

**NG HEALTHCARE LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**Company Registration Number 07139177**



**NG HEALTHCARE LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

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<b>CONTENTS</b>	<b>PAGES</b>
Officers and professional advisers	<b>1</b>
The directors' report	<b>2 to 6</b>
Independent auditor's report to the members	<b>7 to 8</b>
Profit and loss account	<b>9</b>
Group balance sheet	<b>10</b>
Balance sheet	<b>11</b>
Group cash flow	<b>12</b>
Notes to the financial statements	<b>13 to 25</b>
<b>The following pages do not form part of the statutory financial statements</b>	
Detailed profit and loss account	<b>27</b>
Notes to the detailed profit and loss account	<b>28 to 29</b>

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**NG HEALTHCARE LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 MARCH 2012**

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<b>The board of directors</b>	Mr S K Forrester Mr M V Thomas
<b>Company secretary</b>	Mr M V Thomas
<b>Business address</b>	See registered office below
<b>Registered office</b>	Guardian Care Centre Longton Road Trentham Stoke on Trent Staffordshire ST4 8FF
<b>Auditor</b>	Dains LLP 5 Ridge House Ridge House Drive Festival Park Stoke-on-Trent ST1 5SJ

**NG HEALTHCARE LIMITED**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 31 MARCH 2012**

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The directors present their report and the financial statements of the group for the year ended 31 March 2012

**Principal activities and business review**

The principal activity of the group during the year is that of the development and operation of specialised care home premises. The principal activity of the company was that of a holding company.

**Fair review of the business**

We aim to present a balanced and comprehensive review of the development and performance of the business during the year and its position at the year end. Our review is consistent with the size and non-complex nature of the business and is written in the context of the risks and uncertainties we face.

During the year, whilst overall bed capacity has remained static, the Guardian Care Centre has maintained fee income levels across all units and benefited from improved overall occupancy levels. Demand remains strong for high value clients and the trend is set for fee levels to continue to rise as average incomes across the site are enhanced with the growing numbers of continuing care referrals.

We consider that our key financial performance indicators are those that communicate the financial performance and strength of the group as a whole, these being turnover, and profit margins.

	2012 £	2011 £
Turnover	8,034,045	7,756,665
% change	3.58	–
Operating profit **	2,391,125	2,735,109
% change	(12.58)	–
Profit before tax **	1,791,049	2,161,478
% change	(17.14)	–

\*\* after adding back contributions to the employer financed retirement benefit scheme and directors salaries

Turnover is shown to have increased by 4% compared to the previous year which is the result of the combination of improved occupancy levels and average incomes. We also have been continuing the policy of replacing local authority funded beds with continuing care beds funded by the PCT's, which generate higher fee income per bed space.

Adding back contributions to the employer financed retirement benefit scheme and directors salaries (£2,000,000 - 2011) operating profit is shown to have decreased by 13% this year to £2,391,125 from £2,735,109 last year. However, adding back one-off costs in legal and insurance of £471,884 underlying operating profits actually rose to £2,863,009 a corresponding increase of £127,900 which represents a 5% uplift.

We are pleased to confirm that overall annual bed occupancy rates rose from 89.3% to 89.7% and that average income per bed rose 3.1%.

**NG HEALTHCARE LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 MARCH 2012**

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The Directors are satisfied that profitability will continue to support the group's activities. The Directors anticipate a modest increase in both turnover and underlying operating profits in the group in the next twelve months, in spite of planned government spending cuts and inevitable annual increases to the minimum wage, providing interest rates remain at prevailing low levels as expected.

The business continues to develop a strong brand and invest in areas to support both the finance and human resources functions. The formation of a Human Resources department has provided an increased focus on staff discipline, sickness and performance, benefiting all staff and residents in encouraging staff retention and quality. In conjunction, the company continues to invest in Compliance Meetings, Health & Safety and Safeguarding in order to raise awareness and accountability in order to meet the ever increasing monitoring and regulations imposed on the care industry. Following on from our recent investment in the construction of a new staff block which houses staff rooms, changing facilities with designated training room and meeting rooms, plans are progressing to begin the construction from Feb 2013 of an additional unit linked to New House adding a further 20 Beds for high value Complex Care Clients.

