

Registration number: 03425314

Barchester Assisted Living Properties (Southgate) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015



Barchester Assisted Living Properties (Southgate) Limited

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Barchester Assisted Living Properties (Southgate) Limited

Company Information

Directors	Pete Calveley Mark Hazlewood Ian Portal
Company secretary	Ian Portal
Registered office	Suite 304 Third Floor, Design Centre East Chelsea Harbour London SW10 0XF
Bankers	The Royal Bank of Scotland plc London Corporate Services 2 1/2 Devonshire Square London EC2Y 5AL
Auditor	KPMG LLP 1 St. Peter's Square Manchester M2 3AE

Barchester Assisted Living Properties (Southgate) Limited

Directors' Report for the Year Ended 31 December 2015

The Directors present their report and the financial statements for the year ended 31 December 2015.

Principal activity

The principal activity of Barchester Assisted Living Properties (Southgate) Limited ("the Company") is the sale of sheltered housing to the frail and elderly on long leases. The Company refer to the assets on long leases as Close Care Units (CCU). Care and property services are provided by other companies within the Grove group ("Group").

Business review

The results for the year are set out in the profit and loss account on page 7. The Directors are satisfied with the Company's results.

The Company operates under the Barchester group brand ("Barchester"). Barchester commands a leading position in the UK long term care sector and is the UK's fourth largest provider. The business provides in excess of 13,000 registered beds, spread across its portfolio of over 210 high quality services (including nursing homes and domiciliary care) and 7 hospitals with a national footprint across the UK, the largest proportion located within London and the South East and the remainder evenly spread through the UK. Barchester has a significant number of private pay residents.

The key performance measures that the Board use to monitor Barchester's progress against its objectives are:

- Quality of care, the health and well-being of our residents;
- Occupancy levels;
- Fee levels;
- EBITDA and EBITDA per bed;
- Margin; and
- Staff agency and cost.

Barchester's strategy is one of continued growth through extension of existing facilities, acquisitions of nursing homes of a suitable quality and development of newly built care homes. Barchester is especially focused on the private pay market.

Barchester Assisted Living Properties (Southgate) Limited

Directors' Report for the Year Ended 31 December 2015 (continued)

Directors of the Company

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

Pete Calveley

Mark Hazlewood

Ian Portal - Company secretary and director

Dividends

The Directors recommend no final dividend payment be made in respect of the financial year ended 31 December 2015.

Going concern

The Directors have reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future. The Directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to the auditor

Each Director has taken 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 auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of auditor

The auditor KPMG LLP is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Board on 23 June 2016 and signed on its behalf by:


.....
Ian Portal

Company secretary and Director

Barchester Assisted Living Properties (Southgate) Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard* applicable in the UK and the Republic of Ireland. 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;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Barchester Assisted Living Properties (Southgate) Limited

Independent Auditor's Report to the members of Barchester Assisted Living Properties (Southgate) Limited

We have audited the financial statements of Barchester Assisted Living Properties (Southgate) Limited for the year ended 31 December 2015, set out on pages 7 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard* applicable in the UK and the Republic of Ireland.

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 to the financial statements.

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.

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 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

Barchester Assisted Living Properties (Southgate) Limited

**Independent Auditor's Report to the members of Barchester Assisted Living Properties
(Southgate) Limited (continued)**

Nicola Quayle

.....
Nicola Quayle (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St. Peter's Square
Manchester
M2 3AE

Date: *24 June 2016*
.....

Barchester Assisted Living Properties (Southgate) Limited

Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Turnover		1,085	1,735
Cost of sales		<u>(977)</u>	<u>(1,565)</u>
Operating profit		<u>108</u>	<u>170</u>
Profit before tax		108	170
Taxation	5	<u>49</u>	<u>(49)</u>
Profit for the financial year		<u><u>157</u></u>	<u><u>121</u></u>

The above results were derived from continuing operations.

The Company has no recognised gains or losses for the year other than the results above.

The notes on pages 11 to 16 form an integral part of these financial statements.

Barchester Assisted Living Properties (Southgate) Limited

Statement of Comprehensive Income for the Year Ended 31 December 2015

	2015 £ 000	2014 £ 000
Profit for the year	<u>157</u>	<u>121</u>
Total comprehensive income for the year	<u><u>157</u></u>	<u><u>121</u></u>

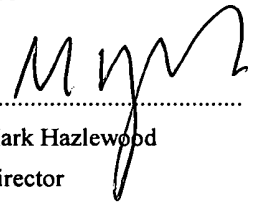
The notes on pages 11 to 16 form an integral part of these financial statements.

Barchester Assisted Living Properties (Southgate) Limited

(Registration number: 03425314)
Balance Sheet as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
Fixed assets			
Tangible assets	6	10	10
Current assets			
Debtors	7	3,241	3,134
Creditors: Amounts falling due within one year	8	<u>(2,583)</u>	<u>(2,633)</u>
Net current assets		<u>658</u>	<u>501</u>
Net assets		<u>668</u>	<u>511</u>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		<u>668</u>	<u>511</u>
Total equity		<u>668</u>	<u>511</u>

Approved and authorised by the Board on 23 June 2016 and signed on its behalf by:


.....
Mark Hazlewood
Director

Barchester Assisted Living Properties (Southgate) Limited

Statement of Changes in Equity for the Year Ended 31 December 2015

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2015	-	511	511
Profit for the year	-	157	157
Total comprehensive income	-	157	157
At 31 December 2015	-	668	668

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2014	-	390	390
Profit for the year	-	121	121
Total comprehensive income	-	121	121
At 31 December 2014	-	511	511

The notes on pages 11 to 16 form an integral part of these financial statements.

