Healthcare Properties (Oxford) Limited

Annual report and financial statements

Registered number 04556634

Year ended

30 June 2014

Directors and Advisors

Directors	Patricia Lee David Manson
Company Number	04556634
Registered Office	Two Parklands Business Park Great Park Rubery Birmingham B45 9PZ
Auditors	KPMG LLP One Snow Hill Snow Hill Queensway Birmingham B4 6GH United Kingdom

Contents

Directors' report

The directors present their report and financial statements for the year ended 30 June 2014.

Principal activities and review of the business

The principal activity of the company is that of property rental to other group companies.

Change of ownership

The Company, along with certain of the fellow subsidiaries of the Group previously known as European Care Group was acquired by Embrace Group Limited (previously Berlin Acquisition Limited) on 16 April 2014. Embrace Group Limited is funded by long term shareholder debt on which there are no cash servicing requirements. This places the Group in an extremely strong financial position and means that all of the cash generated by the Group is available to be reinvested for the benefit of the people that we support. In addition the Group has an undrawn facility of £10 million available to it in order to fund investment in the current estate and future developments.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend for the period.

Directors

The following directors have held office since 1 July 2013:

Ted Smith	(resigned 22 October 2014)
Patricia Lee	(appointed 22 October 2014)
David Manson	

Secretary

The company secretary (Katharine Kandelaki) resigned on 6 September 2013. No new company secretary has been appointed.

Statement of disclosure to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

On 3 April 2014, KPMG LLP were appointed as auditor.

Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Directors' report *(continued)*

Preparation of accounts on Going Concern basis

The Directors have considered the appropriateness of the going concern for the preparation of the financial statements in note 1.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board

D. M

David Manson
Director

Two Parklands Business Park
Great Park
Rubery
Birmingham
B45 9PZ
18 December 2014

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have 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 proper 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 its 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.

Independent auditor's report to the members of Healthcare Properties (Oxford) Limited

We have audited the financial statements of Healthcare Properties (Oxford) Limited for the year ended 30 June 2014 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Framework for Smaller Entities (Effective April 2008) (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 directors' responsibilities statement set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Healthcare Properties (Oxford) Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period 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 and the Directors' Report in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

S. Smith

Stuart Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

18 December 2014

Profit and loss account

for the year ended 30 June 2014

	Note	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 Total £'000
Turnover	2	**1,263**	2,724
Administrative income/(expenses) (includes exceptional income of £16,389,000 (2013: exceptional costs of £20,058,000))		**16,394**	(21,229)
Operating profit/(loss)	3	**17,657**	(18,505)
Interest receivable and similar income	4	**-**	401
Interest payable and similar charges (includes exceptional costs of £Nil (2013: £313,000))	5	**(761)**	(3,235)
Impairment of fixed assets		**(1,000)**	-
Profit on sale of fixed assets		**100**	-
Profit/(loss) on ordinary activities before taxation		**15,996**	(21,339)
Taxation on profit/(loss) on ordinary activities (includes exceptional income of £Nil (2013: £2,965,000))	6	**(45)**	2,965
Profit/(loss) for the financial period	13	**15,951**	(18,374)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Statement of total recognised gains and losses
for the year ended 30 June 2014

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Profit/(loss) for the financial year	**15,951**	(18,374)
Movement in unrealised surplus on revaluation of properties	**-**	(3,241)
Total recognised gains and losses relating to the year	**15,951**	(21,615)

Note of historical cost profits and losses
for the year ended 30 June 2014

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Retained profit/(loss) on ordinary activities before taxation	**15,996**	(21,339)
Realised gains on revaluation of property from previous years	**495**	-
Historical cost profit/(loss) for the year before taxation	**16,491**	(21,339)
Historical cost profit/(loss) for the year after taxation	**16,446**	(21,339)

