

# Financial Statements Tanglewood Care Homes Limited

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For the year ended 31 January 2015



Registered number: 07745826

## Company Information

<b>Registered number</b>	07745826
<b>Registered office</b>	2 Endeavour Park Wyberton BOSTON Lincolnshire PE21 7TQ
<b>Directors</b>	M Shelbourn T A Shelbourn (appointed 30 January 2015) J C Griffin (appointed 16 September 2015)
<b>Bankers</b>	National Westminster Bank Plc 3rd Floor Central Building Brayford Wharf East LINCOLN LN5 7DS
<b>Solicitors</b>	Sills & Betteridge 46 Silver Street LINCOLN LN2 1ED
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Broadfield Court SHEFFIELD South Yorkshire S8 0XF

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# Directors' Report

For the year ended 31 January 2015

The directors present their report and the financial statements for the year ended 31 January 2015.

## **Principal activities**

The Group is principally engaged in the provision of care home services.

## **Results and dividends**

The profit for the year, after taxation, amounted to £345,957 (2014 - £302,916).

Particulars of dividends paid are detailed in note 19 to the financial statements.

## **Directors**

The directors who served during the year were:

M Shelbourn

T A Shelbourn (appointed 30 January 2015)

## **Directors' responsibilities statement**

The directors are responsible for preparing the Group strategic report, 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;
- 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.

## Directors' Report

For the year ended 31 January 2015

### **Charitable contributions**

During the year the group made charitable donations of £1,076 (2014: £8,370)

### **Employee involvement**

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company.

This is achieved through consultations with employee representatives and a company newsletter.

### **Disabled employees**

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is given to retrain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

### **Disclosure of information to auditor**

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

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

### **Auditor**

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 7/10/2015

and signed on its behalf.

  
M Shelbourn  
Director

# **Group Strategic Report**

**For the year ended 31 January 2015**

## **Business review**

The directors are pleased with the performance during the year and believes that the group continues to be in a strong position to meet the changing demands of the independent care sector. During this financial year the group has seen record occupancy levels and has delivered cost efficiencies whilst improving the experience for the residents.

## **Principal risks and uncertainties**

### **Risks**

The group uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations. The main risks arising from the group financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

### **Interest rate risk**

The group finances its operations through a mixture of retained profits, bank borrowings and group borrowings. The group's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

### **Liquidity risk**

The group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through loans. Short term flexibility is achieved by overdraft facilities.

## **Financial key performance indicators**

The director believes the key performance indicators to be as follows:

	2015	2014	2013
Turnover	£9,657,288	£9,069,742	£8,079,863
Turnover growth	6%	12%	n/a
Gross profit margin	48%	49%	49%
Profit before tax	£554,215	£573,935	£35,996

## Group Strategic Report (continued)

For the year ended 31 January 2015

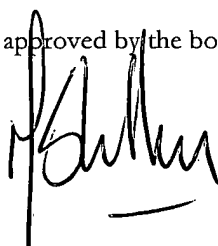
### Going concern

At the year end the group had bank loans and overdrafts amounting to £13,148,977 (2014: £12,403,893) due within 1 year. This includes a loan from National Westminster Bank Plc of £7,015,000 to Tanglewood (Lincolnshire) Limited and a loan of £4,985,000 to Tanglewood Care Homes Limited. The directors have confirmed that there is no indication that these facilities will not be renewed by National Westminster Bank Plc. The expected renewal of the loan agreement supports the directors' assertion that the company is a going concern.

This report was approved by the board on 7/10/2015

and signed on its behalf.

**M Shelbourn**  
Director





## Independent Auditor's Report to the Members of Tanglewood Care Homes Limited

We have audited the financial statements of Tanglewood Care Homes Limited for the year ended 31 January 2015, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and reconciliation of net cash flow to movement in net funds/debt, the consolidated Statement of total recognised gains and losses and the related notes. 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 Director's responsibilities statement, the director is 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2015 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditor's Report to the Members of Tanglewood Care Homes 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.

A handwritten signature in black ink, appearing to read "Paul Houghton", followed by the text "UK LLP.".

