

NG Healthcare Limited

Directors' report and financial statements

for the year ended 31 March 2013



NG Healthcare Limited

Company Information

Directors	Mr M V Thomas Mr S K Forrester
Registered number	07139177
Registered office	Guardian Care Centre Longton Road Trentham Stoke on Trent Staffordshire ST4 8FF
Independent auditors	Dains LLP Suite 2, Albion House 2 Etruria Office Village Forge Lane Etruria Stoke on Trent ST1 5RQ

NG Healthcare Limited

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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

Directors' responsibilities statement

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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities

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.

Business review

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 almost static other than the reduced use of shared rooms in our elderly unit at Selwyn House, the Guardian Care Centre has looked to maintain turnover and where possible raise fee income levels across all units. The care sector has been subject to increased pressure from the poor finances of both the local authorities and the PCT's and yet continues to maintain overall occupancy levels. Demand remains strong for high value clients and we intend to expand our facilities during the coming twelve months with the addition of up to 20 more specialised beds linking into New House. It is important to our brand to be able to offer referral bodies not only existing beds but the option of utilising the most up to date facilities where complex care needs can best be met. The trend is set for higher fee level clients to play a greater role in our turnover which will ensure we continue to raise average incomes across the site as figures are enhanced with the addition of increased numbers of continuing care residents.

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

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Directors' report for the year ended 31 March 2013

	2013 £'m	2012 £'m	2011 £'m
Turnover	8.0	8.0	7.8
Operating profit **	2.9	2.4	2.7
Profit before tax **	<u>2.3</u>	<u>1.8</u>	<u>2.2</u>

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

Turnover is shown to be consistent with the previous year which is the result of the combination of comparable occupancy levels and rising average incomes on specialist care beds. Where possible we have been continuing the policy of replacing local authority funded beds with continuing care beds funded by the PCT's, which usually generate higher fee income per bed space.

Operating profit is shown to have increased by 20% this year to £2,871,072 from £2,391,125 last year. However, adding back one off costs in legal and insurance of £471,884 included in the 2012 accounts, underlying comparative operating profits for 2013 were actually consistent with the adjusted figure of £2,863,009 for 2012.

We are pleased to confirm that overall annual bed occupancy rates were almost identical to 2012 being maintained at 89.3%. In contrast, whilst average income per bed were unchanged in elderly care, specialist critical beds in New House and Mayfield showed increases of 4.5% and 2.3% respectively.

The Directors are satisfied that profitability will continue to support the company's activities. The Directors anticipate a modest increase in both turnover and underlying operating profits in the healthcare company 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 and we continue to reduce costs in agency staff provision.

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 new Nursing Office incorporating Human Resources function 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, we are excited that construction is progressing for an additional unit linked to New House adding a further 20 Beds for high value Complex Care Clients that should be completed by the financial year end 2014.

These are important commitments as we seek to maintain our status as one of the leading providers of care within the region and one which seeks to demonstrate we are continually looking to enhance and develop our 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 companies 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.

NG Healthcare Limited

Directors' report for the year ended 31 March 2013

Results

The profit for the year, after taxation, amounted to £2,209,808 (2012 - £1,722,926)

Directors

The directors who served during the year were

Mr M V Thomas
Mr S K Forrester

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.

Bank balances

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

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

Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Uncertainties

With the economy only just starting to recover from a recessionary period, the company is aware that the prevailing government will continue with an "austerity theme" and be forced to take some tough decisions on public sector spending in future years to continue 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 further downturn in local authority or PCT budgets, which could restrict the level of individual fee rates for new resident placements it is essential that whatever placements are made, our units are considered in 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, companies 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.

Land and buildings

In the directors' opinion the fully operational and equipped value of the group's freehold properties, stated in the balance sheet at £26,270,772 (2012 - £26,210,181), is anticipated to be £35,000,000 to £40,000,000. If these properties were disposed of at a valuation of this order, a liability to corporation tax of circa £6,000,000 to £7,000,000 would arise.

NG Healthcare Limited

Directors' report for the year ended 31 March 2013

Employment policies

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 group 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 at the end of this financial year in order to start with the first payroll payment of the new personal tax year 2014.

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.

Disclosure of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

This report was approved by the board on 19 December 2013 and signed on its behalf



Mr M V Thomas
Director

NG Healthcare Limited

Independent auditors' report to the shareholders of NG Healthcare Limited

We have audited the financial statements of NG Healthcare Limited for the year ended 31 March 2013, set out on pages 7 to 24. 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement, 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 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 financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2013 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 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.