Balance Sheet
at 30 June 2014

	Note	30 June 2014		30 June 2013	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets	7		**13,384**		15,262
Investments	8		**1,089**		1,089
			14,473		16,351
Current assets					
Debtors	9	**2,824**		1,923	
Creditors: amounts falling due within one year	10	**(14,833)**		(31,806)	
Net current liabilities			**(12,009)**		(29,883)
Total assets less current liabilities			**2,464**		(13,532)
Provisions for liabilities and charges	11		**(45)**		-
Net assets/(liabilities)			**2,419**		(13,532)
Capital and reserves					
Called up share capital	12		**-**		-
Revaluation reserve	13		**513**		513
Profit and loss account	13		**1,906**		(14,045)
Shareholders' funds/(deficit)	14		**2,419**		(13,532)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the board of directors on 18 December 2014 and were signed on its behalf by:

D. M

David Manson
Director

Company registered number: 4556634

Notes

(forming part of the financial statements)

1. Accounting policies

The financial statements are prepared under the historical cost convention with the exception of land and buildings which are carried at valuation, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Under FRS1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Going concern

The Directors have conducted an assessment of the Company's going concern status based on its current position and forecast results. They have concluded that the Company has adequate resources to operate for the foreseeable future. In making this assessment the Directors have considered forecasts which take into account reasonably possible changes in trading performance.

Details of the Group's business activities, together with the factors likely to affect its future trading performance and financial position are set out in the Strategic Report of Embrace Group Limited. In addition to the funding already drawn, as at 30 June 2014, the Group had a further £10 million facility available to be drawn if required.

Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

Consolidation

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Embrace Group Limited, a company incorporated in England & Wales, and is included in the consolidated accounts of that company.

Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Freehold land and buildings are revalued to market value on an annual basis. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold Nil

With respect to the freehold land and buildings, the buildings are maintained to such a standard that their residual value is not less than their cost or valuation, hence no depreciation is charged as it is not material.

Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Deferred taxation

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 otherwise required by FRS 19.

Notes *(continued)*

2 Turnover

Revenue comprises the fair value of rental income receivable for the year in respect of properties occupied by tenants and is recognised in respect of the days that properties have been occupied in the relevant period.

3 Profit/(loss) on ordinary activities before taxation

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Fees payable to the company's auditor:		
Audit of these financial statements	**2**	2

Audit fees for the year ended 30 June 2014 have been paid by a fellow subsidiary undertaking, Embrace All Limited. Fees paid to KPMG LLP and its associates for non-audit services to the company itself are not disclosed because Embrace Group Limited is required to disclose such fees on a consolidated basis.

Exceptional items (credited)/charged to the profit and loss account are:

Administrative expenses	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Release of intercompany balance[1]	**(16,389)**	-
Impairment of fixed assets	**-**	20,435
Release of balance with fellow group company	**-**	(377)
	(16,389)	20,058
Interest payable and similar charges		
Fund raising	**-**	313
Taxation		
Release of deferred tax provision	**-**	(2,965)

[1] The credit has arisen from the formal releases of inter-company balances as part of an ongoing group restructuring and simplification process.

4 Interest receivable and similar income

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Other interest receivable and similar income	**-**	401

Notes *(continued)*

5 Interest payable and similar charges

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
On bank loans and overdrafts	**352**	845
Interest on swaps	**326**	248
Losses on terminated swaps	**-**	1,829
Costs associated with refinancing	**-**	313
Intercompany interest	**83**	-
	761	3,235

6 Taxation

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Deferred tax		
- current year	**114**	-
- prior year	**(79)**	(2,965)
- rate difference	**10**	-
Tax charge/(credit) for the year	**45**	(2,965)

The prior period credit related to the release of a deferred tax provision no longer required.

On the basis of these financial statements, no provision has been made for corporation tax.

7 Tangible fixed assets

	Land and buildings £'000
Cost	
At beginning of year	15,262
Impairment	(1,000)
Disposal	(878)
At end of year	13,384
Depreciation	
At beginning and end of year	-
Net book value	
At 30 June 2014	**13,384**
At 30 June 2013	15,262

Notes *(continued)*

7 Tangible fixed assets (continued)

The group's freehold units are revalued professionally by independent valuers on a five year rolling basis. A full property portfolio revaluation was completed as at 30 August 2013 for the valuations at 30 June 2013 by an external valuer, Knight Frank LLP, on the basis of existing use value with regards to future income.