These are important commitments as we seek to be recognised as one of the leading providers of care within the region and one which seeks to continually enhance and develop its services in order to receive the highest inspection ratings from the Care Quality Commission (CQC). CQC awarded the Guardian Care Centre an improved overall rating of "Good" in August 2010, which confirmed our status as providing high quality care across our entire operations.

In line with many groups of our size, the business environment in which we operate continues to be challenging. In particular the growing responsibilities relating to compliance of regulations, both from local authorities and the HSE combined with ever more onerous employment laws means we have to continually upgrade our internal systems and policies to reflect the current demands being placed on us. With this ever changing environment we are mindful of the risks and uncertainties associated with our plans for future development of the business and that these may be subject to unforeseen future events outside our control. However, we will continue to show flexibility in our approach and respond to market conditions and opportunities as they arise.

**Results and dividends**

The profit for the year, after taxation, amounted to £1,722,926. Particulars of dividends paid are detailed in note 11 to the financial statements.

**NG HEALTHCARE LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 MARCH 2012**

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**Financial instruments and financial risk management**

The business' principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to finance the business' operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of money market facilities where funds are available. All of the business' cash balances are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of cash flow risk through regular monitoring of amounts outstanding. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. With the economy still in a recessionary period, the company is aware that the prevailing government will be forced to take some tough decisions on public sector spending in future years to reign in the current annual deficit. We therefore will need to continue to ensure we are best prepared to meet these challenges, by maintaining our status as a preferred provider into the future. In particular should there be any downturn in local authority or PCT budgets, which could restrict resident placements it is essential that whatever placements are made, our units are considered in the all referral options, as against others which may be forced off the preferred provider listings. We will therefore seek at every opportunity to engage the CQC to improve our quality and work with the local authorities and PCT's to ensure we are included on any tendering exercises and referral lists.

In contrast, we also believe that the continuing economic downturn provides opportunities as well as pain, in that the lower interest rates in the group will help maintain higher profits in the coming twelve months. In addition, groups like ours that have a strong track record can attract finance for expansion, whereas others find funding is limited, and therefore their options to compete and invest are curtailed.

**Directors**

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

Mr S K Forrester  
Mr M V Thomas

**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

**NG HEALTHCARE LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 MARCH 2012**

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- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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.

In so far as the directors are, individually, 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

**Disabled employees**

The company is an equal opportunities employer - In addition the company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitudes and abilities. Wherever possible disabled employees receive appropriate training to promote their career development within the company. Any employees who become disabled are actively encouraged to remain within the organisation and where possible would be retrained for suitable alternative posts if they cannot continue to work within their existing roles.

**Employee involvement**

Staff are all required to pass referencing before commencing employment and are all checked by CRB and POVA screening to ensure there are no previous incidents that could cause any concern in their suitability to work in a caring environment with vulnerable adults.

Regular meetings are held between senior management and unit managers to discuss matters of concern during operational meetings. Employees are kept well-informed about the progress and position of the company by means of regular departmental meetings, newsletters and updates of the staff handbook. All staff are supported with a Human Resources Department, that is available to discuss any issues of staff welfare, sickness monitoring and discipline.

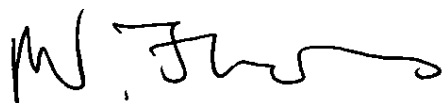
The company promotes a positive whistle blowing policy to encourage staff to bring forward any concerns that particularly effect the safeguarding of residents, patient care or that could be detrimental to the success or reputation of the company.

An employee stakeholder pension scheme is available to all new employees as required by the government and the new government auto-enrol pension scheme will be introduced by Jan 2014.

**NG HEALTHCARE LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 31 MARCH 2012**

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Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'M. Thomas', written over a horizontal line.

