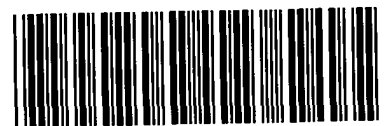


Registration number: 00440392

CHERITON NURSING HOME LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014

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CHERITON NURSING HOME LIMITED
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CHERITON NURSING HOME LIMITED
COMPANY INFORMATION

Directors	R G Flexer M K Flexer
Registered office	Cleeve Hill Healthcare Limited Cleeve Hill Nursing Home Cleeve Hill Cheltenham GL52 3PW
Solicitors	Charles Russell Speechlys LLP Compass House Lypiatt Road Cheltenham GL50 2QJ
Bankers	Barclays Bank PLC PO Box 299 Birmingham B1 3PF
Auditors	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

**CHERITON NURSING HOME LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JULY 2014**

The directors present their report and the financial statements for the year ended 31 July 2014.

Principal activity

The principal activity of the company is the provision of a nursing home for the elderly.

Directors of the company

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

R G Flexer

M K Flexer

Future developments

The external environment is expected to remain competitive going forward, however, the directors are confident that the company will improve its current level of performance in the future.

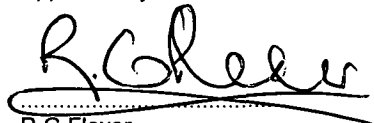
Disclosure of information to the auditor

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware of.

Reappointment of auditors

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 20.03.2015 and signed on its behalf by:



R G Flexer
Director

CHERITON NURSING HOME LIMITED
STRATEGIC REPORT FOR THE YEAR ENDED 31 JULY 2014

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

Business review

Fair review of the business

The results for the year which are set out in the profit and loss account, show an operating profit of £67,029 (2013: £184,915). At 31 July 2014, the company had net assets of £1,674,455 (2013: £355,678).

Given the nature of the business, the company's directors are of the opinion that key performance indicators are important. The company uses a number of indicators to monitor and improve development, performance or the position of the business. Indicators are reviewed and altered to meet changes both in the internal and external environments. The directors do not consider the inclusion of an analysis using key performance indicators to be necessary to assist users of the financial statements in their understanding of the financial performance or position of the company.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to the continued provision of adequate government funding and the ongoing compliance with current and future legislation affecting the sector.

Financial instruments

Objectives and policies

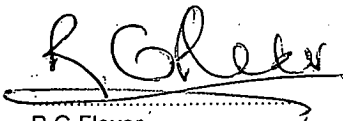
The company is exposed to the usual credit and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that price and liquidity risks are minimised by the predetermination of the company's funding facilities and terms. The board monitors the company's trading results with a view to ensuring that the company can meet its future obligations as they fall due.

Price risk, credit risk, liquidity risk and cash flow risk

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The company has sufficient financial resources available and continues to trade profitably generating cash. The directors have considered the likely future performance of the business and expect that these trends will continue. The directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

Approved by the Board on 20 March 2015 and signed on its behalf by:



R G Flexer
Director

CHERITON NURSING HOME LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHERITON NURSING HOME LIMITED**

We have audited the financial statements of Cheriton Nursing Home Limited for the year ended 31 July 2014, set out on pages 7 to 17. 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 Statement of Directors' Responsibilities (set out on page 4), 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Strategic 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.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2014 and of its loss 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 and Strategic 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
CHERITON NURSING HOME 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, 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.


