

Registered number: 03291503

Ethelbert Specialist Homes Limited

Directors' report and financial statements

For the year ended 31 March 2014

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Ethelbert Specialist Homes Limited

Company Information

Directors	Bernie Davenport Leslie Davenport Lee Davenport Andrew Marshall Lawrence Best Stewart Mars
Company secretary	Bernie Davenport
Registered number	03291503
Registered office	Cheesemans Farmhouse Alland Grange Lane Ramsgate Kent CT12 5BZ
Independent auditors	Reeves & Co LLP Statutory Auditor & Chartered Accountants 37 St Margaret's Street Canterbury Kent CT1 2TU
Bankers	Barclays Bank Plc 9 St George's Street Canterbury Kent CT1 2JX
Solicitors	Parry Law 12/14 Oxford Street Whitstable Kent CT5 1DE

Ethelbert Specialist Homes Limited

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Ethelbert Specialist Homes Limited

Strategic report For the year ended 31 March 2014

The directors of Ethelbert Specialist Homes Limited present their strategic report for the year ended 31 March 2014.

Business review

Trading for this year shows an increase in turnover, however a slight decrease in overall profits.

Over this period and as reported in previous years public spending continues to be cut at unprecedented levels and this is affecting the ability of local authorities to meet any proposed increases in fees for our services bought about by general cost of living and related expenses. Local authorities are continuing to put their residential and fostering requirements out to competitive tender and the company has been successful in achieving the top tiers in the majority of applications.

In respect of expenditure there has been a continuation of the strategies deployed in previous years in relation to on-going efficiency and streamlined management targets coupled with prudent financial planning and system changes across all areas of the operation. These factors have resulted in the profits shown which are necessary to ensure stability and confidence in our services for local authorities who are placing children with care plans based on an expectation for stable and continuous care and education provision for many into adulthood.

Principal risks and uncertainties

The main business risk concerns the increasing pressures placed by financial constraints and the ongoing drive to reduce prices by local authorities. Whilst we fully support any strategy to improve the quality of care and general standards across children's services there is a need for proper financial investment to achieve this. Current financial restraints restrict this and with changes introduced to the inspection and grading systems by Ofsted greater emphasis is being placed on the outcome awarded. The company continue to receive excellent outcomes across all its services but the ability to maintain these standards with reduced investment is becoming increasingly problematic.

Financial key performance indicators

The key performance indicator used by the Board to assess the performance of the company is occupancy, as with a relatively stable cost base it is occupancy which drives the company's income and profitability as shown by the profit and loss account on page 8.

Other key performance indicators

The company sets itself Key Performance Indicators that are in line with the National Residential & Fostering Framework Contracts and the guidelines and parameters contained within 'Every Child Matters'. These demonstrate the company's commitment to work in partnership with placing authorities with a robust focus on achieving positive outcomes for the child in the following key areas:

- 1 Being Healthy
- 2 Staying safe
- 3 Enjoy and achieving
- 4 Making a positive contribution
- 5 Achieving economic wellbeing

We continue to work with placing authorities, national representative organisations and our governing body, Ofsted, to self-evaluate our performance and to ensure that the service we provide are developing and meeting the needs of the children placed.

Over the course of this year the company has further built on the outcomes achieved and has received its best ever outcomes from statutory Ofsted inspections with all homes, schools and fostering agency achieving a good or outstanding level.

Ethelbert Specialist Homes Limited

Strategic report (continued)
For the year ended 31 March 2014

Future Developments

The company is reviewing the further expansion of its fostering service into wider areas of Kent and London following the appointment of a new management team within this department. The residential services are in the process of adapting their service provision to provide greater specialisation in key areas.

This report was approved by the board on 4 December 2014 and signed on its behalf.

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

Bernie Davenport
Director

Ethelbert Specialist Homes Limited

Directors' report

For the year ended 31 March 2014

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

Principal activities

The company's principal activity during the year continued to be that of providers of quality childcare and education.

Results and dividends

The profit for the year, after taxation, amounted to £192,913 (2013 - £207,007).

The directors having paid an interim dividend totalling of £1 per ordinary share totalling £100,000, and do not recommend a further dividend on ordinary shares.

The directors having paid preference share dividends of £11,000 on 5.5% preference shares and £126,000 on 6% preference shares do not recommend a further dividend on preference shares.