Mr M V Thomas  
Director

Approved by the directors on 18/12/12



**NG HEALTHCARE LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NG**  
**HEALTHCARE LIMITED**  
**YEAR ENDED 31 MARCH 2012**

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We have audited the group and parent company financial statements ("the financial statements") of NG Healthcare Limited for the year ended 31 March 2012 on pages 9 to 25. 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 Directors' Responsibilities Statement set out on pages 4 to 5, 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 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 31 March 2012 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.

**NG HEALTHCARE LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NG**  
**HEALTHCARE LIMITED** *(continued)*

**YEAR ENDED 31 MARCH 2012**

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**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



Jonathan Dudley, Senior Statutory Auditor  
For and on behalf of

Dains LLP  
Statutory Auditor  
Chartered Accountants  
5 Ridge House  
Ridge House Drive  
Festival Park  
Stoke-on-Trent  
ST1 5SJ

Date - 

**NG HEALTHCARE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 MARCH 2012**

	Note	Year to 31 Mar 12 £	£	Period from 28 Jan 10 to 31 Mar 11 £	£
<b>Turnover</b>	2				
Continuing operations		8,034,045		—	
Acquisitions		—		7,756,665	
		<u>8,034,045</u>		<u>7,756,665</u>	
<b>Group turnover</b>			8,034,045		7,756,665
<b>Gross profit</b>			<u>8,034,045</u>		<u>7,756,665</u>
Net operating expenses	3		<u>(5,642,920)</u>		<u>(7,021,556)</u>
<b>Operating profit:</b>	5				
Continuing operations		2,391,125		(38,606)	
Acquisitions		—		773,715	
		<u>2,391,125</u>		<u>(38,606)</u>	
<b>Group operating profit</b>			2,391,125		735,109
Interest receivable			32,142		36,058
Interest payable and similar charges	8		<u>(632,218)</u>		<u>(609,689)</u>
<b>Profit on ordinary activities before taxation</b>			<u>1,791,049</u>		<u>161,478</u>
Tax on profit on ordinary activities	9		<u>(68,123)</u>		<u>(51,529)</u>
<b>Profit for the financial year</b>		10	<u>1,722,926</u>		<u>109,949</u>

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

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

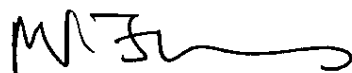
The notes on pages 13 to 25 form part of these financial statements

**NG HEALTHCARE LIMITED**  
**GROUP BALANCE SHEET**  
**31 MARCH 2012**

	Note	2012 £	2011 £
<b>Fixed assets</b>			
Intangible assets	12	(11,175,706)	(11,408,533)
Tangible assets	13	26,287,176	26,315,654
Investments	14	355,513	-
		<u>15,466,983</u>	<u>14,907,121</u>
<b>Current assets</b>			
Stocks	15	3,557	3,557
Debtors	16	492,457	1,320,775
Cash at bank and in hand		1,519,234	4,061,905
		<u>2,015,248</u>	<u>5,386,237</u>
<b>Creditors: Amounts falling due within one year</b>	17	<u>(5,209,646)</u>	<u>(3,963,025)</u>
<b>Net current (liabilities)/assets</b>		<u>(3,194,398)</u>	<u>1,423,212</u>
<b>Total assets less current liabilities</b>		<u>12,272,585</u>	<u>16,330,333</u>
<b>Creditors: Amounts falling due after more than one year</b>	18	(16,404,004)	(16,969,882)
<b>Provisions for liabilities</b>			
Deferred taxation	19	(250,000)	(250,000)
		<u>(4,381,419)</u>	<u>(889,549)</u>
<b>Minority interests</b>		<u>1</u>	<u>-</u>
		<u>(4,381,420)</u>	<u>(889,549)</u>
<b>Capital and reserves</b>			
Called-up share capital	21	502	502
Profit and loss account	22	(4,381,922)	(890,051)
<b>Shareholders' funds</b>	23	<u>(4,381,420)</u>	<u>(889,549)</u>

These financial statements were approved by the directors and authorised for issue on 18/12/12, and are signed on their behalf by