NG Healthcare Limited

Independent auditors' report to the shareholders of NG Healthcare Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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

Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Etruria
Stoke on Trent
ST1 5RQ

Date

20 December 2013

NG Healthcare Limited

**Consolidated profit and loss account
for the year ended 31 March 2013**

	Note	2013 £	2012 £
Turnover	1,2	7,956,695	8,034,045
Administrative expenses		(5,334,427)	(5,673,948)
Other operating income	3	248,804	31,028
Operating profit	4	2,871,072	2,391,125
Interest receivable and similar income		20,063	32,142
Interest payable and similar charges	8	(598,376)	(632,218)
Profit on ordinary activities before taxation		2,292,759	1,791,049
Tax on profit on ordinary activities	9	(82,951)	(68,123)
Profit for the financial year	19	2,209,808	1,722,926

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account

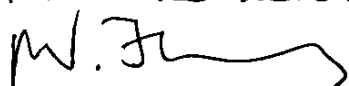
The notes on pages 11 to 24 form part of these financial statements

NG Healthcare Limited
Registered number: 07139177

Consolidated balance sheet
as at 31 March 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Intangible assets	10		(10,942,879)		(11,175,706)
Tangible assets	11		26,325,639		26,287,176
Investments	12		705,513		355,513
			<u>16,088,273</u>		<u>15,466,983</u>
Current assets					
Stocks	13	3,557		3,557	
Debtors	14	972,308		492,457	
Cash at bank and in hand		1,612,394		1,519,234	
		<u>2,588,259</u>		<u>2,015,248</u>	
Creditors , amounts falling due within one year	15	(4,791,273)		(5,209,646)	
Net current liabilities			<u>(2,203,014)</u>		<u>(3,194,398)</u>
Total assets less current liabilities			<u>13,885,259</u>		<u>12,272,585</u>
Creditors : amounts falling due after more than one year	16		(15,818,370)		(16,404,004)
Provisions for liabilities					
Deferred tax	17		(238,500)		(250,000)
Net liabilities			<u>(2,171,611)</u>		<u>(4,381,419)</u>
Capital and reserves					
Called up share capital	18		502		502
Profit and loss account	19		(2,172,114)		(4,381,922)
Shareholders' deficit	20		<u>(2,171,612)</u>		<u>(4,381,420)</u>
Minority interests			<u>1</u>		<u>1</u>
			<u>(2,171,611)</u>		<u>(4,381,419)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2013.



Mr M V Thomas
Director

The notes on pages 11 to 24 form part of these financial statements

NG Healthcare Limited
Registered number: 07139177

**Company balance sheet
as at 31 March 2013**

	Note	£	2013 £	£	2012 £
Fixed assets					
Investments	12		14,398,507		14,398,507
Current assets					
Debtors	14	2,263,371		2,829,732	
Cash at bank		16,270		61,183	
		<u>2,279,641</u>		<u>2,890,915</u>	
Creditors: amounts falling due within one year	15	(585,634)		(573,198)	
Net current assets			<u>1,694,007</u>		<u>2,317,717</u>
Total assets less current liabilities			<u>16,092,514</u>		<u>16,716,224</u>
Creditors: amounts falling due after more than one year	16		(15,818,370)		(16,404,004)
Net assets			<u>274,144</u>		<u>312,220</u>
Capital and Reserves					
Called up share capital	18		502		502
Profit and loss account	19		273,642		311,718
Shareholders' funds	20		<u>274,144</u>		<u>312,220</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 December 2013



Mr M V Thomas
Director

The notes on pages 11 to 24 form part of these financial statements

NG Healthcare Limited

**Consolidated cash flow statement
for the year ended 31 March 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	22	1,948,551	4,429,067
Returns on investments and servicing of finance	23	(578,313)	(600,076)
Taxation		(49,320)	2,219
Capital expenditure and financial investment	23	(661,879)	(628,966)
Equity dividends paid		-	(5,214,797)
Cash inflow/(outflow) before financing		659,039	(2,012,553)
Financing	23	(565,879)	(530,118)
Increase/(Decrease) in cash in the year		93,160	(2,542,671)

**Reconciliation of net cash flow to movement in net funds/debt
for the year ended 31 March 2013**

	2013 £	2012 £
Increase/(Decrease) in cash in the year	93,160	(2,542,671)
Cash outflow from decrease in debt and lease financing	565,879	530,118
Movement in net debt in the year	659,039	(2,012,553)
Net debt at 1 April 2012	(15,450,648)	(13,438,095)
Net debt at 31 March 2013	(14,791,609)	(15,450,648)

