

Registered number: 04699262

Shelbourne Senior Living Limited

Report and Financial Statements

for the year ended 31 December 2017



Shelbourne Senior Living Limited

Company Information

Directors	D. Hatch C. Roberts J. Skiver
Company secretary	Ocorian (UK) Limited
Registered number	04699262
Registered office	2nd Floor 11 Old Jewry London EC2R 8DU
Independent auditors	Ernst & Young LLP, Statutory Auditor 1 More London Place London SE1 2AF

Shelbourne Senior Living Limited

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Shelbourne Senior Living Limited

Strategic Report for the year ended 31 December 2017

Introduction

The directors present their strategic report for the year ended 31 December 2017.

The Company's principal activity is the operation of a residential and nursing care facility in Sway, Hampshire.

Business review

The Company's performance was broadly in line with what was expected for the year. The Company's key performance indicators across the year and prior year are shown in the table below.

Financial and other key performance indicators

The Company's key performance indicators across the year and prior year were as follows:

	2017	2016	% Change
Revenue (£000)	3,516	3,332	5.5
Operating expenses (£000)	3,718	3,713	0.1
Operating loss (£000)	(202)	(381)	47.0
Average number of residents	67	61	9.8
Occupancy rate (%)	90.27	83.05	8.7
Average daily rate (£)	144.19	148.12	(2.7)

Revenues increased by £184,000 (6%). This was due to an increase in the average occupancy rate during the year by 9%.

There was a small increase in operating costs of £5,000 during the year.

These factors led to an overall reduction in the operating loss of £179,000 (47%) year on year.

Principal risks and uncertainties

Market risk

Senior care is driven more by need rather than the wider economic environment and the changing market conditions are not expected to have a material impact on the Company's business.

Liquidity risk

The Company manages this risk in a variety of ways; cashflow forecasts are produced and monitored; a cash sharing agreement has been entered into with related parties and the directors receive confirmation that HCN UK Investments Limited (a parent undertaking) is willing to provide the necessary financial support and they make an assessment to ensure that HCN UK Investments Limited has the ability to provide such support as necessary.

Competition risk

The Company recognises the emergence of direct and indirect competition and the potential impact to the occupancy and revenue of the Company. The Company undertakes regular review of its current competitors regarding their pricing and service offering to ensure it remains the market leader in its catchment area.

Legislative risk

The healthcare industry is highly regulated and strong relationships with the Care Quality Commission are important. The quality of care is at the core of the business.

Shelbourne Senior Living Limited

**Strategic Report (continued)
for the year ended 31 December 2017**

Brexit

The Company recognise that Brexit has the potential to have a material impact on the care sector as a whole relating to the reduced availability of care staff and particularly nurses. The Company continues to monitor developments closely with regards both existing EU nationals and ongoing free movement of people to ensure that it can respond accordingly once the political agreement becomes clear.

This report was approved by the board on 28 September 2018 and signed on its behalf.



**J. Skiver
Director**

Shelbourne Senior Living Limited

Directors' Report for the year ended 31 December 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Results and dividends

The loss for the year, after taxation, amounted to £202,000 (2016 - loss £381,000).

The directors do not recommend the payment of a dividend for the year.

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

J. Goodey (resigned 1 January 2018)
D. Hatch
C. Roberts
J. Skiver (appointed 1 January 2018)

Post balance sheet events

The Company is part of a wider Group of Companies that operate residential and nursing care facilities in the UK, under the Gracewell brand. The directors have decided to consolidate the trade of the related operations companies, including this Company, into Gracewell Healthcare 3 Limited. The future plan is that the operations of the Company will be transferred over to Gracewell Healthcare 3 Limited and the Company will then be placed into voluntary liquidation. This is expected to happen at the end of September 2018.

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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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

The auditors, Ernst & Young LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Going concern

As stated above it is the directors' intention to transfer the operations of the Company to a group company and for the Company to cease trading in the future. Therefore the statutory financial statements have been prepared on a basis other than going concern.

An amount of consideration, calculated at arms length, will be due to the Company for the transfer of operations when this happens. Therefore no impairment has been made to the value of the assets of the Company. In addition the directors have received confirmation from Welltower Inc., the Company's ultimate parent undertaking which provides funding to the group, that HCN UK Investments Limited, a parent undertaking, has implemented a policy whereby its wholly owned subsidiary undertakings will not seek intercompany settlement unless the borrowing entity (including this Company) has surplus working capital to enable repayment without adversely affecting its ability to settle its other liabilities as and when they fall due. Therefore amounts due to and from group companies have been stated at their original value

Shelbourne Senior Living Limited

Directors' Report (continued) for the year ended 31 December 2017

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 accounting 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;
- 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 to 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.

