

Caring 4 Croydon Limited
Directors' Report and Financial Statements
for the Year Ended 31 March 2013



Caring 4 Croydon Limited

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Caring 4 Croydon Limited

Company Information

Directors	A Parry E Range P Thompson
Company secretary	P Noake
Registered office	Tavistock House Tavistock Square London WC1H 9LG
Solicitors	Clyde & Co LLP The St Botolph Building 138 Houndsditch London EC3A 7AR
Bankers	Allied Irish Banks, P L C 9/10 Angel Court London EC2R 7AB
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor St Albans United Kingdom

Caring 4 Croydon Limited

Directors' Report

for the Year Ended 31 March 2013

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

Principal activity

The company is engaged under a 32 year contract, signed 8 December 2006 with London Borough of Croydon, Geoffrey Osborne Limited and Eldon Housing Association Limited. The contract is for the provision of design, construction, refurbishment of existing buildings and management services, including related financing arrangements, for serviced accommodation for three elderly care homes and a home to provide sheltered housing in the Croydon area, together with associated development and facilities for the provision of maintenance and operation of the same. The first two facilities in the programme opened in 2008 and the remaining two facilities opened on 8 June 2010.

Results and dividends

The results for the year and preceding period are set out in the profit and loss account on page 5.

The company paid dividends amounting to £138,000 for the year ended 31 March 2013 (2012: £180,000).

Basis of preparation - Going concern

The directors are of the opinion that the company is a going concern and will continue to be so for the foreseeable future.

The company's performance is in line with the current operating period financial model. The company's business case is supported by a financial model and there is committed bank funding for the term of the business case. The directors consider that the committed funding available to the company is sufficient to meet the company's contracted obligations.

Directors of the company

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

A Parry

E Range

P Thompson (appointed 31 July 2012)

A Andreou (resigned 31 July 2012)

Disclosure of information to the auditor

Each director has taken steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information. Each director confirms that as far as he/she is aware there is no relevant information that the auditor is unaware of.

Reappointment of auditor

The company's auditor, Deloitte LLP have indicated their willingness to continue in office and shall be deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Small company provisions

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

Approved by the Board on 5 September 2013 and signed on its behalf by



P Thompson
Director

Caring 4 Croydon 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 Caring 4 Croydon Limited

We have audited the financial statements of Caring 4 Croydon Limited for the year ended 31 March 2013, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 3), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report.



Robert Knight, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Chartered Accountant and Statutory Auditor
St Albans
United Kingdom

6 September 2013

Caring 4 Croydon Limited

Profit and Loss Account for the Year Ended 31 March 2013

	Note	2013 £	2012 £
Turnover		3,271,833	3,238,803
Cost of sales		<u>(1,240,027)</u>	<u>(1,155,276)</u>
Gross profit		2,031,806	2,083,527
Administrative expenses		<u>(311,998)</u>	<u>(276,407)</u>
Operating profit		1,719,808	1,807,120
Interest receivable and similar income	3	5,237	7,966
Interest payable and similar charges	4	<u>(1,608,053)</u>	<u>(1,664,933)</u>
Profit on ordinary activities before taxation	2	116,992	150,153
Tax on profit on ordinary activities	5	<u>(22,691)</u>	<u>(25,389)</u>
Profit for the financial year	11	<u>94,301</u>	<u>124,764</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

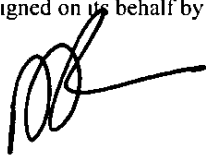
Caring 4 Croydon Limited

Balance Sheet at 31 March 2013

	Note	2013 £	2012 £
Current assets			
Debtors Amounts falling due within one year	6	69,190	154,069
Debtors Amounts falling due in more than one year	6	24,825,455	25,388,998
Cash at bank and in hand		751,270	802,788
		<u>25,645,915</u>	<u>26,345,855</u>
Creditors Amounts falling due within one year	7	(944,467)	(1,089,176)
Total assets less current liabilities		<u>24,701,448</u>	<u>25,256,679</u>
Creditors Amounts falling due after more than one year	8	(24,607,932)	(25,119,464)
Net assets		<u>93,516</u>	<u>137,215</u>
Capital and reserves			
Called up share capital	9	10,000	10,000
Profit and loss account	11	83,516	127,215
Shareholders' funds	12	<u>93,516</u>	<u>137,215</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the Financial Reporting Standard for Smaller Entities (effective 2008)