Mr M V Thomas  
Director



The notes on pages 13 to 25 form part of these financial statements

**NG HEALTHCARE LIMITED**

Registered Number 07139177

**BALANCE SHEET****31 MARCH 2012**

	Note	2012 £	£	2011 £	£
<b>Fixed assets</b>					
Investments	14		14,398,507		14,398,506
<b>Current assets</b>					
Debtors	16	2,829,732		3,559,821	
Cash at bank		61,183		908,185	
		<u>2,890,915</u>		<u>4,468,006</u>	
<b>Creditors: Amounts falling due within one year</b>	17	<u>(573,198)</u>		<u>(1,538,518)</u>	
<b>Net current assets</b>			2,317,717		2,929,488
<b>Total assets less current liabilities</b>			<u>16,716,224</u>		<u>17,327,994</u>
<b>Creditors: Amounts falling due after more than one year</b>	18		<u>(16,404,004)</u>		<u>(16,969,882)</u>
			<u>312,220</u>		<u>358,112</u>
<b>Capital and reserves</b>					
Called-up share capital	21		502		502
Profit and loss account	22		311,718		357,610
<b>Shareholders' funds</b>			<u>312,220</u>		<u>358,112</u>

These financial statements were approved by the directors and authorised for issue on 18/12/12, and are signed on their behalf by

Mr M V Thomas  
Director



The notes on pages 13 to 25 form part of these financial statements

**NG HEALTHCARE LIMITED**  
**GROUP CASH FLOW**  
**YEAR ENDED 31 MARCH 2012**

		Year to 31 Mar 12		Period from 28 Jan 10 to 31 Mar 11	
	Note	£	£	£	£
<b>Net cash inflow from operating activities</b>	24		4,429,067		2,016,167
<b>Returns on investments and Servicing of finance</b>					
Interest received		32,142		36,058	
Interest paid		<u>(632,218)</u>		<u>(609,689)</u>	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(600,076)		(573,631)
<b>Taxation</b>			2,219		(533,750)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(273,453)		(28,553)	
Acquisition of investments		<u>(355,513)</u>		<u>—</u>	
<b>Net cash outflow for capital expenditure and financial investment</b>			(628,966)		(28,553)
<b>Acquisitions and disposals</b>					
Net cash acquired with trade/business		<u>—</u>		<u>2,162,854</u>	
<b>Net cash inflow from acquisitions and disposals</b>			—		2,162,854
<b>Equity dividends paid</b>			(5,214,797)		(1,000,000)
<b>Cash (outflow)/inflow before financing</b>			(2,012,553)		2,043,087
<b>Financing</b>					
Issue of equity share capital		—		502	
Increase in bank loans		—		17,500,000	
Repayment of bank loans		<u>(530,118)</u>		<u>(15,481,684)</u>	
<b>Net cash (outflow)/inflow from financing</b>			(530,118)		2,018,818
<b>(Decrease)/increase in cash</b>	24		<u>(2,542,671)</u>		<u>4,061,905</u>

The notes on pages 13 to 25 form part of these financial statements

**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

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**1. Accounting policies**

**Basis of accounting**

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

**Going concern**

The balance sheet of the company shows net current assets of £2,317,717 and net assets of £312,220 at the balance sheet date

The balance sheet of the group shows net current liabilities of £3,194,398 and net liabilities of £4,381,420 at the balance sheet date

Having reviewed the ongoing performance of the company and the group and the fact that £2,710,056 of creditors due in less than one year are due to directors, and also considered the ongoing relationship with the group's bankers, the directors consider it appropriate to prepare the financial statements of NG Healthcare Limited on a going concern basis

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and any positive goodwill on consolidation is capitalised and written off over five years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

**Turnover**

The turnover shown in the profit and loss account represents the value of all goods and services supplied to customers during the year.

