

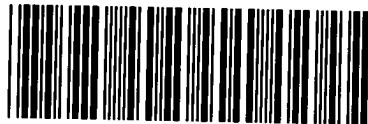
Springfield Healthcare (The Grange) Limited

Financial statements

for

31st March 2014

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Financial statements
for the year ended 31st March 2014

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Officers and professional advisers

The board of directors

Mr G S Lee
Mrs K J Malcolm
Ms R R Nevins
Mr R D Taylor
Mr M R S Beadle

Company secretary

Ms R R Nevins

Registered office

2 Fusion Court
Aberford Road
Garforth
Leeds
LS25 2GH

Auditor

Sagars Accountants Ltd
Chartered Accountants
& Statutory Auditor
Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

Directors' report for the year ended 31st March 2014

The directors present their report and the financial statements of the company for the year ended 31st March 2014.

Directors

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

Mr G S Lee
Mrs K J Malcolm
Mr A N Gregory
Mr R J Steele
Mr I D Robins

Ms R R Nevins was appointed as a director on 14th April 2014.
Mr R D Taylor was appointed as a director on 15th May 2014.
Mr M R S Beadle was appointed as a director on 31st October 2014.
Mr A N Gregory retired as a director on 15th May 2014.
Mr R J Steele retired as a director on 18th June 2014.
Mr I D Robins retired as a director on 7th April 2014.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic report

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Auditor

Sagars Accountants Ltd succeeded to the appointment of Sagars LLP on 1 December 2013. Sagars Accountants Ltd is deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Directors' report *(continued)*
for the year ended 31st March 2014

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Registered office:
2 Fusion Court
Aberford Road
Garforth
Leeds
LS25 2GH

Signed on behalf of the directors



Mr G S Lee
CEO
Director

Approved by the directors on 19th December 2014

Strategic report

year ended 31st March 2014

The directors present their strategic report for the company for the year ended 31 March 2014.

Review of the business in the year

The principal activity of the company during the year was that of the provision of residential care for the elderly.

The company was incorporated on 17th May 2012. During 2013, the company successfully embarked upon the construction and preparation for operation of this premium care home facility. The 'Seacroft Grange' care village opened to residents in November 2013, with a registered occupancy level of 95 care beds.

Since opening in November, the occupancy levels increased above expectations to 48 residents at financial year end and has continued to increase during 2014. Going forward the key performance measures monitored will be quality standards, occupancy levels, average weekly charge rates and the management of wages versus number of residents.

It is inevitable, given the construction phase and initial occupancy levels, that the business has made an operating loss in the first year of £495,973. This was anticipated within the funding model as the business builds up to full occupancy over the forthcoming months.

The Balance Sheet demonstrates the significant asset in the business, being the property, of £6,118,000 funded with the support of both HSBC and BGF. The company has enjoyed a positive and supportive banking relationship with HSBC and with the Business Growth Fund, who invested in the business in 2012. Potential further investment opportunities are being investigated so that the model can be successfully replicated elsewhere in the region.

Position of the company's business at the end of the year

The company has successfully delivered on shareholders and funders expectations. The care village was completed on time and on budget to a high specification.

Focus will continue now on the successful roll out of high quality care to elderly residents. The operations team will continue to work closely with regulatory bodies, such as Care Quality Commission (CQC), and local councils, to meet appropriate standards.

The Grange development, which included the detailed restoration of a grade II listed building, won the RICS 2014 Pro Yorkshire award for residential construction.

Principal risks and uncertainties facing the business

The Health & Social Care sector is facing a number of challenges due to reductions in central government funding and the requirement nationally to reduce spending on Health & Social Care. A number of Local Authorities and PCT's are therefore looking to make significant savings from care providers and we are no exception.

The regulatory body, Care Quality Commission (CQC), is undergoing changes as to how they audit care facilities following a number of high visibility criticisms of facilities across the UK.

The business aims to mitigate against these risks through working closely with the CQC to deliver quality care standards. Additionally, it is expected that the property will attract a mix of both local authority and private clients which will help to manage margin levels.