Directors

The directors who served during the year were:

Bernie Davenport
Leslie Davenport
Lee Davenport
Andrew Marshall
Lawrence Best
Stewart Mars

Financial instruments

The company's principal financial instruments comprise of bank balances, bank loans, trade creditors, trade debtors, finance leases and long term preference shares. The main purpose of these instruments is to raise funds for and finance the company's operations. Due to the nature of the financial instruments used by the company there is minimal exposure to price risk.

In respect of bank balances the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility.

In respect of loans these comprise loans from the directors and loans from financial institutions. The interest rate on the loans from financial institutions is variable but the monthly repayments are fixed. The company manages the liquidity risk by ensuring there are sufficient funds to meet the payments. The loans from the directors are interest free and payable on demand. The directors are aware of the company's financial requirements and have determined that these will only be repaid, in whole or in part, when finance is available.

The company has preference share capital which is treated as debt in accordance with United Kingdom Generally Accepted Accounting Practice due to the obligation on the company to meet future dividend payments. The liquidity risk in respect of these is managed in the same way as loans above.

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

Ethelbert Specialist Homes Limited

**Directors' report
For the year ended 31 March 2014**

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'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's auditors are aware of that information.

Auditors

Under section 487 of the Companies Act 2006, Reeves & Co LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 4 December 2014 and signed on its behalf.



Bernie Davenport
Secretary

Ethelbert Specialist Homes Limited

Directors' responsibilities statement For the year ended 31 March 2014

The directors are responsible for preparing the 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 profit or loss of the company 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 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 auditors' report to the shareholders of Ethelbert Specialist Homes Limited

We have audited the financial statements of Ethelbert Specialist Homes Limited for the year ended 31 March 2014, set out on pages 8 to 21. 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 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 strategic report and the directors' 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 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 March 2014 and of its 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Ethelbert Specialist Homes Limited

Independent auditors' report to the shareholders of Ethelbert Specialist 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, 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.



Nigel Fright FCCA (senior statutory auditor)
for and on behalf of
Reeves & Co LLP
Statutory Auditor
Chartered Accountants
Canterbury

5 December 2014

Ethelbert Specialist Homes Limited

Profit and loss account **For the year ended 31 March 2014**

	Note	2014 £	2013 £
Turnover	1,2	9,684,510	9,578,943
Cost of sales		(7,646,303)	(7,619,180)
Gross profit		2,038,207	1,959,763
Administrative expenses		(1,552,727)	(1,453,572)
Operating profit	3	485,480	506,191
Interest receivable and similar income		4,253	1,463
Interest payable and similar charges	6	(188,316)	(187,342)
Profit on ordinary activities before taxation		301,417	320,312
Tax on profit on ordinary activities	7	(108,504)	(113,305)
Profit for the financial year	15	192,913	207,007

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 11 to 21 form part of these financial statements.

Ethelbert Specialist Homes Limited
Registered number: 03291503


Balance sheet
As at 31 March 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Intangible assets	8		-		-
Tangible assets	9		4,484,601		4,362,391
			<u>4,484,601</u>		<u>4,362,391</u>
Current assets					
Debtors	10	380,012		554,460	
Cash at bank and in hand		1,359,276		849,254	
		<u>1,739,288</u>		<u>1,403,714</u>	
Creditors: amounts falling due within one year	11	(1,183,911)		(1,100,180)	
Net current assets			<u>555,377</u>		<u>303,534</u>
Total assets less current liabilities			<u>5,039,978</u>		<u>4,665,925</u>
Creditors: amounts falling due after more than one year	12		(3,037,743)		(2,759,840)
Provisions for liabilities					
Deferred tax	13		(16,965)		(13,728)
Net assets			<u>1,985,270</u>		<u>1,892,357</u>
Capital and reserves					
Called up share capital	14		100,000		100,000
Profit and loss account	15		1,885,270		1,792,357
Shareholders' funds	16		<u>1,985,270</u>		<u>1,892,357</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 4 December 2014.



Leslie Davenport
Director



Andrew Marshall
Director

The notes on pages 11 to 21 form part of these financial statements.