.....
Andrew Brookes (Senior Statutory Auditor)
For and on behalf of Hazlewoods LLP, Statutory Auditors

Windsor House
Bayshill Road
Cheltenham
GL50 3AT

Date: 23 March 2015

CHERITON NURSING HOME LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2014

	Note	2014 £	2013 £
Turnover	2	1,450,643	1,355,251
Cost of sales		<u>(956,246)</u>	<u>(756,795)</u>
Gross profit		494,397	598,456
Administrative expenses		<u>(424,036)</u>	<u>(413,541)</u>
Operating profit before exceptional items	3	70,361	184,915
Exceptional items	4	<u>(3,332)</u>	-
Operating Profit		67,029	184,915
Interest payable and similar charges	6	<u>(71,142)</u>	<u>(181,430)</u>
(Loss)/profit on ordinary activities before taxation		(4,113)	3,485
Tax on (loss)/profit on ordinary activities	7	<u>(607)</u>	5,915
(Loss)/profit for the financial year	14	<u><u>(4,720)</u></u>	<u><u>9,400</u></u>

Turnover and operating profit derive wholly from continuing operations.

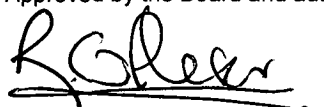
CHERITON NURSING HOME LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2014

	Note	2014 £	2013 £
(Loss)/profit for the financial year		(4,720)	9,400
Unrealised surplus on revaluation of properties	14	<u>1,323,497</u>	<u>-</u>
Total recognised gains and losses relating to the year		<u><u>1,318,777</u></u>	<u><u>9,400</u></u>

CHERITON NURSING HOME LIMITED
(REGISTRATION NUMBER: 00440392)
BALANCE SHEET
AS AT 31 JULY 2014

	Note	2014 £	2013 £
Fixed assets			
Tangible fixed assets	8	<u>3,163,465</u>	<u>1,677,065</u>
Current assets			
Debtors	9	2,379,808	2,044,414
Cash at bank and in hand		<u>8,859</u>	<u>108</u>
		2,388,667	2,044,522
Creditors: Amounts falling due within one year	10	<u>(731,337)</u>	<u>(814,282)</u>
Net current assets		<u>1,657,330</u>	<u>1,230,240</u>
Total assets less current liabilities		<u>4,820,795</u>	<u>2,907,305</u>
Creditors: Amounts falling due after more than one year	11	(3,113,656)	(2,519,550)
Provisions for liabilities	12	<u>(32,684)</u>	<u>(32,077)</u>
Net assets		<u><u>1,674,455</u></u>	<u><u>355,678</u></u>
Capital and reserves			
Called up share capital	13	9,992	9,992
Share premium account	14	17,705	17,705
Revaluation reserve	14	1,806,524	483,027
Profit and loss account	14	<u>(159,766)</u>	<u>(155,046)</u>
Shareholders' funds	15	<u><u>1,674,455</u></u>	<u><u>355,678</u></u>

Approved by the Board and authorised for issue on ~~2008~~ 2015 and signed on its behalf by:



R G Flexer
 Director

CHERITON NURSING HOME LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014

1 Accounting policies

Basis of preparation

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.

The company is exempt from preparing a cash flow statement as 90% or more of the voting rights are held within the group.

Turnover

Turnover represents amounts receivable during the period for the provision of care and accommodation. Where the amount received relates to a period which covers the balance sheet date, the amount is apportioned over the period to which it relates.

Tangible fixed assets and depreciation

Tangible fixed assets other than freehold are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Asset class	Depreciation method and rate
Freehold land and buildings	1% on cost
Plant and machinery	20% reducing balance

Freehold land is not depreciated.

Deferred tax

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by FRS19.

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted at the balance sheet date.

Hire purchase and leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the term of the lease.

Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

CHERITON NURSING HOME LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

Operating profit is stated after charging:

	2014	2013
	£	£
Operating leases - plant and machinery	909	1,984
Auditor's remuneration - The audit of the company's annual accounts	4,500	4,500
Depreciation	50,806	49,970
	<u>50,806</u>	<u>49,970</u>

4 Exceptional items

	2014	2013
	£	£
Exceptional administrative expenses	<u>3,332</u>	<u>-</u>

5 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2014	2013
	No.	No.
Administration	5	5
Provision of care	46	44
	<u>51</u>	<u>49</u>

The aggregate payroll costs were as follows:

	2014	2013
	£	£
Wages and salaries	916,382	765,115
Social security costs	58,867	50,981
	<u>975,249</u>	<u>816,096</u>

CHERITON NURSING HOME LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014

6 Interest payable and similar charges

	2014	2013
	£	£
Interest on bank borrowings	68,098	77,430
Finance charges	3,044	104,000
	<u>71,142</u>	<u>181,430</u>

7 Taxation

Tax on (loss)/profit on ordinary activities

	2014	2013
	£	£
Deferred tax		
Origination and reversal of timing differences	<u>607</u>	<u>(5,915)</u>

Factors affecting current tax charge for the year

Tax on (loss)/profit on ordinary activities for the year is higher than (2013 - lower than) the standard rate of corporation tax in the UK of 22.33% (2013 - 23.67%).

The differences are reconciled below:

	2014	2013
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(4,113)</u>	<u>3,485</u>
Corporation tax at standard rate	(918)	825
Capital allowances in excess of depreciation	(4,234)	(972)
Expenses not deductible for tax purposes	116	191
Tax losses available to carry forward against future trading profits	5,036	-
Group relief	-	(44)
Total current tax	<u>-</u>	<u>-</u>

CHERITON NURSING HOME LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014

8 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Total £
Cost or valuation			
At 1 August 2013	1,826,807	655,482	2,482,289
Revaluation	994,458	-	994,458
Additions	78,735	134,975	213,710
At 31 July 2014	<u>2,900,000</u>	<u>790,457</u>	<u>3,690,457</u>
Depreciation			
At 1 August 2013	329,038	476,186	805,224
Charge for the year	-	50,806	50,806
Eliminated on revaluation	(329,038)	-	(329,038)
At 31 July 2014	<u>-</u>	<u>526,992</u>	<u>526,992</u>
Net book value			
At 31 July 2014	<u>2,900,000</u>	<u>263,465</u>	<u>3,163,465</u>
At 31 July 2013	<u>1,497,769</u>	<u>179,296</u>	<u>1,677,065</u>

Revaluations

The freehold land and buildings were valued at £2,900,000 in July 2014 by a member of the Royal Institute of Chartered Surveyors (RICS) who is external to the company. The basis of the valuation was open market value for existing use.

The historical cost of freehold land and buildings is £1,062,838 (2013 - £984,103). The depreciation on this historical cost is £175,964 (2013 - £165,336).

Freehold land and buildings include land of £580,000 (2013 - £168,000) which is not subject to depreciation.

Leased assets

Included within the net book value of tangible fixed assets is £62,975 (2013 - £nil) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £874 (2013 - £nil).

CHERITON NURSING HOME LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014

9 Debtors

	2014 £	2013 £
Trade debtors	69,105	46,333
Amounts owed by group undertakings	1,879,185	1,879,185
Other debtors	425,490	17,677
Prepayments and accrued income	6,028	101,219
	<u>2,379,808</u>	<u>2,044,414</u>

Amounts owed by group undertakings are considered due in more than one year and other debtors includes £421,523 due from a related party, which is also considered due after more than one year.

10 Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	48,488	29,482
Bank loans and overdrafts	480,093	26,916
Obligations under finance lease and hire purchase contracts	17,235	-
Amounts owed to group undertakings	-	646,788
Other taxes and social security	56,837	36,596
Other creditors	-	694
Accruals and deferred income	128,684	73,806
	<u>731,337</u>	<u>814,282</u>

Details of debt including security are disclosed in note 11 to the financial statements.

CHERITON NURSING HOME LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 JULY 2014

11 Creditors: Amounts falling due after more than one year

	2014 £	2013 £
Bank loans	2,439,754	2,519,550
Obligations under finance lease and hire purchase contracts	44,166	-
Amounts owed to group undertakings	604,200	-
Other creditors	25,536	-
	<u>3,113,656</u>	<u>2,519,550</u>

The bank loan is secured by legal charges over the freehold property owned by the group, debentures over the assets and undertakings of the group and a composite guarantee.