The notes on pages 11 to 24 form part of these financial statements

1 Accounting policies

Basis of preparation of financial statements

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 £1,694,007 and net assets of £274,144 at the balance sheet date

The balance sheet of the group shows net current liabilities of £2,203,014 and net liabilities of £2,171,611 at the balance sheet date

Having reviewed the ongoing performance of the company and the group and the fact that £427,520 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 financial statements consolidate the accounts of NG Healthcare Limited and all of its subsidiary undertakings ('subsidiaries')

The results of subsidiaries acquired during the year are included from the effective date of acquisition. Acquisitions are accounted for under both the acquisition method and merger accounting principles

Under acquisition accounting goodwill on consolidation is capitalised and written off over the estimated useful economic life. 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

Under merger accounting principles, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

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

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year

Intangible fixed assets and amortisation

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 is provided at the following rates

Negative goodwill	-	Straight line basis over 50 years
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1. Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	Straight line basis over 50 years
Motor vehicles	-	25% reducing balance
Fixtures & fittings	-	5 to 15 years straight line

Land is not depreciated.

Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

Operating leases

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

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

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Deferred taxation

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

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

NG Healthcare Limited**Notes to the financial statements
for the year ended 31 March 2013**

1. Accounting policies (continued)**Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and loss account as the related expenditure is incurred.

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 whole of the turnover is attributable to the one principal activity of the group.

All turnover arose within the United Kingdom.

3. Other operating income

	2013 £	2012 £
Other operating income	1,482	2,817
Government grants receivable	-	8,211
Sundry income	20,000	20,000
VAT reclaimed	227,322	-
	<u>248,804</u>	<u>31,028</u>

4. Operating profit

The operating profit is stated after charging

	2013 £	2012 £
Amortisation	(232,827)	(232,827)
Depreciation of tangible fixed assets		
- owned by the group	273,416	301,931
Operating lease rentals		
- plant and machinery	-	4,249
	<u>-</u>	<u>4,249</u>

NG Healthcare Limited

**Notes to the financial statements
for the year ended 31 March 2013**

5 Auditors' remuneration

	2013 £	2012 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	2,000	2,000
Fees payable to the company's auditor and its associates in respect of		
The auditing of accounts of associates of the company	18,000	18,000
Taxation compliance services	2,000	2,000
All other non-audit services not included above	9,800	11,094
	<u>29,800</u>	<u>33,094</u>

6. Staff costs

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	3,558,995	3,409,884
Social security costs	254,589	256,989
	<u>3,813,584</u>	<u>3,666,873</u>

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

	2013 No.	2012 No.
Number of administrative staff	11	11
Number of nursing staff	300	291
	<u>311</u>	<u>302</u>

The group also incurred agency staff costs of £480,922 (2012 - £480,656)

7. Directors' remuneration

	2013 £	2012 £
Remuneration	368,619	381,244
	<u>368,619</u>	<u>381,244</u>

The highest paid director received remuneration of £184,889 (2012 - £200,796)

NG Healthcare Limited

**Notes to the financial statements
for the year ended 31 March 2013**

8 Interest payable

	2013 £	2012 £
On bank loans and overdrafts	598,376	631,876
On other loans	-	342
	<u>598,376</u>	<u>632,218</u>

9 Taxation

	2013 £	2012 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	94,217	70,000
Adjustments in respect of prior periods	234	(1,877)
Total current tax	<u>94,451</u>	<u>68,123</u>
Deferred tax (see note 17)		
Origination and reversal of timing differences	(11,500)	-
Tax on profit on ordinary activities	<u>82,951</u>	<u>68,123</u>

Factors affecting tax charge for the year

The tax assessed 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 explained below

	2013 £	2012 £
Profit on ordinary activities before tax	<u>2,292,759</u>	<u>1,791,049</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 - 26%)	550,262	465,672
Effects of		
Non taxable consolidation adjustments	4,431	8,086
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,024	47,263
Capital allowances for year in excess of depreciation	(2,493)	(18,528)
Losses utilised	(460,975)	(428,999)
Adjustments to tax charge in respect of prior periods	234	(1,877)
Other differences leading to an increase (decrease) in the tax charge	-	(234)
Marginal relief	(1,032)	(3,260)
Current tax charge for the year (see note above)	<u>94,451</u>	<u>68,123</u>

NG Healthcare Limited

**Notes to the financial statements
for the year ended 31 March 2013**

9. Taxation (continued)

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 23% is £4,300,000. At present, it is not envisaged that any such tax will become payable in the foreseeable future.