**Goodwill**

Negative purchased goodwill arising on acquisitions is recognised in the profit and loss account in the periods expected to benefit. On calculation of negative goodwill the fair value of the assets acquired are tested for impairment and the fair values of the acquired liabilities checked carefully to ensure that none have been omitted or understated. Negative goodwill remaining after the fair values of the assets and liabilities have been checked is recognised and separately disclosed on the face of the balance sheet.

**Amortisation**

Amortisation of negative goodwill is calculated so as to be written off as follows

Negative goodwill                      -     Straight line basis over 50 years

**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

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**1. Accounting policies (continued)**

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Cost represents purchase price together with any incidental costs of acquisition.

On acquisition freehold property was acquired at cost. On consolidation a fair value adjustment was made to bring the value of properties in line with their market value as fully occupied trading units on the date of acquisition.

**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:

Freehold Property	-	Straight line basis over 50 years
Fixtures & Fittings	-	5 to 15 years straight line
Motor Vehicles	-	25% reducing balance

**Fixed asset investments**

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

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**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 that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis 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 enacted or substantively enacted at the balance sheet date.

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.



**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**1. Accounting policies (continued)**

**Government grants**

Government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate by equal annual instalments

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate

**The Nightingale Employer Financed Retirement Benefit Scheme ("EFRBS")**

Contributions to The Nightingale EFRBS are charged to the profit and loss account as paid

**2. Turnover**

The turnover and profit before tax are attributable to the one principal activity of the group

**3. Analysis of net operating expenses**

	Continuing operations £	Acquired operations £	Total £
<b>Year ended 31 March 2012</b>			
Administrative expenses	5,673,948	-	5,673,948
Other operating income (Note 4)	(31,028)	-	(31,028)
Net operating expenses	<u>5,642,920</u>	<u>-</u>	<u>5,642,920</u>
<b>Period from 28 January 2010 To 31 March 2011</b>			
Administrative expenses	38,606	7,014,625	7,053,231
Other operating income (Note 4)	-	(31,675)	(31,675)
Net operating expenses	<u>38,606</u>	<u>6,982,950</u>	<u>7,021,556</u>

**4. Other operating income**

	Year to 31 Mar 12 £	Period from 28 Jan 10 to 31 Mar 11 £
Management charges receivable	20,000	20,000
Other operating income	11,028	11,675
	<u>31,028</u>	<u>31,675</u>

**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**5. Operating profit**

Operating profit is stated after charging

	Year to 31 Mar 12 £	Period from 28 Jan 10 to 31 Mar 11 £
Amortisation of intangible assets	(232,827)	(232,827)
Depreciation of owned fixed assets	301,931	266,936
Auditors remuneration - non audit services	11,094	27,716
Auditor's remuneration	<u>12,000</u>	<u>16,800</u>
	<b>2012</b>	<b>2011</b>
	£	£
Auditor's remuneration - audit of the financial statements		
- Audit of NG Healthcare Limited	2,400	7,200
- Audit of subsidiaries	<u>9,600</u>	<u>9,600</u>
	<u>12,000</u>	<u>16,800</u>

**6. Particulars of employees**

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

	Year to 31 Mar 12 No	Period from 28 Jan 10 to 31 Mar 11 No
Number of administrative staff	11	11
Number of nursing staff	<u>291</u>	<u>296</u>
	<u>302</u>	<u>307</u>

The aggregate payroll costs of the above were

	Year to 31 Mar 12 £	Period from 28 Jan 10 to 31 Mar 11 £
Wages and salaries	3,409,884	5,532,943
Social security costs	<u>256,989</u>	<u>281,961</u>
	<u>3,666,873</u>	<u>5,814,904</u>

Wages and salaries includes a £nil (2011 - £2,000,000) contribution to The Nightingale EFRBS for the general benefit of employees

The group also incurred agency staff costs of £480,656 (2011 - £143,371)

**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**7. Directors' remuneration**

The directors' aggregate remuneration in respect of qualifying services were

	Year to 31 Mar 12 £	Period from 28 Jan 10 to 31 Mar 11 £
Remuneration receivable	381,244	191,004