The valuations were in accordance with the requirements of the Royal Institute of Chartered Surveyors ("RICS") Valuation Standards, sixth edition and the International Valuation standards.

On a historical cost basis these would have been included at an original cost of £34,400,472 (2013: £35,278,472).

8 Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost and net book value	
At beginning of and end of year	1,089

The investments are in the Company's subsidiaries, The Manor House Nursing Home Limited and Hollygarth Care Homes Limited and in the preference share capital of European Care (England) Limited (see below).

Company	Principle activity	Country of registration or incorporation	Class of shares held	% of shares held
Subsidiary undertakings				
The Manor House Nursing Home Limited	Dormant	England	Ordinary	100
Hollygarth Care Homes Limited	Dormant	England	Ordinary	100

The aggregate amount of capital and reserves and the results of the subsidiary undertakings for the last relevant financial period were as follows:

	Capital and reserves as at 30 June 2014 £'000	Result for the year ended 30 June 2014 £'000	Capital and reserves 2013 £'000	Result for the period 2013 £'000
The Manor House Nursing Home Limited	483	-	483	-
Hollygarth Care Homes Limited	606	-	606	-
	1,089	-	1,089	-

Notes *(continued)*

8 Fixed asset investments (continued)

The investments amount to £1,088,806 (2013: £1,088,806) comprised of:

i) £482,476 (2013:£482,476) representing 11,500 Ordinary A shares of 1p and 300 Ordinary B shares of 1p each in The Manor Housing Nursing Home Limited.

ii) £606,330 (2013: £606,330) representing 67,002 Ordinary shares of £1 in Hollygarth Care Homes Limited

In the opinion of the directors, no impairment is required in respect of the investments.

9 Debtors

	30 June 2014 £'000	30 June 2013 £'000
Prepayments and accrued income	**1**	7
Amounts due from other group companies	**2,823**	1,916
	2,824	1,923

10 Creditors: amounts falling due within one year

	30 June 2014 £'000	30 June 2013 £'000
Trade creditors	-	10
Bank loans and overdrafts	-	17,656
Amounts owed to parent and fellow subsidiary undertakings	**14,733**	12,862
Accruals and deferred income	**100**	1,278
	14,833	31,806

11 Provisions

	Deferred tax 30 June 2013 £'000
At beginning of year	-
Charge for the year	45
At end of year	**45**

	30 June 2014 £'000	30 June 2013 £'000
Accelerated capital allowances	**45**	-

Notes *(continued)*

12 Called up share capital

	30 June 2014 £'000	30 June 2013 £'000
Allotted, called up and fully paid		
1 ordinary share of £1 each	**-**	-

13 Reserves

	Revaluation reserve £'000	**Profit and loss reserve £'000**
At beginning of year	513	(14,045)
Profit for the year	-	15,951
At end of year	**513**	1,906

14 Reconciliation of movements in shareholders' funds

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Profit/(loss) for the financial year	**15,951**	(18,374)
Movement in unrealised surplus on revaluation of properties	**-**	(3,241)
Opening shareholders' (deficit)/funds	**(13,532)**	8,083
Closing shareholders' funds/(deficit)	**2,419**	(13,532)

15 Remuneration of directors

The directors of the company are paid by Embrace All Limited. Details of their remuneration are disclosed in that company's financial statements.

16 Related party disclosures

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by Embrace Group Limited.

17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Directors regard Embrace Realty Scotland Limited (formerly Esquire Realty (Scotland) Limited), a company registered in Scotland, as the immediate parent company of Healthcare Properties (Oxford) Limited, and as of 16 April 2014, Embrace Group Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. Embrace Group Limited is beneficially owned by funds managed by Värde Partners and D. E. Shaw & Co and therefore the directors consider there to be no ultimate controlling party of the group.

Notes *(continued)*

18 Post balance sheet events

There are no post balance sheet events requiring disclosure under FRS 21.