Paul Houghton (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Statutory Auditor  
Chartered Accountants  
SHEFFIELD  
Date: 12/10/2015

## Consolidated Profit and Loss Account

For the year ended 31 January 2015

	Note	2015 £	2014 £
<b>Turnover</b>	1,2	9,657,288	9,069,742
Cost of sales		<u>(4,986,838)</u>	<u>(4,583,408)</u>
<b>Gross profit</b>		4,670,450	4,486,334
Administrative expenses		<u>(3,780,674)</u>	<u>(3,366,214)</u>
<b>Operating profit</b>	3	889,776	1,120,120
Interest payable and similar charges	6	<u>(335,561)</u>	<u>(546,185)</u>
<b>Profit on ordinary activities before taxation</b>		554,215	573,935
Tax on profit on ordinary activities	7	<u>(208,258)</u>	<u>(271,019)</u>
<b>Profit for the financial year</b>	17	<u><u>345,957</u></u>	<u><u>302,916</u></u>

All amounts relate to continuing operations.

The notes on pages 12 to 26 form part of these financial statements.

## Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 January 2015

	2015 £	2014 £
<b>Profit for the financial year</b>	<b>345,957</b>	<b>302,916</b>
Unrealised surplus on revaluation of tangible fixed assets	-	5,226,516
<b>Total recognised gains and losses relating to the year</b>	<b>345,957</b>	<b>5,529,432</b>

## Note of Consolidated Historical Cost Profits and Losses

For the year ended 31 January 2015

	2015 £	2014 £
<b>Reported profit on ordinary activities before taxation</b>	<b>554,215</b>	<b>573,935</b>
Realisation of valuation gains of previous periods	98,064	26,011
<b>Historical cost profit on ordinary activities before taxation</b>	<b>652,279</b>	<b>599,946</b>
<b>Historical profit for the year after taxation</b>	<b>444,021</b>	<b>328,927</b>

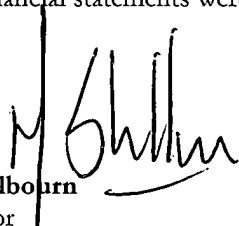
The notes on pages 12 to 26 form part of these financial statements.

## Consolidated Balance Sheet

As at 31 January 2015

	Note	£	2015 £	2014 £
<b>Fixed assets</b>				
Tangible assets	9		28,172,343	27,932,189
<b>Current assets</b>				
Stocks	11	60,902		55,734
Debtors	12	2,383,085		2,076,271
Cash at bank and in hand		5,887		202,684
		<u>2,449,874</u>		<u>2,334,689</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(14,873,780)</u>		<u>(14,075,134)</u>
<b>Net current liabilities</b>			<u>(12,423,906)</u>	<u>(11,740,445)</u>
<b>Total assets less current liabilities</b>			<u>15,748,437</u>	<u>16,191,744</u>
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(3,481,190)</u>	<u>(3,685,403)</u>
<b>Provisions for liabilities</b>				
Deferred tax	15		<u>(85,589)</u>	<u>(70,640)</u>
<b>Net assets</b>			<u><u>12,181,658</u></u>	<u><u>12,435,701</u></u>
<b>Capital and reserves</b>				
Called up share capital	16		100	100
Share premium account	17		7,287,193	7,287,193
Revaluation reserve	17		5,102,441	5,200,505
Profit and loss account	17		<u>(208,076)</u>	<u>(52,097)</u>
<b>Shareholders' funds</b>	18		<u><u>12,181,658</u></u>	<u><u>12,435,701</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7/10/2015

  
M Shelbourn  
Director

The notes on pages 12 to 26 form part of these financial statements.

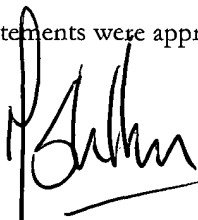
## Company Balance Sheet

As at 31 January 2015

	Note	£	2015 £	2014 £
<b>Fixed assets</b>				
Investments	10		14,574,387	14,574,386
<b>Current assets</b>				
Debtors	12	1,050,476	1,304,209	
Cash at bank		167	76	
		<u>1,050,643</u>	<u>1,304,285</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(6,021,388)</u>	<u>(6,085,034)</u>	
<b>Net current liabilities</b>			<u>(4,970,745)</u>	<u>(4,780,749)</u>
<b>Total assets less current liabilities</b>			<u>9,603,642</u>	<u>9,793,637</u>
<b>Creditors: amounts falling due after more than one year</b>	14		<u>(2,287,193)</u>	<u>(2,287,193)</u>
<b>Net assets</b>			<u><u>7,316,449</u></u>	<u><u>7,506,444</u></u>
<b>Capital and reserves</b>				
Called up share capital	16		100	100
Share premium account	17		7,287,193	7,287,193
Profit and loss account	17		29,156	219,151
<b>Shareholders' funds</b>	18		<u><u>7,316,449</u></u>	<u><u>7,506,444</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7/10/2015

**M Shelbourn**  
 Director



The notes on pages 12 to 26 form part of these financial statements.