Signed on behalf of the directors



Mr G S Lee
CEO
Director

Approved by the directors on 19th December 2014

Independent auditor's report to the shareholders of Springfield Healthcare (The Grange) Limited

for the year ended 31st March 2014

We have audited the financial statements of Springfield Healthcare (The Grange) Limited for the year ended 31st March 2014 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent auditor's report to the shareholders of Springfield Healthcare (The Grange) Limited *(continued)*

for the year ended 31st March 2014

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



JOHN BEEVERS BA, FCA (Senior
Statutory Auditor)
For and on behalf of
SAGARS ACCOUNTANTS LTD
Chartered Accountants
& Statutory Auditor

Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

23 December 2014

Profit and Loss Account
for the year ended 31st March 2014

		Year to 31 Mar 14 £	Period from 17 May 12 to 31 Mar 13 £
	Note		
Turnover		443,014	–
Cost of sales		476,059	–
Gross loss		(33,045)	–
Administrative expenses		462,928	352,816
Operating loss	2	(495,973)	(352,816)
Attributable to:			
Operating loss before exceptional items		(484,186)	(352,816)
Exceptional items	2	(11,787)	–
		(495,973)	(352,816)
Interest payable and similar charges		(221,522)	(1)
Loss on ordinary activities before taxation		(717,495)	(352,817)
Tax on loss on ordinary activities		–	–
Loss for the financial year		(717,495)	(352,817)
Balance brought forward		(352,817)	–
Balance carried forward		(1,070,312)	(352,817)

The notes on pages 9 to 12 form part of these financial statements.

Balance sheet
as at 31st March 2014

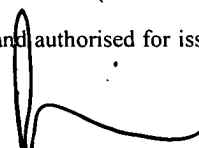
	Note	2014 £	2013 £
Fixed assets			
Tangible assets	3	<u>6,118,017</u>	<u>2,962,658</u>
Current assets			
Stocks		1,250	—
Debtors	4	223,689	58,788
Cash at bank and in hand		<u>234,318</u>	<u>194,501</u>
		459,257	253,289
Creditors: Amounts falling due within one year	5	<u>820,639</u>	<u>1,057,315</u>
Net current liabilities		<u>(361,382)</u>	<u>(804,026)</u>
Total assets less current liabilities		<u>5,756,635</u>	<u>2,158,632</u>
Creditors: Amounts falling due after more than one year	6	<u>5,216,235</u>	<u>953,237</u>
		<u>540,400</u>	<u>1,205,395</u>
Capital and reserves			
Called-up equity share capital	9	1,364,712	1,312,212
Share premium account	10	246,000	246,000
Profit and loss account		<u>(1,070,312)</u>	<u>(352,817)</u>
Shareholders' funds		<u>540,400</u>	<u>1,205,395</u>

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

These financial statements were approved by the directors and authorised for issue on 19th December 2014, and are signed on their behalf by:



Mr G S Lee



Ms R R Nevins

Company Registration Number: 08072432

The notes on pages 9 to 12 form part of these financial statements.

Notes to the financial statements for the year ended 31st March 2014

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Directors are required to make an assessment of whether the company is a going concern when preparing annual financial statements. The company has prepared forecasts for the period to 31 March 2016 and subjected these to reasonable sensitivities. The forecasts indicated that the cash flows generated from the company's business activities together with the current level of bank and other funding available will be sufficient to meet the company's requirements and to enable the company to pay its liabilities as they fall due for the foreseeable future. Based on these forecasts the directors consider that the going concern basis of accounting is appropriate to the company.

Turnover

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

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Freehold Property	-	2% Straight Line
Fixtures & Fittings	-	20% Straight Line

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Notes to the financial statements

for the year ended 31st March 2014

2. Operating loss

Operating loss is stated after charging:

	Year to 31 Mar 14 £	Period from 17 May 12 to 31 Mar 13 £
Directors' remuneration	137,750	11,405
Depreciation of owned fixed assets	55,029	–
Depreciation of assets held under hire purchase agreements	3,360	–
Exceptional item - company set up costs	<u>11,787</u>	<u>–</u>

3. Tangible fixed assets

	Freehold Property £	Fixtures & Fittings £	Total £
Cost			
At 1st April 2013	2,962,658	–	2,962,658
Additions	2,733,047	480,701	3,213,748
At 31st March 2014	<u>5,695,705</u>	<u>480,701</u>	<u>6,176,406</u>
Depreciation			
Charge for the year	23,732	34,657	58,389
At 31st March 2014	<u>23,732</u>	<u>34,657</u>	<u>58,389</u>
Net book value			
At 31st March 2014	<u>5,671,973</u>	<u>446,044</u>	<u>6,118,017</u>
At 31st March 2013	<u>2,962,658</u>	<u>–</u>	<u>2,962,658</u>

Hire purchase agreements

Included within the net book value of £6,118,017 is £77,806 (2013 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £3,360 (2013 - £Nil).

