secured by an unlimited mortgage debenture incorporating a fixed and floating charge over all current and future assets of the company and first legal charges over properties owned by the group.

Bank loans amounting to £2,300,000 (2010: £2,300,000) are secured by a legal charge over the freehold property known as 12 Stanhope Road, Bowden, Cheshire, and a personal guarantee limited to £100,000 provided by Dr N M Fouad and Mrs H Elnarshy-Fouad, the directors.

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	<u>19,263,180</u>	<u>19,263,180</u>	<u>19,263,180</u>	<u>19,263,180</u>

# ST GEORGE ULTIMATE CARE LIMITED

## Notes to the Financial Statements

Year ended 31st March 2011

### 16. Deferred taxation

The movement in the deferred taxation provision during the year was

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Provision/asset brought forward	(95,456)	278,375	-	-
Increase/(decrease) in provision	239,644	(118,116)	-	-
Deferred tax liability on acquisition of subsidiary undertaking	-	(803)	-	-
Provision/asset carried forward	<u>144,188</u>	<u>(95,456)</u>	<u>-</u>	<u>-</u>

The group's provision for deferred taxation consists of the tax effect of timing differences in respect of

<b>Group</b>	<b>2011</b>		<b>2010</b>	
	<b>Provided</b>	<b>Unprovided</b>	<b>Provided</b>	<b>Unprovided</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Excess of taxation allowances over depreciation on fixed assets	427,856	-	371,658	-
Tax losses available	(283,668)	-	(467,114)	-
	<u>144,188</u>	<u>-</u>	<u>(95,456)</u>	<u>-</u>

### 17. Commitments under operating leases

At 31st March 2011 the group had annual commitments under non-cancellable operating leases as set out below

<b>Group</b>	<b>2011</b>		<b>2010</b>	
	<b>Land and buildings</b>	<b>Other items</b>	<b>Land and buildings</b>	<b>Other items</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire				
Within 1 year	72,000	26,084	96,000	-
Within 2 to 5 years	-	27,465	-	13,733
	<u>72,000</u>	<u>53,549</u>	<u>96,000</u>	<u>13,733</u>

### 18. Pension commitments

The group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the group in independent trustee administered funds.

The pension costs charge for the period amounted to £34,679 (2010: £58,216). All contributions were paid during the year.

# ST GEORGE ULTIMATE CARE LIMITED

## Notes to the Financial Statements

Year ended 31st March 2011

### 19. Share capital

Allotted and called up:

	2011		2010	
	No	£	No	£
200 Ordinary shares of £1 each	200	200	200	200

### 20. Reserves

#### Group

	Share premium account £	Profit and loss account £
Balance brought forward	5,385,522	2,930,786
Profit for the year	—	699,713
Other recognised gains and losses during the year	—	(28,734)
Balance carried forward	<u>5,385,522</u>	<u>3,601,766</u>

#### Company

	Share premium account £	Profit and loss account £
Balance brought forward	5,385,522	(594,572)
Loss for the year	—	(22,765)
Balance carried forward	<u>5,385,522</u>	<u>(617,337)</u>

### 21. Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	699,713	607,602
Other recognised gains and losses during the year	(28,734)	(45,027)
Net addition to shareholders' funds	670,980	562,575
Opening shareholders' funds	8,316,508	7,753,933
Closing shareholders' funds	<u>8,987,488</u>	<u>8,316,508</u>



# ST GEORGE ULTIMATE CARE LIMITED

## Notes to the Financial Statements

Year ended 31st March 2011

### 22. Notes to the cash flow statement

#### Reconciliation of operating profit to net cash inflow from operating activities

	2011	2010
	£	£
Operating profit	2,810,293	2,041,197
Foreign exchange movement	—	(45,027)
Amortisation	6,039	6,039
Interest payable	89,077	—
Depreciation	208,717	128,094
Loss on disposal of fixed assets	—	8,241
Impairment of fixed assets	—	30,000
Impairment of goodwill	—	32,603
Decrease in debtors	(418,894)	601,793
(Decrease)/increase in creditors	(904,352)	(900,480)
Net cash inflow from operating activities	<u>1,790,880</u>	<u>1,902,460</u>

### 23 Minority Interests

Equity	£
At 1 April 2010	2,957,375
Share of profit after taxation for the year	<u>270,614</u>
At 31 March 2010	<u>3,227,988</u>

# **ST GEORGE ULTIMATE CARE LIMITED**

## **Notes to the Financial Statements**

**Year ended 31st March 2011**

### **23. Financial instruments**

The group holds or issues financial instruments in order to achieve three main objectives, being

- A) to finance its operations
- B) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance
- c) for trading purposes

#### **Interest rate risk**

The group is exposed to fair value interest rate risk on its borrowings and cash flow interest rate risk on bank overdrafts and loans. The group has entered into interest rate swap agreements on its loans so as to minimise its exposure to changes in interest rates.

#### **Credit risk**

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts whenever considered necessary.

#### **Liquidity risk**

The group has historically financed its operations predominantly through new equity and cash generated from operations. The group has continued with its policy of ensuring that there are sufficient funds available to meet the expected funding requirements of the group's operations and investment opportunities. The group monitors its liquidity position through cash flow forecasting.

#### **Foreign currency risk**

The group is exposed to foreign exchange risk principally via

- A) transactional exposure, from the cost of future purchases of goods for resale, where those purchases are denominated in a currency other than the functional currency of the purchasing company
- b) net investment exposure, from the value of net investments outside the UK
- c) loans to non-UK subsidiaries

Cash held includes balances denominated in sterling and euro's and therefore the group is affected by the exchange rate variances between these two currencies.

The directors monitor the exposure to this risk by reviewing the level of transactions and balances held in foreign currency at regular intervals and if necessary, implement appropriate procedures to reduce the risk associated with foreign exchange. The board are aware of the risk and do not believe the foreign currency risk to be a significant threat to the group at the present time.

# ST GEORGE ULTIMATE CARE LIMITED

## Detailed Profit and Loss Account

Year ended 31st March 2011

	2011		2010	
	£	£	£	£
<b>Turnover</b>		4,200		—
Purchases		2,450		—
<b>Gross profit</b>		<u>1,750</u>		<u>—</u>
<b>Overheads</b>				
Rent, rates and water	1,436		4,731	
Sundry expenses	—		21	
Donations	23,999		250,000	
Legal and professional fees	(402)		1,218	
Accountancy fees	(4,406)		852	
Auditors remuneration	3,500		2,049	
Bank charges	388		301	
		<u>24,515</u>		<u>259,172</u>
<b>Operating loss</b>		(22,765)		(259,172)
Amounts written off investments		—		(183,566)
<b>Loss on ordinary activities</b>		<u>(22,765)</u>		<u>(442,738)</u>