## Consolidated Cash Flow Statement

For the year ended 31 January 2015

	Note	2015 £	2014 £
Net cash flow from operating activities	20	1,365,321	1,269,781
Returns on investments and servicing of finance	21	(335,560)	(340,568)
Taxation		(255,738)	(192,838)
Capital expenditure and financial investment	21	(902,149)	(1,257,733)
Equity dividends paid		(600,000)	(480,000)
<b>Cash outflow before financing</b>		<b>(728,126)</b>	<b>(1,001,358)</b>
Financing	21	620,209	745,830
<b>Decrease in cash in the year</b>		<b>(107,917)</b>	<b>(255,528)</b>

## Reconciliation of Net Cash Flow to Movement in Net Funds/Debt

For the year ended 31 January 2015

	2015 £	2014 £
Decrease in cash in the year	(107,917)	(255,528)
Cash inflow from increase in debt and lease financing	(620,209)	(745,830)
<b>Change in net debt resulting from cash flows</b>	<b>(728,126)</b>	<b>(1,001,358)</b>
New finance lease	-	(43,085)
<b>Movement in net debt in the year</b>	<b>(728,126)</b>	<b>(1,044,443)</b>
Net debt at 1 February 2014	(15,912,821)	(14,868,378)
<b>Net debt at 31 January 2015</b>	<b>(16,640,947)</b>	<b>(15,912,821)</b>

The notes on pages 12 to 26 form part of these financial statements.

# Notes to the Financial Statements

For the year ended 31 January 2015

## **1. Accounting Policies**

### **1.1 Basis of preparation of financial statements**

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

Based on review of forecasts and budgets the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectations that group has more than sufficient resources and available facilities to continue in existence for the foreseeable future.

For this reason the directors consider that the adoption of the going concern basis in preparing the financial statements is appropriate.

### **1.2 Change in accounting policy**

The principal accounting policies remain unchanged from the prior period and are set out below.

### **1.3 Basis of consolidation**

The financial statements consolidate the accounts of Tanglewood Care Homes Limited and all of its subsidiary undertakings ('subsidiaries').

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

### **1.4 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

### **1.5 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:

Goodwill	-	20 years
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# Notes to the Financial Statements

For the year ended 31 January 2015

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

### **1.6 Tangible fixed assets and depreciation**

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

Freehold property	-	2% Straight Line
Motor vehicles	-	25% Reducing Balance
Fixtures & fittings	-	20% Reducing Balance

Due to the high residual value expected and rolling refurbishment programme the freehold nursing home properties are subject to a policy of revaluation and are revalued by independent valuers every three years and the resultant valuation is included in the balance sheet unless the surplus or deficit is immaterial.

Any impairment in value is charged either to the revaluation reserve or the profit and loss account as appropriate. An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

### **1.7 Investments**

Investments in subsidiaries are valued at cost less provision for impairment. The company balance sheet shows the investment in group companies at the fair value at the date of acquisition with the excess of fair value over nominal value shares issued on acquisition to the share premium account in accordance with section 610 of the Companies Act 2006.

### **1.8 Leasing and hire purchase**

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

### **1.9 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.

# Notes to the Financial Statements

For the year ended 31 January 2015

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

### **1.10 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.

### **1.11 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.

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

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

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

Deferred tax assets and liabilities are not discounted.

### **1.12 Pensions**

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

## **2. Turnover**

The whole of the turnover is attributable to the principal activity of the group being the management of care homes.

All turnover arose within the United Kingdom.

# Notes to the Financial Statements

For the year ended 31 January 2015

## 3. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets:		
- owned by the group	605,179	534,336
- held under finance leases	17,958	14,661
Auditor's remuneration	14,875	14,500
Auditor's remuneration - non-audit	8,800	7,900
Operating lease rentals:		
- plant and machinery	41,945	43,339
- other operating leases	51,100	51,100
	<u>605,179</u>	<u>534,336</u>

## 4. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	5,183,585	5,163,742
Social security costs	283,467	293,612
Other pension costs	100,000	80,000
	<u>5,567,052</u>	<u>5,537,354</u>

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

	2015 No.	2014 No.
Management	13	12
Administration	15	14
Nursing staff, care assistants and other	484	462
	<u>512</u>	<u>488</u>

# Notes to the Financial Statements

For the year ended 31 January 2015

## 5. Directors' remuneration

	2015	2014
	£	£
Remuneration	218,660	601,411
Company pension contributions to defined contribution pension schemes	50,000	40,000

During the year retirement benefits were accruing to 2 directors (2014 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £218,660 (2014 - £601,411).