**Remuneration to highest paid director**

	Year to 31 Mar 12 £
Total remuneration (excluding pension contributions)	200,796

**8. Interest payable and similar charges**

	Year to 31 Mar 12 £	Period from 28 Jan 10 to 31 Mar 11 £
Interest payable on bank borrowing	631,876	603,255
Other similar charges payable	342	6,434
	632,218	609,689

**9. Taxation on ordinary activities**

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

	Year to 31 Mar 12 £	Period from 28 Jan 10 to 31 Mar 11 £
UK Corporation tax	70,000	50,000
(Over)/under provision in prior year	(1,877)	1,529
	68,123	51,529

**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**9. Taxation on ordinary activities (continued)**

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

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 26% (2011 - 28%)

	Year to 31 Mar 12 £	Period from 28 Jan 10 to 31 Mar 11 £
Profit on ordinary activities before taxation	<u>1,791,049</u>	<u>161,478</u>
Profit on ordinary activities by rate of tax	465,672	45,214
Effects of		
Expenses not deductible for tax purposes	47,263	14,952
Capital allowances for period in excess of depreciation	(18,528)	(2,841)
Adjustments to tax charge in respect of previous periods	(1,877)	1,529
Rounding on tax charge	(234)	1,448
Marginal relief	(3,260)	(5,379)
Non taxable consolidation adjustments	8,086	(3,394)
Losses utilised	<u>(428,999)</u>	<u>-</u>
Total current tax (note 9(a))	<u>68,123</u>	<u>51,529</u>

**(c) Factors that may affect future tax charges**

No provision has been made for deferred tax on gains recognised on acquisition of property at fair value

The total amount of unprovided deferred tax using a rate of 24% is £4,800,000. At present, it is not envisaged that any such tax will become payable in the foreseeable future.

**10. Loss attributable to members of the parent company**

The loss (2011 - profit) dealt with in the financial statements of the parent company was £45,892 (2011 - £1,357,610)

**11. Dividends**

**Equity dividends**

	Year to 31 Mar 12 £	Period from 28 Jan 10 to 31 Mar 11 £
Paid during the year		
Dividends on equity shares	<u>5,214,797</u>	<u>1,000,000</u>

**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**12. Intangible fixed assets**

Group	Goodwill £
<b>Cost</b>	
At 1 April 2011 and 31 March 2012	(11,641,360)
<b>Amortisation</b>	
At 1 April 2011	(232,827)
Charge for the year	(232,827)
At 31 March 2012	(465,654)
<b>Net book value</b>	
At 31 March 2012	(11,175,706)
At 31 March 2011	(11,408,533)

**13. Tangible fixed assets**

Group	Freehold Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 April 2011	26,421,361	1,008,998	37,850	27,468,209
Additions	273,453	–	–	273,453
At 31 March 2012	26,694,814	1,008,998	37,850	27,741,662
<b>Depreciation</b>				
At 1 April 2011	220,707	907,790	24,058	1,152,555
Charge for the year	263,926	35,075	2,930	301,931
At 31 March 2012	484,633	942,865	26,988	1,454,486
<b>Net book value</b>				
At 31 March 2012	26,210,181	66,133	10,862	26,287,176
At 31 March 2011	26,200,654	101,208	13,792	26,315,654

**14. Investments**

Group	Investments £
<b>Cost</b>	
Additions	355,513
Balance carried forward	355,513
<b>Net book value</b>	
Balance carried forward	355,513
Balance brought forward	–

**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

During the year the group invested £355,513 in Big Screen Productions 21 LLP. The company has neither dominance, influence or control, nor significant influence over the LLP.

<b>Company</b>	<b>Group shares £</b>
<b>Cost</b>	
Balance brought forward	14,398,506
Additions	1
Balance carried forward	<u>14,398,507</u>
<b>Net book value</b>	
Balance carried forward	<u>14,398,507</u>
Balance brought forward	<u>14,398,506</u>

The company holds 100% of the issued A ordinary shares of Nightingale Group Limited, a company whose principal activity is the development and operation of specialised care home premises.