4. Debtors

	2014 £	2013 £
Trade debtors	154,539	–
Other debtors	69,150	58,788
	<u>223,689</u>	<u>58,788</u>

Notes to the financial statements

for the year ended 31st March 2014

5. Creditors: Amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	298,188	397,880
Trade creditors	57,339	589,068
Other taxation and social security	15,831	–
Hire purchase agreements	22,903	–
Other creditors	426,378	70,367
	<u>820,639</u>	<u>1,057,315</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2014 £	2013 £
Bank loans and overdrafts	298,188	397,880
Hire purchase agreements	22,903	–
	<u>321,091</u>	<u>397,880</u>

6. Creditors: Amounts falling due after more than one year

	2014 £	2013 £
Bank loans	4,119,868	–
Hire purchase agreements	43,630	–
Other creditors	1,052,737	953,237
	<u>5,216,235</u>	<u>953,237</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2014 £	2013 £
Bank loans	4,119,868	–
Other creditors	1,052,737	953,237
Hire purchase agreements	43,630	–
	<u>5,216,235</u>	<u>953,237</u>

7. Contingencies

A claim has been lodged by the local authority in respect of the development at Seacroft. The claim calls for contributions towards a section 106 agreement totalling £32,836. The Company has consulted with its professional advisors and does not believe that any liability is due and accordingly no provision has been made in the financial statements.

Notes to the financial statements

for the year ended 31st March 2014

8. Related party transactions

The company was under the control of Mr G Lee throughout the current period. Mr G Lee is the managing director and largest shareholder.

The Business Growth Fund

As part of the investment in the company during the prior year the Business Growth Fund acquired shares in the business and also provided loans amounting to £875,000. The loans are subject to interest at a rate of 10% and 12% per annum; £99,500 (2013 £78,237) was charged in the period and £177,737 (2013 £78,237) interest is included in creditors at the year end. No loan repayments are due to be made until 2015.

Springfield Home Care Services Limited

Springfield Home Care Services Limited is a company in which Mr G S Lee and the Business Growth Fund hold an interest. At the year end a balance was owed by the company to Springfield Home Care Services Limited amounting to £215,183 (2013 £52,650) which is included in other creditors. This balance is currently interest free and repayable on demand.

9. Share capital

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Preferred A Ordinary shares of £1 each	164,000	164,000	164,000	164,000
Ordinary B shares of £1 each	371,788	371,788	190,000	190,000
Ordinary B1 shares of £1 each	828,924	828,924	958,212	958,212
	<u>1,364,712</u>	<u>1,364,712</u>	<u>1,312,212</u>	<u>1,312,212</u>

On 25 April 2013 52,500 B1 £1 Ordinary Shares were issued in the year by the company at par.

On 31 January 2014 181,788 B1 £1 Ordinary shares were re-designated to B £1 Ordinary Shares.

In the prior year 74 £1 B1 Ordinary shares were issued by the company at par on incorporation. Also in the prior year further shares were issued and new share classes were created with an additional 189,974 B £1 Ordinary shares, 958,138 B1 £1 Ordinary shares and 164,000 Preferred A Ordinary shares being issued. The B and B1 Ordinary shares were issued at par and the Preferred A Ordinary shares were issued for consideration of £2.50 per share.

An amount of £43,876 of cumulative dividend is owing to the shareholders of the Preferred A Ordinary Shares in priority to any other future dividends.

10. Share premium account

	Year to 31 Mar 14 £	Period from 17 May 12 to 31 Mar 13 £
Balance brought forward	246,000	—
Premium on shares issued in the year	—	246,000
Balance carried forward	<u>246,000</u>	<u>246,000</u>

In the prior year 164,000 Preferred A £1 Ordinary shares were issued for consideration of £2.50 per share giving rise to a share premium balance of £246,000.