10. Intangible fixed assets

	Goodwill £
Group	
Cost	
At 1 April 2012 and 31 March 2013	(11,641,360)
Amortisation	
At 1 April 2012	(465,654)
Charge for the year	(232,827)
At 31 March 2013	(698,481)
Net book value	
At 31 March 2013	(10,942,879)
At 31 March 2012	(11,175,706)

11. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures & fittings £	Total £
Group				
Cost				
At 1 April 2012	26,694,814	37,850	1,008,998	27,741,662
Additions	311,879	-	-	311,879
At 31 March 2013	27,006,693	37,850	1,008,998	28,053,541
Depreciation				
At 1 April 2012	484,633	26,988	942,865	1,454,486
Charge for the year	251,288	2,716	19,412	273,416
At 31 March 2013	735,921	29,704	962,277	1,727,902
Net book value				
At 31 March 2013	26,270,772	8,146	46,721	26,325,639
At 31 March 2012	26,210,181	10,862	66,133	26,287,176

NG Healthcare Limited

**Notes to the financial statements
for the year ended 31 March 2013**

11 Tangible fixed assets (continued)

Included in freehold property is freehold land at valuation of £3,000,000 (2012 - £3,000,000) which is not depreciated

12. Fixed asset investments

Group	Other fixed asset investments £
Cost or valuation	
At 1 April 2012	355,513
Additions	350,000
At 31 March 2013	705,513
Net book value	
At 31 March 2013	705,513
At 31 March 2012	355,513

During the year the group invested £350,000 in Pangorda Productions LLP. The group has neither dominance, influence or control, nor significant influence over the LLP.

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

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2012 and 31 March 2013	14,398,507
Net book value	
At 31 March 2013	14,398,507
At 31 March 2012	14,398,507

Details of the subsidiaries can be found under note number 28

13 Stocks

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Stock	3,557	3,557	-	-

NG Healthcare Limited

**Notes to the financial statements
for the year ended 31 March 2013**

14. Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	100,070	127,936	-	-
Amounts owed by group undertakings	-	-	1,967,292	2,491,357
Directors current accounts	546,285	-	-	-
Other debtors	1,110	979	2	2
Prepayments and accrued income	324,843	363,542	296,077	338,373
	972,308	492,457	2,263,371	2,829,732

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans	585,633	565,878	585,633	565,878
Trade creditors	734,497	908,428	-	-
Corporation tax	165,473	120,342	-	-
Other taxation and social security	89,210	88,836	-	-
Directors' loan accounts	427,520	2,710,056	-	-
Other creditors	2,600,167	530,867	1	-
Accruals and deferred income	188,773	285,239	-	7,320
	4,791,273	5,209,646	585,634	573,198

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 12 month capital repayment holiday with a lending margin of 1.53% above 3 month LIBOR

NG Healthcare Limited

**Notes to the financial statements
for the year ended 31 March 2013**

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

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Bank loans	15,818,370	16,404,004	15,818,370	16,404,004

Included within the above are amounts falling due as follows

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Between one and two years				
Bank loans	627,367	585,633	627,367	585,633
Between two and five years				
Bank loans	2,110,247	1,990,755	2,110,247	1,990,755
Over five years				
Bank loans	13,080,756	13,827,616	13,080,756	13,827,616

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
Repayable by instalments	13,080,756	13,827,616	13,080,756	13,827,616

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 12 month capital repayment holiday with a lending margin of 1.53% above 3 month LIBOR

17. Deferred taxation

	<u>Group</u>		<u>Company</u>	
	2013	2012	2013	2012
	£	£	£	£
At beginning of year	250,000	250,000	-	-
(Released during)/charge for the year (P&L)	(11,500)	-	-	-
At end of year	238,500	250,000	-	-

NG Healthcare Limited**Notes to the financial statements
for the year ended 31 March 2013****17. Deferred taxation (continued)**

The provision for deferred taxation is made up as follows

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Accelerated capital allowances	238,500	250,000	-	-

18. Share capital

	2013	2012
	£	£
Allotted, called up and fully paid		
502 Ordinary shares shares of £1 each	502	502

19. Reserves

	Profit and loss account £
Group	
At 1 April 2012	(4,381,922)
Profit for the financial year	2,209,808
At 31 March 2013	(2,172,114)
Company	
At 1 April 2012	311,718
Loss for the financial year	(38,076)
At 31 March 2013	273,642