The company also indirectly holds 100% of the issued share capital of Restfold Nursing Care Limited, a dormant company.

**15. Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Stock	<u>3,557</u>	<u>3,557</u>	<u>—</u>	<u>—</u>

**16. Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	127,936	249,819	—	—
Amounts owed by group undertakings	—	—	2,491,357	3,179,150
Other debtors	979	931	2	2
Directors current accounts	—	661,472	—	—
Prepayments and accrued income	363,542	408,553	338,373	380,669
	<u>492,457</u>	<u>1,320,775</u>	<u>2,829,732</u>	<u>3,559,821</u>

**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**17. Creditors: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans	565,878	530,118	565,878	530,118
Trade creditors	908,428	736,432	–	–
Directors' loan accounts	2,710,056	2,066,029	–	1,000,000
Other creditors including taxation and social security				
Corporation tax	120,342	50,000	–	–
PAYE and social security	88,836	132,373	–	–
Other creditors	530,867	357,427	–	–
Accruals and deferred income	285,239	90,646	7,320	8,400
	<u>5,209,646</u>	<u>3,963,025</u>	<u>573,198</u>	<u>1,538,518</u>

The bank loan is secured by a fixed and floating charge over all assets of Nightingale Group Limited

The loan was taken out on the 31 March 2011 and is amortising to zero over 20 years including a 12 month capital repayment holiday with a lending margin of 1.53% above 3 month LIBOR

**18. Creditors: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<u>16,404,004</u>	<u>16,969,882</u>	<u>16,404,004</u>	<u>16,969,882</u>

The bank loan is secured by a fixed and floating charge over all assets of Nightingale Group Limited

The loan was taken out on the 31 March 2011 and is amortising to zero over 20 years including a 12 month capital repayment holiday with a lending margin of 1.53% above 3 month LIBOR

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

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	<u>13,827,616</u>	<u>14,529,615</u>	<u>13,827,616</u>	<u>14,529,615</u>

**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**19. Deferred taxation**

The movement in the deferred taxation provision during the year was

	<b>Group</b>		<b>Company</b>	
	<b>Year to</b>	<b>Period from</b>	<b>Year to</b>	<b>Period from</b>
	<b>31 Mar 12</b>	<b>28 Jan 10 to</b>	<b>31 Mar 12</b>	<b>28 Jan 10 to</b>
	<b>£</b>	<b>31 Mar 11</b>	<b>£</b>	<b>31 Mar 11</b>
Provision brought forward	250,000	-	-	-
Increase in provision	-	<u>250,000</u>	-	-
Provision carried forward	<u>250,000</u>	<u>250,000</u>	-	-

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

<b>Group</b>	<b>2012</b>		<b>2011</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	<u>250,000</u>	-	<u>250,000</u>	-



**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

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**20. Related party transactions**

NG Healthcare Limited has taken advantage of the exemption provided in Financial Reporting Standard No 8 "Related Party Transactions" not to disclose transactions with wholly owned group companies

Nightingale Capital Limited is a related party as the directors and shareholders of this group are the 100% shareholders of that company. During the year the group has received monies totalling £373,202 (2011 - £405,617) on behalf of Nightingale Capital Limited. The group made payments totalling £127,914 (2011 - £408,154) on behalf of Nightingale Capital Limited. There was also a management charge made to Nightingale Capital Limited of £20,000 (2011 - £20,000) for services rendered during the period. The group owed £242,751 (2011 - £17,463) to Nightingale Capital Limited at the balance sheet date.

**Directors' loan accounts**

The group owed Mr M V Thomas £1,430,909 (2011 - £2,066,029) at the balance sheet date. Total debits to the loan account during the year amounted to £994,203 (2011 - £411,815). Total credits to the loan account during the year amounted to £359,083 (2011 - £1,671,446). No interest was charged during the year.

The group owed Mr S K Forrester £1,279,147 at the balance sheet date (2011 - Mr S K Forrester owed the group £661,472). Total debits to the loan account during the year amounted to £589,485 (2011 - £1,895,174). Total credits to the loan account during the year amounted to £2,530,104 (2011 - £718,379). The maximum overdrawn balance during the year was £1,382,509. No interest was charged during the year.