The bank loan is repayable in 15 quarterly instalments, the amount of which has been agreed with the bank as a lump sum. The final repayment date is 30 June 2018. Interest is levied at a rate of 2.15% over LIBOR per annum, subject to the group's compliance with banking covenants.

12 Provisions

	Deferred tax £
At 1 August 2013	32,077
Charged to the profit and loss account	<u>607</u>
At 31 July 2014	<u>32,684</u>

Analysis of deferred tax

	2014 £	2013 £
Difference between accumulated depreciation and amortisation and capital allowances	43,923	32,077
Tax losses available	<u>(11,239)</u>	<u>-</u>
	<u>32,684</u>	<u>32,077</u>

13 Share capital

Allotted, called up and fully paid shares

	2014		2013	
	No.	£	No.	£
Ordinary shares of £1 each	<u>9,992</u>	<u>9,992</u>	<u>9,992</u>	<u>9,992</u>

CHERITON NURSING HOME LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014

14 Reserves

	Share premium account £	Revaluation reserve £	Profit and loss account £	Total £
At 1 August 2013	17,705	483,027	(155,046)	345,686
Loss for the year	-	-	(4,720)	(4,720)
Surplus on property revaluation	-	1,323,497	-	1,323,497
At 31 July 2014	<u>17,705</u>	<u>1,806,524</u>	<u>(159,766)</u>	<u>1,664,463</u>

15 Reconciliation of movement in shareholders' funds

	2014 £	2013 £
(Loss)/profit attributable to the members of the company	(4,720)	9,400
Other recognised gains and losses relating to the year	1,323,497	-
Net addition to shareholders' funds	<u>1,318,777</u>	<u>9,400</u>
Shareholders' funds at 1 August	<u>355,678</u>	<u>346,278</u>
Shareholders' funds at 31 July	<u>1,674,455</u>	<u>355,678</u>

16 Contingent liabilities

The company is bound by an unlimited multilateral cross guarantee with its fellow group undertakings, together with Cleavelink Limited, a company under common control, in respect of bank borrowings. The maximum amount for which the company would become liable at 31 July 2014 as a result of these arrangements was £7,421,420 (2013: £7,321,780).

17 Commitments

Operating lease commitments

As at 31 July 2014 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2014 £	2013 £
Land and buildings		
Within one year	<u>3,220</u>	<u>-</u>
Other		
Within two and five years	<u>-</u>	<u>1,318</u>

CHERITON NURSING HOME LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2014

18 Related party transactions

Other related party transactions

During the year the company made the following related party transactions:

At 31 July 2014 the company was owed £421,523 (2013: £19,412) by Cleevelink Limited, a company controlled by the directors. The loan is interest free and due after more than one year. During the year management charges of £nil (2013: £3,213) were received from Cleevelink Limited.

At 31 July 2014 the company owed £8,652 (2013: £1,202) to Belena Care Limited, a company controlled by the directors.

At 31 July 2014 the company owed £1,064 (2013: £1,064) to Elate Training Limited (formerly Belena Training Limited), a company controlled by the directors.

At 31 July 2014 the company owed £15,820 (2013: £nil) to RR Facilities Management Limited, a company controlled by the directors. During the year, RR Facilities Management Limited provided routine maintenance services at a cost of £14,312.

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

19 Control

The company is controlled by its immediate parent company Specialcorp Limited, a company registered in England and Wales. The ultimate parent company is Cleeve Hill Healthcare Limited, a company registered in England and Wales and controlled by R Flexer and M Flexer, who are also the directors of Cheriton Nursing Home Limited. The consolidated financial statements of Cleeve Hill Healthcare Limited can be obtained from its registered office.