Ethelbert Specialist Homes Limited

Cash flow statement **For the year ended 31 March 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	18	846,369	536,516
Returns on investments and servicing of finance	19	(184,063)	(185,879)
Taxation		(120,945)	(127,931)
Capital expenditure and financial investment	19	(232,559)	(42,178)
Equity dividends paid		(100,000)	(100,000)
Cash inflow before financing		208,802	80,528
Financing	19	301,220	(126,628)
Increase/(Decrease) in cash in the year		510,022	(46,100)

Reconciliation of net cash flow to movement in net funds/debt **For the year ended 31 March 2014**

	2014 £	2013 £
Increase/(Decrease) in cash in the year	510,022	(46,100)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(301,220)	126,628
Change in net debt resulting from cash flows	208,802	80,528
New finance lease	(18,219)	-
Movement in net debt in the year	190,583	80,528
Net debt at 1 April 2013	(2,030,079)	(2,110,607)
Net debt at 31 March 2014	(1,839,496)	(2,030,079)

The notes on pages 11 to 21 form part of these financial statements.

**Notes to the financial statements
For the year ended 31 March 2014**

1. Accounting policies

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Turnover represents revenue due from the normal activities of the business to the extent that the seller obtains a right to consideration in exchange for its performance of these activities, exclusive of VAT.

The revenue recognised is measured by reference to the amounts likely to be chargeable, less a suitable allowance to recognise the uncertainties remaining in the completion of the obligations. Contingent income is recognised only when the contingent element is assured.

1.3 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.

1.4 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 buildings	-	2% straight line
Motor vehicles	-	25% reducing balance
Fixtures and fittings	-	15% reducing balance
Computer equipment	-	25% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

1.5 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.

1.6 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.

Ethelbert Specialist Homes Limited

Notes to the financial statements For the year ended 31 March 2014

1. Accounting policies (continued)

1.7 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.

1.8 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

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	114,404	111,185
- held under finance leases	4,555	3,421
Auditors' remuneration	9,350	9,000
Operating lease rentals:		
- other operating leases	64,235	61,164
Loss on the disposal of tangible fixed assets	9,609	6,417
	<u>198,153</u>	<u>191,187</u>

4. Staff costs

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

	2014 £	2013 £
Wages and salaries	4,852,759	4,723,843
Social security costs	465,663	462,583
Other pension costs	76,051	68,366
	<u>5,394,473</u>	<u>5,254,792</u>

Ethelbert Specialist Homes Limited

Notes to the financial statements For the year ended 31 March 2014

4. Staff costs (continued)

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

	2014 No.	2013 No.
Management	28	26
Administration	27	24
Maintenance	17	19
Residential social workers	106	115
Education	34	35
	<u>212</u>	<u>219</u>

5. Directors' remuneration

	2014 £	2013 £
Remuneration	<u>457,224</u>	<u>459,566</u>
Company pension contributions to defined contribution pension schemes	<u>17,495</u>	<u>13,527</u>

During the year retirement benefits were accruing to 4 directors (2013 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £111,933 (2013 - £116,180).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,170 (2013 - £6,170).

6. Interest payable

	2014 £	2013 £
On bank loans and overdrafts	46,359	48,013
On finance leases and hire purchase contracts	4,957	2,329
Dividends paid on shares classed as debt	137,000	137,000
	<u>188,316</u>	<u>187,342</u>

Ethelbert Specialist Homes Limited

Notes to the financial statements For the year ended 31 March 2014

7. Taxation

	2014 £	2013 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	105,270	120,948
Adjustments in respect of prior periods	(3)	-
Total current tax	<u>105,267</u>	<u>120,948</u>
Deferred tax		
Origination and reversal of timing differences	4,431	(6,752)
Effect of decreased tax rate on opening liability	(1,194)	(891)
Total deferred tax (see note 13)	<u>3,237</u>	<u>(7,643)</u>
Tax on profit on ordinary activities	<u><u>108,504</u></u>	<u><u>113,305</u></u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>301,417</u>	<u>320,312</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%)	69,326	76,875
Effects of:		
Expenses not deductible for tax purposes	31,510	32,880
Depreciation for year in excess of capital allowances	12,004	20,755
Adjustments to tax charge in respect of prior periods	(3)	-
Marginal relief	(7,570)	(9,562)
Current tax charge for the year (see note above)	<u><u>105,267</u></u>	<u><u>120,948</u></u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Ethelbert Specialist Homes Limited