**Transactions with directors**

During the year the group paid rent of £22,500 (2011 - £22,500) to Mr M V Thomas and rent of £22,500 (2011 - £22,500) to Mr S K Forrester in respect of property owned by the directors at full market value.

During the year, Nightingale Group Limited paid total dividends of £5,241,500 on a B share held by a Trust whose main beneficiaries are NG Healthcare Limited and its shareholders. As a result the directors of this company received £5,188,095.

**21. Share capital**

**Allotted, called up and fully paid.**

	<b>2012</b>		<b>2011</b>	
	<b>No</b>	<b>£</b>	<b>No</b>	<b>£</b>
502 Ordinary shares of £1 each	<u>502</u>	<u>502</u>	<u>502</u>	<u>502</u>

**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**22. Reserves**

<b>Group</b>	<b>Profit and loss account £</b>
Balance brought forward	(890,051)
Profit for the year	1,722,926
Equity dividends	<u>(5,214,797)</u>
Balance carried forward	<u>(4,381,922)</u>
 <b>Company</b>	 <b>Profit and loss account £</b>
Balance brought forward	357,610
Loss for the year	<u>(45,892)</u>
Balance carried forward	<u>311,718</u>

**23. Reconciliation of movements in shareholders' funds**

	<b>2012 £</b>	<b>2011 £</b>
Profit for the financial year	1,722,926	109,949
New ordinary share capital subscribed	—	502
Equity dividends	<u>(5,214,797)</u>	<u>(1,000,000)</u>
Net reduction to shareholders' deficit	(3,491,871)	(889,549)
Opening shareholders' deficit	<u>(889,549)</u>	—
Closing shareholders' deficit	<u>(4,381,420)</u>	<u>(889,549)</u>

**24. Notes to the cash flow statement**

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

	<b>Year to 31 Mar 12 £</b>	<b>Period from 28 Jan 10 to 31 Mar 11 £</b>
Operating profit	2,391,125	735,109
Amortisation	(232,827)	(232,827)
Depreciation	301,931	266,936
Decrease/(increase) in debtors	828,318	(766,361)
Increase in creditors	<u>1,140,520</u>	<u>2,013,310</u>
Net cash inflow from operating activities	<u>4,429,067</u>	<u>2,016,167</u>

**NG HEALTHCARE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2012**

**24 Notes to the cash flow statement (continued)**

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

	2012		2011
	£	£	£
(Decrease)/increase in cash in the period	(2,542,671)		4,061,905
Net cash outflow from/(inflow) from bank loans	<u>530,118</u>		<u>(2,018,316)</u>
Change in net debt resulting from cash flows		(2,012,553)	2,043,589
Change in net debt due to acquisition of trade/business		—	<u>(15,481,684)</u>
Movement in net debt in the period		<u>(2,012,553)</u>	<u>(13,438,095)</u>
Net debt at 1 April 2011		<u>(13,438,095)</u>	—
Net debt at 31 March 2012		<u>(15,450,648)</u>	<u>(13,438,095)</u>

**Analysis of changes in net debt**

	At 1 April 2011 £	Cash flows £	Other changes £	At 31 March 2012 £
Net cash				
Cash in hand and at bank	<u>4,061,905</u>	<u>(2,542,671)</u>	—	<u>1,519,234</u>
Debt				
Debt due within 1 year	(530,118)	530,118	(565,878)	(565,878)
Debt due after 1 year	<u>(16,969,882)</u>	—	<u>565,878</u>	<u>(16,404,004)</u>
	<u>(17,500,000)</u>	<u>530,118</u>	—	<u>(16,969,882)</u>
Net debt	<u>(13,438,095)</u>	<u>(2,012,553)</u>	—	<u>(15,450,648)</u>

**25 Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £Nil (2011 - £197,280)

**26. Ultimate controlling party**

The directors do not consider there to be an ultimate controlling party