The financial statements of Caring 4 Croydon Limited, registration number 05773905 were approved by the Board on 5 September 2013 and signed on its behalf by



P Thompson
Director

Caring 4 Croydon Limited

Notes to the Financial Statements for the Year Ended 31 March 2013

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The particular accounting policies have been consistently applied in the current and preceding years and are described below.

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement.

Going concern

The directors are of the opinion that the company is a going concern and will continue to be so for the foreseeable future.

The company's performance is in line with the current operating period financial model. The company's business case is supported by a financial model and there is committed bank funding for the term of the business case. The directors consider that the committed funding available to the company is sufficient to meet the company's contracted obligations.

Turnover

Turnover is derived from the provision of equipment and maintenance services and the provision of the availability of medical facilities. Turnover represents the invoiced value of services supplied net of Value Added Tax. All activities derive from the principal activity of the company and are wholly within the UK.

Financial asset - Finance Debtor

All directly attributable costs incurred in the construction of the serviced accommodation are transferred directly to a contract debtor. These costs include directly attributable construction and other costs incurred, including capitalised finance costs which are directly attributable to the construction of the asset. Finance costs are capitalised on a gross basis before the deduction of any tax relief.

During the operational phase, the amounts receivable are treated as long term contract debtor with a constant proportion of the planned net revenue arising from the project being allocated to remunerate the contract debtor. Imputed interest receivable is allocated to the contract debtor using a property specific rate to generate a constant rate of return over the life of the contract. Over the course of the contract term the contract debtor is expected to be fully repaid.

Borrowings

Interest-bearing bank loans are recorded at the proceeds received net of direct issue costs.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Current tax

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.

Deferred tax

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Financial instruments

In accordance with applicable accounting standards, issue costs incurred directly in connection with the issue of a capital instrument which would not have been incurred had the specific instrument in question not been issued, are deducted from the proceeds of the issue. The finance costs, the difference between the net proceeds of an instrument and the total amounts of the payments which the company is required to make, are allocated to the profit and loss account over the term of the debt at a constant rate of return on the carrying amount.

Caring 4 Croydon Limited

Notes to the Financial Statements for the Year Ended 31 March 2013

2 Profit on ordinary activities before taxation

	2013 £	2012 £
Profit on ordinary activities before taxation is stated after charging		
Services provided by the company's auditor		
- fees payable in respect of the audit of the annual accounts	6,000	6,300
- fees payable in respect of other services - tax compliance	1,500	2,000

The company had no employees during the year (2011 nil) No remuneration was paid to the directors in respect of their services to the company by the company or any other Group company, in the year (2011 nil)

3 Interest receivable and similar income

	2013 £	2012 £
Bank interest receivable	5,237	7,966

4 Interest payable and similar charges

	2013 £	2012 £
Interest on bank borrowings	1,608,053	1,664,933
	<u>1,608,053</u>	<u>1,664,933</u>

5 Taxation

	2013 £	2012 £
Tax on profit on ordinary activities		
Current tax		
Corporation tax charge	13,450	32,661
Adjustments in respect of previous years	(14,403)	-
Consortium relief payable	8,070	-
Consortium relief payable/(receivable) - prior year	13,669	(5,367)
UK Corporation tax	20,786	27,294
Deferred tax		
Origination and reversal of timing differences	1,905	(1,905)
Total tax on profit on ordinary activities	<u>22,691</u>	<u>25,389</u>