Notes to the financial statements For the year ended 31 March 2014

8. Intangible fixed assets

	Goodwill £
Cost	
At 1 April 2013 and 31 March 2014	650,000
Amortisation	
At 1 April 2013 and 31 March 2014	650,000
Net book value	
At 31 March 2014	-
At 31 March 2013	-

9. Tangible fixed assets

	Land and Buildings £	Motor vehicles £	Furniture, Fittings and Equipment £	Total £
Cost				
At 1 April 2013	4,736,124	235,101	191,173	5,162,398
Additions	169,599	34,104	55,515	259,218
Disposals	-	(68,728)	-	(68,728)
At 31 March 2014	4,905,723	200,477	246,688	5,352,888
Depreciation				
At 1 April 2013	511,868	151,115	137,024	800,007
Charge for the year	69,981	25,010	23,968	118,959
On disposals	-	(50,679)	-	(50,679)
At 31 March 2014	581,849	125,446	160,992	868,287
Net book value				
At 31 March 2014	4,323,874	75,031	85,696	4,484,601
At 31 March 2013	4,224,256	83,986	54,149	4,362,391

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

	2014 £	2013 £
Motor vehicles	13,665	10,264

Included in land and buildings is freehold land at cost of £1,390,548 which is not depreciated.

Ethelbert Specialist Homes Limited

Notes to the financial statements For the year ended 31 March 2014

10. Debtors

	2014 £	2013 £
Trade debtors	269,148	487,397
Other debtors	63,121	67,063
Prepayments and accrued income	47,743	-
	<u>380,012</u>	<u>554,460</u>

11. Creditors: Amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	159,556	116,887
Net obligations under finance leases and hire purchase contracts	1,474	2,606
Trade creditors	183,213	127,594
Corporation tax	105,270	120,948
Other taxation and social security	188,979	198,863
Other creditors	391,314	380,155
Accruals and deferred income	154,105	153,127
	<u>1,183,911</u>	<u>1,100,180</u>

The bank overdraft and loans are secured by a fixed and floating charge over the assets of the company.

Included within other creditors is a loan from Mrs B Davenport, a director of the company, in the sum of £53,753 (2013 - £30,733), which is interest free and repayable on demand.

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

	2014 £	2013 £
Bank loans	724,421	458,688
Net obligations under finance leases and hire purchase contracts	13,322	1,152
Share capital treated as debt (Note 14)	2,300,000	2,300,000
	<u>3,037,743</u>	<u>2,759,840</u>

Disclosure of the principal terms and conditions attached to the non-equity shares is made in note 14.

Ethelbert Specialist Homes Limited

Notes to the financial statements **For the year ended 31 March 2014**

12. Creditors: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

	2014 £	2013 £
Repayable by instalments	245,656	105,511
Preference shares (see note 14)	2,300,000	2,300,000
	<u>2,545,656</u>	<u>2,405,511</u>

The above amounts relate to bank loans which are secured by a fixed and floating charge over the assets of the company. The bank loans are repayable within 10-15 years at variable rates of interest.

These bank loans totalling £883,977, (2013 - £575,575) are secured against the following properties of the company: '9 Princes Gardens', Cliftonville, Margate; '10 Millfield', Folkestone; 'Harold House', Harold Road, Cliftonville, Margate; '9 Cowper Road', Deal; 'Park View', Knee Hill, London; 'Cleve Farm House' Cleve Hill, Faversham.

There is also a debenture secured over all of the land and buildings owned by the company.

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

	2014 £	2013 £
Between one and five years	<u>13,322</u>	<u>1,152</u>

13. Deferred taxation

	2014 £	2013 £
At beginning of year	13,728	21,371
Charge for/(released during) year	3,237	(7,643)
At end of year	<u>16,965</u>	<u>13,728</u>

The provision for deferred taxation is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	<u>16,965</u>	<u>13,728</u>

Ethelbert Specialist Homes Limited

Notes to the financial statements For the year ended 31 March 2014

14. Share capital

	2014 £	2013 £
Shares classified as capital		
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Shares classified as debt		
Allotted, called up and fully paid		
200,000 5.5% cumulative preference shares of £1 each	200,000	200,000
2,100,000 6% cumulative preference shares of £1 each	<u>2,100,000</u>	<u>2,100,000</u>
	<u>2,300,000</u>	<u>2,300,000</u>

The preference shares carry no voting rights and have no set redemption date and upon winding up of the company are not entitled to any premium.