NG Healthcare Limited**Notes to the financial statements
for the year ended 31 March 2013****20 Reconciliation of movement in shareholders' deficit**

	2013 £	2012 £
Group		
Opening shareholders' deficit	(4,381,420)	(889,549)
Profit for the financial year	2,209,808	1,722,926
Dividends (Note 21)	-	(5,214,797)
Closing shareholders' deficit	<u>(2,171,612)</u>	<u>(4,381,420)</u>
	2013 £	2012 £
Company		
Opening shareholders' funds	312,220	358,112
Loss for the financial year	(38,076)	(45,892)
Closing shareholders' funds	<u>274,144</u>	<u>312,220</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The loss for the year dealt with in the accounts of the company was £38,076 (2012 - £45,892)

21. Dividends

	2013 £	2012 £
Dividends paid on equity capital	<u>-</u>	<u>5,214,797</u>

22. Net cash flow from operating activities

	2013 £	2012 £
Operating profit	2,871,072	2,391,125
Amortisation of intangible fixed assets	(232,827)	(232,827)
Depreciation of tangible fixed assets	273,416	301,931
Government grants	-	(8,211)
(Increase)/decrease in debtors	(227,101)	828,318
(Decrease)/increase in creditors	(736,009)	1,148,731
Net cash inflow from operating activities	<u>1,948,551</u>	<u>4,429,067</u>

NG Healthcare Limited

Notes to the financial statements
for the year ended 31 March 2013

23. Analysis of cash flows for headings netted in cash flow statement

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest received	20,063	32,142
Interest paid	(598,376)	(632,218)
Net cash outflow from returns on investments and servicing of finance	(578,313)	(600,076)
	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(311,879)	(273,453)
Purchase of unlisted and other investments	(350,000)	(355,513)
Net cash outflow from capital expenditure	(661,879)	(628,966)
	2013 £	2012 £
Financing		
Repayment of loans	(565,879)	(530,118)

24. Analysis of changes in net debt

	1 April 2012 £	Cash flow £	Other non-cash changes £	31 March 2013 £
Cash at bank and in hand	1,519,234	93,160	-	1,612,394
Debt.				
Debts due within one year	(565,878)	565,879	(585,634)	(585,633)
Debts falling due after more than one year	(16,404,004)	-	585,634	(15,818,370)
Net debt	(15,450,648)	659,039	-	(14,791,609)

NG Healthcare Limited

Notes to the financial statements for the year ended 31 March 2013

25. Capital commitments

At 31 March 2013 the group and company had capital commitments as follows

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Contracted for but not provided in these financial statements	1,291,000	-	-	-

26. Related party transactions

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 £4,156,017 (2012 - £373,202) on behalf of Nightingale Capital Limited. The group made payments totalling £2,091,905 (2012 - £127,914) on behalf of Nightingale Capital Limited. There was also a management charge made to Nightingale Capital Limited of £20,000 (2012 - £20,000) for services rendered during the period. The group owed £2,286,863 (2012 - £242,751) to Nightingale Capital Limited at the balance sheet date.

Directors' loan accounts

The group owed Mr M V Thomas £427,520 (2012 - £1,430,909) at the balance sheet date. Total debits to the loan account during the year amounted to £1,584,790 (2012 - £994,203). Total credits to the loan account during the year amounted to £581,401 (2012 - £859,083). No interest was charged during the year.

Mr S K Forrester owed the group £546,285 at the balance sheet date. At 31 March 2012 the group owed Mr S K Forrester £1,279,147 at the balance sheet date. Total debits to the loan account during the year amounted to £3,916,114 (2012 - £589,485). Total credits to the loan account during the year amounted to £2,090,682 (2012 - £3,030,104). The maximum overdrawn balance during the year was £391,345. No interest was charged during the year.

Transactions with directors

During the year the group paid rent of £22,500 (2012 - £22,500) to Mr M V Thomas and rent of £22,500 (2012 - £22,500) to Mr S K Forrester in respect of property owned by the directors at full market value.

During the previous 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 (who are also Directors of this company). As a result the directors of this company received £5,188,095.

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.

27. Controlling party

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

NG Healthcare Limited

**Notes to the financial statements
for the year ended 31 March 2013**

28 Subsidiaries

a. Principal subsidiary

Company name	Country	Percentage Shareholding	Description
Nightingale Group Limited	UK	100 %	Develops and operates specialised care home premises

b. Indirectly held subsidiary

Company name	Country	Percentage Shareholding	Description
Restfold Nursing Care Limited	UK	100 %	Dormant