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2012 - lower than) the standard rate of corporation tax in the UK of 24% (2012 - 26%)

The differences are reconciled below

	2013 £	2012 £
Profit on ordinary activities before taxation	116,992	150,153
Corporation tax at standard rate of 24% (2011 26%)	28,078	39,040
Capital allowances in excess of depreciation	(2,286)	2,476
Expenses not deductible for tax purposes	32	-
Adjustment in respect of prior years	(734)	(5,367)
Marginal relief	(4,304)	(8,855)
Total current tax	<u>20,786</u>	<u>27,294</u>

On 21 March 2012 the Government announced that the main rate of Corporation Tax would fall to 23% with effect from 1 April 2013, this was substantially enacted on 3 July 2012. The government also announced there would be a subsequent 1% reduction to 22% in 2014. In the 2013 Budget, issued on 20 March 2013, the Chancellor announced that the main rate of corporation tax would be further reduced to 22% with effect from 1 April 2013, with further annual 1% rate reductions down to 20% by 1 April 2015. As these future rate reductions had not been enacted at the balance sheet date, they have not been reflected in these financial statements. The effect of these tax rate reductions will be accounted for in the period they are substantively enacted.

Caring 4 Croydon Limited

Notes to the Financial Statements for the Year Ended 31 March 2013

6 Debtors

	2013 £	2012 £
Amounts falling due within one year		
Trade debtors	2,272	20,780
Deferred tax	-	1,905
Prepayments and accrued income	66,918	131,384
	<u>69,190</u>	<u>154,069</u>

	2013 £	2012 £
Amounts falling due after more than one year		
Contract debtors	24,825,455	25,388,998
	<u>24,825,455</u>	<u>25,388,998</u>

Deferred tax

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

	£
At 1 April 2012	1,905
Deferred tax charged to the profit and loss account	(1,905)
At 31 March 2013	-

Analysis of deferred tax

	2013 £	2012 £
Difference between accumulated depreciation and amortisation and capital allowances	-	1,905
	<u>-</u>	<u>1,905</u>

7 Creditors Amounts falling due within one year

	2013 £	2012 £
Bank borrowings	585,692	630,387
Less issue costs	(11,287)	(11,287)
	<u>574,405</u>	<u>619,100</u>
Trade creditors	6,808	25,992
Accruals and deferred income	185,985	273,336
Corporation tax payable	13,450	32,661
Consortium relief payable	39,704	17,966
Other creditors including taxation and social security	124,115	120,121
	<u>944,467</u>	<u>1,089,176</u>

8 Creditors Amounts falling due after more than one year

	2013 £	2012 £
Bank borrowings	22,326,307	22,690,616
Less issue costs	(274,636)	(285,922)
Net bank borrowings	<u>22,051,671</u>	<u>22,404,694</u>
Amounts due to related parties	2,556,261	2,714,770
	<u>24,607,932</u>	<u>25,119,464</u>

Caring 4 Croydon Limited

Notes to the Financial Statements for the Year Ended 31 March 2013

8 Creditors: Amounts due after more than one year (continued)

Bank borrowings relate to term loan facilities granted by Allied Irish Banks, P L C. The loan facility comprises a senior facility of £30,296,574 (2012 £30,296,574). During the year £202,987 (2012 £575,635) of the senior loan facility has been repaid. The company has an additional standby facility of £1,000,000 which has not been drawn down as at 31 March 2013 (2012 £nil).

The senior loan facility is repayable based on a detailed schedule commencing in 2010. Interest is charged on amounts drawn under the facilities based on floating LIBOR. The company has entered into interest hedging agreements to be applied to the expected future borrowings under the facilities. These are swap agreements that fix the interest rate at 4.685% plus applicable margins per annum to 31 January 2037 in respect of 100% of the facilities.