## 6. Interest payable

	2015	2014
	£	£
On bank loans and overdrafts	333,142	307,116
On other loans	-	234,909
On finance leases and hire purchase contracts	2,419	4,160
	335,561	546,185

## 7. Taxation

	2015	2014
	£	£
<b>Analysis of tax charge in the year</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the year	217,000	255,691
Adjustments in respect of prior periods	(23,691)	(9,162)
<b>Total current tax</b>	193,309	246,529
<b>Deferred tax</b> (see note 15)		
Origination and reversal of timing differences	14,949	24,490
<b>Tax on profit on ordinary activities</b>	208,258	271,019

# Notes to the Financial Statements

For the year ended 31 January 2015

## 7. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2014 - higher than) the standard rate of corporation tax in the UK of 21.32% (2014 - 23.16%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	554,215	573,935
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.32% (2014 - 23.16%)	118,159	132,923
<b>Effects of:</b>		
Expenses not deductible for tax purposes	112,690	94,890
Capital allowances for year in excess of depreciation	(1,413)	(23,473)
Adjustments to tax charge in respect of prior periods	(23,691)	(9,162)
Short term timing difference	(13,175)	54,409
Other timing differences leading to an increase (decrease) in taxation	739	-
Marginal rate difference	-	(3,058)
<b>Current tax charge for the year</b> (see note above)	<b>193,309</b>	<b>246,529</b>

## 8. Intangible fixed assets

	Negative goodwill £
<b>Group</b>	
<b>Cost</b>	
At 1 February 2014 and 31 January 2015	(1,279,997)
<b>Impairment</b>	
At 1 February 2014 and 31 January 2015	(1,279,997)
<b>Net book value</b>	
At 31 January 2015	-
At 31 January 2014	-

Negative goodwill has been restated to more accurately reflect the split between cost and impairment.

# Notes to the Financial Statements

For the year ended 31 January 2015

## 9. Tangible fixed assets

Group	Freehold property £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>				
At 1 February 2014	27,338,615	146,794	2,971,181	30,456,590
Additions	1,065,675	-	71,474	1,137,149
Disposals	(273,858)	-	-	(273,858)
At 31 January 2015	28,130,432	146,794	3,042,655	31,319,881
<b>Depreciation</b>				
At 1 February 2014	146,197	48,205	2,329,999	2,524,401
Charge for the year	451,465	24,650	147,022	623,137
At 31 January 2015	597,662	72,855	2,477,021	3,147,538
<b>Net book value</b>				
At 31 January 2015	27,532,770	73,939	565,634	28,172,343
At 31 January 2014	27,192,418	98,589	641,182	27,932,189

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

Group	2015 £	2014 £
Motor vehicles	53,873	96,244

During the year freehold property was revalued to market value by GVA. The valuations have been prepared in accordance with the RICS Valuation - Professional Standards, incorporating the International Valuation Standards, Global and UK edition (March 2012).

The directors consider the fair value of the freehold land in the above valuation to be £7,293,312 (2014: £6,807,786), (cost £2,462,627 (2014: £1,977,101)) which is not depreciated.

Cost or valuation at 31 January 2015 is as follows:

Group	Land and buildings £
At cost	1,870,432
At valuation:	
Market valuation	26,260,000
	28,130,432

# Notes to the Financial Statements

For the year ended 31 January 2015

## 9. Tangible fixed assets (continued)

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows:

	2015	2014
Group	£	£
Cost	9,782,241	8,747,637
Accumulated depreciation	(588,276)	(438,418)
Net book value	<u>9,193,965</u>	<u>8,309,219</u>

## 10. Fixed asset investments

Company	Investments in subsidiary companies £
Cost or valuation	
At 1 February 2014	14,574,386
Additions	1
At 31 January 2015	<u>14,574,387</u>
Net book value	
At 31 January 2015	<u>14,574,387</u>
At 31 January 2014	<u>14,574,386</u>

Details of the principal subsidiaries can be found under note number 26.