15. Reserves

	Profit and loss account £
At 1 April 2013	1,792,357
Profit for the financial year	192,913
Dividends: Equity capital	<u>(100,000)</u>
At 31 March 2014	<u>1,885,270</u>

16. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	1,892,357	1,785,350
Profit for the financial year	192,913	207,007
Dividends (Note 17)	<u>(100,000)</u>	<u>(100,000)</u>
Closing shareholders' funds	<u>1,985,270</u>	<u>1,892,357</u>

Ethelbert Specialist Homes Limited

**Notes to the financial statements
For the year ended 31 March 2014**

17. Dividends

	2014 £	2013 £
Dividends paid on equity capital		
Dividends paid on equity capital	<u>100,000</u>	<u>100,000</u>
Dividends paid on shares classed as debt		
Dividends paid on shares classed as debt	<u>137,000</u>	<u>137,000</u>
Total dividends paid	<u>237,000</u>	<u>237,000</u>

18. Net cash flow from operating activities

	2014 £	2013 £
Operating profit	485,480	506,191
Depreciation of tangible fixed assets	118,959	114,606
Loss on disposal of tangible fixed assets	9,609	6,417
Decrease/(increase) in debtors	174,448	(87,823)
Increase/(decrease) in creditors	57,873	(2,875)
Net cash inflow from operating activities	<u>846,369</u>	<u>536,516</u>

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest received	4,253	1,463
Interest paid	(183,359)	(185,013)
Hire purchase interest	(4,957)	(2,329)
Net cash outflow from returns on investments and servicing of finance	<u>(184,063)</u>	<u>(185,879)</u>
	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(240,999)	(50,828)
Sale of tangible fixed assets	8,440	8,650
Net cash outflow from capital expenditure	<u>(232,559)</u>	<u>(42,178)</u>

Ethelbert Specialist Homes Limited

Notes to the financial statements For the year ended 31 March 2014

19. Analysis of cash flows for headings netted in cash flow statement (continued)

	2014 £	2013 £
Financing		
New secured loans	425,053	-
Repayment of loans	(116,651)	(113,701)
Repayment of finance leases	(7,182)	(12,927)
Net cash inflow/(outflow) from financing	<u>301,220</u>	<u>(126,628)</u>

20. Analysis of changes in net debt

	1 April 2013 £	Cash flow £	Other non-cash changes £	31 March 2014 £
Cash at bank and in hand	849,254	510,022	-	1,359,276
Debt:				
Finance leases	(3,758)	7,182	(18,219)	(14,795)
Debts due within one year	(116,887)	(308,402)	265,733	(159,556)
Debts falling due after more than one year	(2,758,688)	-	(265,733)	(3,024,421)
Net debt	<u>(2,030,079)</u>	<u>208,802</u>	<u>(18,219)</u>	<u>(1,839,496)</u>

21. Major non-cash transactions

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the lease of £18,219.

22. Pension commitments

The company contributes towards personal pension schemes for certain employees. The assets of these schemes are held separately from those of the company by independently administered funds. The pension cost charge represent contribution payable by the company to the funds, which amounted to £76,051, (2013 - £68,366).

Ethelbert Specialist Homes Limited

Notes to the financial statements For the year ended 31 March 2014

23. Operating lease commitments

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within 1 year	-	-	2,016	-
Between 2 and 5 years	18,000	-	49,785	36,886
After more than 5 years	13,900	31,900	1,296	-

24. Related party transactions

During the year equity dividends were paid to those shareholders who were also directors of the company, namely Bernie Davenport, Leslie Davenport, Lee Davenport and Andrew Marshall, totalling £57,532 (2013: - £57,532).

At 1 April 2013 Bernie Davenport was owed £30,733 by the company. During the year, in addition to the above dividends, Bernie Davenport also received dividends totaling £126,000 on preference shares. At the year end, Bernie Davenport was owed £53,753 by the company.

The L & B Davenport Trust, which holds 24% of the company's ordinary share capital, received dividends of £24,000 during the year.

25. Controlling party

It is the opinion of the directors that there is no ultimate controlling party.