The facilities are secured by a fixed charge over all leasehold interests, book debts, investments, un-subscribed loan notes and goodwill, intellectual property and plant and machinery of the company and its parent undertaking, and by a floating charge over the undertaking and assets of the company and its parent undertaking and by an assignment of all insurances, all bank accounts, certain contracts and all freehold and leasehold property (except that secured by a charge) of the company and its parent undertaking.

On 10 June 2010 Caring 4 Croydon Holdings Limited subscribed for £2,595,025 of 12.63% and £199,000 of 7.26% coupon unsecured loan notes issued by the company. During the year the company repaid £158,509 (2012 £79,255). Caring 4 Croydon Holdings Limited has in turn received corresponding commitments from its shareholders in proportion to their shareholdings.

	2013	2012
	£	£
Maturity of debt		
Less than one year	585,692	619,100
Between one and two years	621,080	513,973
Between two and five years	1,938,981	1,926,126
In more than five years	22,322,507	22,379,365
	<u>25,468,260</u>	<u>25,438,564</u>

The Bank borrowings relate to loan facilities granted to the company, interest is charged on amounts drawn under the facilities based on floating LIBOR. The company has entered into interest hedging agreements to be applied to the expected future borrowings under the facilities.

Bank	Rate	End repayment	Fair Value (£)	Fair Value (£)
			2013	2012
Allied Irish Banks, P L C	4.685% plus margins	October 2036	6,465,823	5,399,242

9 Share capital

Allotted, called up and fully paid shares

	2013		2012	
	No.	£	No.	£
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

10 Dividends

	2013	2012
	£	£
Dividends paid		
Current year interim dividends paid	<u>138,000</u>	<u>180,000</u>

Caring 4 Croydon Limited

Notes to the Financial Statements for the Year Ended 31 March 2013

11 Reserves

	Profit and loss account £	Total £
At 1 April 2012	127,215	127,215
Profit for the year	94,301	94,301
Dividends	(138,000)	(138,000)
At 31 March 2013	<u>83,516</u>	<u>83,516</u>

12 Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Profit attributable to the members of the company	94,301	124,764
Dividends	(138,000)	(180,000)
Net reduction to shareholders' funds	(43,699)	(55,236)
Shareholders' funds at 1 April	<u>137,215</u>	<u>192,451</u>
Shareholders' funds at 31 March	<u>93,516</u>	<u>137,215</u>

13 Related party transactions

During the year the company made the following related party transactions

UME Group LLP

(Intermediate parent company)

Administrative services were provided by companies related to UME Group LLP at a cost of £65,000 (2012 £65,000) during the year to 31 March 2013. At the balance sheet date the amount due to UME Group LLP was £nil (2012 - £nil).

Eldon Housing Association Limited

(a shareholder of the parent company)

Facility management fees of £1,240,649 (2012 £1,188,475) were charged by Eldon Housing Association Limited, a shareholder of the company, during the year to 31 March 2013. At the balance sheet date the amount due (to)/from Eldon Housing Association Limited was (£6,808) (2012 - £39,102).

The company has taken advantage of the exemption in FRSSE for subsidiaries that are at least 90% owned from disclosing transactions with other members of the group.

14 Control

The immediate parent company of Caring 4 Croydon Limited is Caring 4 Croydon Holdings Limited, a company incorporated in England and Wales. The share capital of Caring 4 Croydon Holdings Limited is held by UME PFI Investments Limited (50%), Infrastructure Intermediaries No 1 Limited (25%) and Eldon Housing Association Limited (25%), companies registered in England and Wales.

The smallest group in which the results of the company are consolidated is headed by UME Group LLP, a Limited Liability Partnership incorporated in England and Wales. Copies of UME Group LLP financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The company's ultimate parent company and controlling entity is United Medical Enterprises Group Limited BC 343764, a company incorporated in the British Virgin Islands. This company is the largest group in which the results of the company are consolidated.