## 11. Stocks

	Group
	2015
	£
Finished goods and goods for resale	<u>60,902</u>
	<u>55,734</u>

# Notes to the Financial Statements

For the year ended 31 January 2015

## 12. Debtors

	<b>Group</b>		<b>Company</b>	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	181,622	183,150	-	-
Amounts owed by related undertakings	2,013,486	1,746,643	1,050,476	1,304,209
Other debtors	34,537	-	-	-
Prepayments and accrued income	153,440	146,478	-	-
	<u>2,383,085</u>	<u>2,076,271</u>	<u>1,050,476</u>	<u>1,304,209</u>

## 13. Creditors:

**Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	13,148,977	12,403,893	4,985,000	4,985,000
Net obligations under finance leases and hire purchase contracts	16,667	26,209	-	-
Trade creditors	217,145	169,192	-	-
Corporation tax	193,262	255,691	-	111,592
Other taxation and social security	427,729	65,066	387,388	27,748
Director's loan account	185,790	27,846	185,250	27,846
Other creditors	12,352	10,620	387	-
Accruals and deferred income	671,858	1,116,617	463,363	932,848
	<u>14,873,780</u>	<u>14,075,134</u>	<u>6,021,388</u>	<u>6,085,034</u>

The bank hold a fixed and floating charge over assets of the group.

# Notes to the Financial Statements

For the year ended 31 January 2015

## 14. Creditors:

### Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	1,184,245	1,373,350	-	-
Other loans	2,287,193	2,287,193	2,287,193	2,287,193
Net obligations under finance leases and hire purchase contracts	9,752	24,860	-	-
	<u>3,481,190</u>	<u>3,685,403</u>	<u>2,287,193</u>	<u>2,287,193</u>

Included within the above are amounts falling due as follows:

	<u>Group</u>		<u>Company</u>	
	2015	2014	2015	2014
	£	£	£	£
<b>Between one and two years</b>				
Bank loans	73,824	191,642	-	-
<b>Between two and five years</b>				
Bank loans	1,110,421	1,181,708	-	-
Other loans	2,287,193	2,287,193	2,287,193	2,287,193

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

	<u>Group</u>		<u>Company</u>	
	2015	2014	2015	2014
	£	£	£	£
Between one and five years	9,752	24,860	-	-

The bank hold a fixed and floating charge over assets of the group.

## 15. Deferred taxation

	<u>Group</u>	
	2015	2014
	£	£
At beginning of year	70,640	46,150
Released during the year	14,949	24,490
At end of year	<u>85,589</u>	<u>70,640</u>

# Notes to the Financial Statements

For the year ended 31 January 2015

## 15. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	<b>Group</b>	
	2015	2014
	£	£
Accelerated capital allowances	85,589	70,640

## 16. Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
99,999 Ordinary shares of £0.001 each	100	100

## 17. Reserves

	Share premium account	Revaluation reserve	Profit and loss account
	£	£	£
<b>Group</b>			
At 1 February 2014	7,287,193	5,200,505	(52,097)
Profit for the financial year	-	-	345,957
Dividends: Equity capital	-	-	(600,000)
Transfer between revaluation reserve and profit and loss account	-	(98,064)	98,064
At 31 January 2015	7,287,193	5,102,441	(208,076)

The share premium arising on the investment in the subsidiary company is in line with section 610 of the Companies Act 2006.

	Share premium account	Profit and loss account
	£	£
<b>Company</b>		
At 1 February 2014	7,287,193	219,151
Profit for the financial year	-	410,005
Dividends: Equity capital	-	(600,000)
At 31 January 2015	7,287,193	29,156

# Notes to the Financial Statements

For the year ended 31 January 2015

## 18. Reconciliation of movement in shareholders' funds

	2015	2014
Group	£	£
Opening shareholders' funds	12,435,701	7,386,269
Profit for the financial year	345,957	302,916
Dividends (Note 19)	(600,000)	(480,000)
Other recognised gains and losses during the year	-	5,226,516
	<u>12,181,658</u>	<u>12,435,701</u>
Closing shareholders' funds	<u>12,181,658</u>	<u>12,435,701</u>

	2015	2014
Company	£	£
Opening shareholders' funds	7,506,444	7,362,026
Profit for the financial year	410,005	624,418
Dividends (Note 19)	(600,000)	(480,000)
	<u>7,316,449</u>	<u>7,506,444</u>
Closing shareholders' funds	<u>7,316,449</u>	<u>7,506,444</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 profit for the year dealt with in the accounts of the company was £410,005 (2014 - £624,418).