Barchester Assisted Living Properties (Southgate) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015

1 General information

The Company is a private company limited by share capital incorporated in England and Wales.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The amendments to Financial Reporting Standard 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

No judgements have been made by the Directors, in the application of the accounting policies, that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

Summary of disclosure exemptions

As the Company is a wholly owned subsidiary of Grove Limited the Company has taken advantage of the disclosure exemptions contained in FRS 102 Section 1.12. By virtue of FRS 102 Section 33.1A the Company has not disclosed transactions or balances with wholly owned entities which form part of the Group.

Name of parent of group

These financial statements are consolidated in the financial statements of Grove Limited.

The financial statements of Grove Limited may be obtained from www.jerseyfsc.org.

Going concern

The Company has net current assets and net assets. As a consequence, the Directors believe that the Company is well-placed to manage its business risks successfully. The Directors therefore have a reasonable expectation that the Company has adequate resources to continue in operation for the foreseeable future and thus continue to adopt the going concern assumption in these financial statements.

Revenue recognition

Turnover relates to the income received from the sale of close care units, and arises entirely in the United Kingdom.

Where a lease is granted in respect of property, revenue is recognised where the risks and rewards of ownership are transferred to the lessee and where recovery is reasonably certain.

Barchester Assisted Living Properties (Southgate) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

2 Accounting policies (continued)

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimate useful economic lives.

Asset class	Depreciation method and rate
Land	No depreciation is provided on freehold land
Freehold Buildings	Straight line over 50 years

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Directors' remuneration

The Company had no employees other than Directors (2014: Nil). The Directors received remuneration for services to Barchester Healthcare Homes Limited of which Barchester Assisted Living Properties (Southgate) Limited is a subsidiary undertaking, however the proportion attributable to their services to Barchester Assisted Living Properties (Southgate) Limited is not separately identifiable.

4 Auditor's remuneration

The remuneration of the auditor in the current year was borne by another Group company. The estimate for the current year is £4,000 (2014: £4,000).

Barchester Assisted Living Properties (Southgate) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

5 Taxation

Tax charged/(credited) in the income statement

	2015 £ 000	2014 £ 000
Current taxation		
UK corporation tax	<u>(49)</u>	<u>49</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2014 - higher than the standard rate of corporation tax in the UK) of 20.25% (2014 - 21.49%).

The differences are reconciled below:

	2015 £ 000	2014 £ 000
Profit before tax	<u>108</u>	<u>170</u>
Corporation tax at standard rate	22	37
Decrease in UK and foreign current tax from adjustment for prior periods	(49)	-
Tax decrease arising from group relief	(35)	(1)
Tax increase from transfer pricing adjustments	<u>13</u>	<u>13</u>
Total tax (credit)/charge	<u>(49)</u>	<u>49</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Company's future current tax charge accordingly.

Barchester Assisted Living Properties (Southgate) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

6 Tangible assets

	Land and buildings £ 000	Total £ 000
Cost or valuation		
At 1 January 2015	10	10
At 31 December 2015	10	10
Depreciation		
At 31 December 2015	-	-
Carrying amount		
At 31 December 2015	10	10
At 31 December 2014	10	10

Included within the net book value of land and buildings above is £10,000 (2014 - £10,000) in respect of freehold land and buildings.

7 Debtors

	2015 £ 000	2014 £ 000
Amounts owed by related parties	3,241	3,090
Other debtors	-	44
	3,241	3,134

Amounts due from related parties stated above are legally due on demand and are thus recoverable within one year. It is not expected that a demand for these amounts will be made within the next year.

Barchester Assisted Living Properties (Southgate) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

8 Creditors

	Note	2015 £ 000	2014 £ 000
Due within one year			
Amounts due to related parties		2,580	2,580
Other payables		3	4
Income tax liability	5	-	49
		<u>2,583</u>	<u>2,633</u>

Amounts due to related parties are legally due on demand and are thus due within one year. It is not expected that a demand for these amounts will be made within the next year.

9 Share capital

Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	2	2	2	2

10 Commitments

Close care units

The Company has committed to repurchase some close care units. The Directors do not envisage any impairment of the recoverable value of the underlying properties and are consequently of the opinion that no loss should be recognised by the Company in relation to these commitments.

The total of these commitments not provided in the financial statements was £436,500 (2014 - £551,700).

11 Parent and ultimate parent undertaking

The Company's immediate parent is Barchester Healthcare Homes Limited, incorporated in England and Wales.

The ultimate parent is Grove Limited, incorporated in Jersey.

The most senior parent entity producing publicly available financial statements is Grove Limited. Its financial statements are available upon request from www.jerseyfsc.org.

Barchester Assisted Living Properties (Southgate) Limited

Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

11 Parent and ultimate parent undertaking (continued)

Relationship between entity and parents

The parent of the largest group in which these financial statements are consolidated is Grove Limited, incorporated in Jersey.

The address of Grove Limited is:

Queensway House
Hilgrove Street
St Helier
Jersey
JE1 1ES

The parent of the smallest group in which these financial statements are consolidated is Barchester Healthcare Limited, incorporated in England and Wales.

The address of Barchester Healthcare Limited is:

Suite 304
Third Floor, Design Centre East
Chelsea Harbour
London
SW10 0XF

12 Transition to FRS 102

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments and therefore there has been no impact on the financial position and financial performance of the Company.