## 19. Dividends

	2015	2014
	£	£
Dividends paid on equity capital	<u>600,000</u>	<u>480,000</u>

## 20. Net cash flow from operating activities

	2015	2014
	£	£
Operating profit	889,776	1,120,120
Depreciation of tangible fixed assets	623,137	548,997
Loss on disposal of tangible fixed assets	38,858	1,932
Increase in stocks	(5,168)	(17,299)
Increase in debtors	(306,814)	(38,554)
Increase/(decrease) in creditors	125,532	(345,415)
	<u>1,365,321</u>	<u>1,269,781</u>
Net cash inflow from operating activities	<u>1,365,321</u>	<u>1,269,781</u>

# Notes to the Financial Statements

For the year ended 31 January 2015

## 21. Analysis of cash flows for headings netted in cash flow statement

	2015 £	2014 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(333,141)	(336,408)
Hire purchase interest	(2,419)	(4,160)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(335,560)</b>	<b>(340,568)</b>
	2015 £	2014 £
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(1,137,149)	(1,290,733)
Sale of tangible fixed assets	235,000	33,000
<b>Net cash outflow from capital expenditure</b>	<b>(902,149)</b>	<b>(1,257,733)</b>
	2015 £	2014 £
<b>Financing</b>		
New secured loans	700,000	823,018
Repayment of loans	(55,141)	(33,488)
Repayment of finance leases	(24,650)	(43,700)
<b>Net cash inflow from financing</b>	<b>620,209</b>	<b>745,830</b>

## 22. Analysis of changes in net debt

	1 February 2014 £	Cash flow £	Other non-cash changes £	31 January 2015 £
Cash at bank and in hand	202,684	(196,797)	-	5,887
Bank overdraft	(337,714)	88,880	-	(248,834)
	<b>(135,030)</b>	<b>(107,917)</b>	<b>-</b>	<b>(242,947)</b>
<b>Debt:</b>				
Finance leases	(51,069)	24,650	-	(26,419)
Debts due within one year	(12,066,179)	(644,859)	(189,105)	(12,900,143)
Debts falling due after more than one year	(3,660,543)	-	189,105	(3,471,438)
<b>Net debt</b>	<b>(15,912,821)</b>	<b>(728,126)</b>	<b>-</b>	<b>(16,640,947)</b>

# Notes to the Financial Statements

For the year ended 31 January 2015

## 23. Contingent liabilities

Tanglewood Care Homes Limited has a cross guarantee over the bank borrowings of Tanglewood (Lincolnshire) Limited, the company's subsidiary. The amount outstanding at 31 January 2015 was £9,342,501 (2014: £8,589,636).

## 24. Operating lease commitments

At 31 January 2015 the group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings		Other	
	2015	2014	2015	2014
	£	£	£	£
Expiry date:				
Within 1 year	46,842	-	-	4,280
Between 2 and 5 years	-	51,000	43,910	38,814

## 25. Related party transactions

The company and group are exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Tanglewood Care Homes Limited.

During the year the group paid rent to D'Arcy International Limited, a company in which the directors have a material interest, amounting to £23,500 (2014: £23,500) and recharges in respect of the property of £39,823 (2014: £nil). During the year the company also sold its share in a property to D'Arcy International Limited for £235,000.

A balance of £2,013,487 (2014: £1,746,643) was owed by D'Arcy International Limited as at 31 January 2015.

M Shelbourn holds a loan account with the group. As at 31 January 2015 the company owed M Shelbourn £185,250 (2014: £nil). Within other creditors there is also an amount owed to M Shelbourn of £10,040 (2014: £9,500).

Included in creditors due in over 1 year is a loan, from T S Shelbourn to the group totalling £2,287,193 (2014: £2,287,193). At the year end an unpaid interest accrual on this loan amounted to £435,726 (2014: £497,726).

During the year dividends of £600,000 (2014: £480,000) were paid to Martin Shelbourn.

## 26. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Tanglewood (Lincolnshire) Limited	England	100	Management of care homes
Tanglewood Properties (Lincolnshire) Limited	England	100	Dormant

# Notes to the Financial Statements

For the year ended 31 January 2015

## **27. Controlling party**

The ultimate controlling party of Tanglewood Care Homes Limited is Martin Shelbourn by virtue of his 100% shareholding.