This report was approved by the board on 28 September 2018 and signed on its behalf.



J. Skiver
Director

Independent Auditors' Report to the Members of Shelbourne Senior Living Limited

Opinion

We have audited the financial statements of Shelbourne Senior Living Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework'(United Kingdom Generally Accepted Accounting Practice). The financial statements have been prepared on a basis other than going concern.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditors' Report to the Members of Shelbourne Senior Living Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of Shelbourne Senior Living Limited (continued)

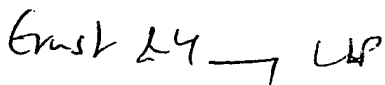
Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' Report.

Use of our report

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.

A handwritten signature in black ink, appearing to read 'Ernst & Young LLP'.

James Hilditch (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP, Statutory Auditor

1 More London Place
London
SE1 2AF

28 September 2018

Shelbourne Senior Living Limited

**Statement of Comprehensive Income
for the year ended 31 December 2017**

	Note	2017 £000	2016 £000
Turnover	3	3,516	3,332
Cost of sales		(1,746)	(1,722)
Gross profit		1,770	1,610
Administrative expenses		(1,972)	(1,991)
Operating loss	4	(202)	(381)
Taxation	7	-	-
Loss for the financial year		(202)	(381)
Total comprehensive loss for the year		(202)	(381)


All amounts relate to continuing activities.

Shelbourne Senior Living Limited
Registered number:04699262

Statement of Financial Position
As at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	8	267	185
Current assets			
Stocks	2	3	
Debtors: amounts falling due within one year	9	16,360	16,455
Cash at bank and in hand		118	243
		<u>16,480</u>	<u>16,701</u>
Creditors: amounts falling due within one year	10	(1,396)	(1,333)
Net current assets		15,084	15,368
Net assets		<u>15,351</u>	<u>15,553</u>
Capital and reserves			
Called up share capital	12	1,967	1,967
Share premium account	11	15,982	15,982
Capital contribution reserve	11	2,700	2,700
Accumulated losses	11	(5,298)	(5,096)
		<u>15,351</u>	<u>15,553</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2018.


J. Skiver
 Director

Shelbourne Senior Living Limited

**Statement of Changes in Equity
for the year ended 31 December 2017**

	Called up share capital	Share premium account	Capital contribution reserve	Accumulated losses	Total equity
	£000	£000	£000	£000	£000
At 1 January 2016	1,967	15,982	2,700	(4,715)	15,934
Total comprehensive loss for the year	-	-	-	(381)	(381)
At 1 January 2017	1,967	15,982	2,700	(5,096)	15,553
Total comprehensive loss for the year	-	-	-	(202)	(202)
At 31 December 2017	1,967	15,982	2,700	(5,298)	15,351

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

**Notes to the Financial Statements
for the year ended 31 December 2017**

1. Accounting policies

1.1 Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Shelbourne Senior Living Limited (the "Company") for the year ended 31 December 2017 were authorised for issue by the board of directors on 28 September 2018 and the Statement of Financial Position was signed on the board's behalf by J Skiver. Shelbourne Senior Living Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards and legislation.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out below.

1.2 Basis of preparation

The Company transitioned from EU-adopted IFRS to FRS 101 for all periods presented. There were no material amendments on the adoption of FRS 101.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

**Notes to the Financial Statements
for the year ended 31 December 2017**

1. Accounting policies (continued)

1.3 Basis other than going concern

As stated above it is the directors' intention to transfer the operations of the Company to a group company and for the Company to cease trading in the future. Therefore the statutory financial statements have been prepared on a basis other than going concern.

An amount of consideration, calculated at arms length, will be due to the Company for the transfer of operations when this happens. Therefore no impairment has been made to the value of the assets of the Company. In addition the directors have received confirmation from Welltower Inc., the Company's ultimate parent undertaking which provides funding to the group, that HCN UK Investments Limited, a parent undertaking, has implemented a policy whereby its wholly owned subsidiary undertakings will not seek intercompany settlement unless the borrowing entity (including this Company) has surplus working capital to enable repayment without adversely affecting its ability to settle its other liabilities as and when they fall due. Therefore amounts due to and from group companies have been stated at their original value.

1.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

**Notes to the Financial Statements
for the year ended 31 December 2017**

1. Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold land & building improvements	- 5 years
Fixtures, fittings and equipment	- 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income 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 lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.8 Financial Instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as loans and receivables.

**Notes to the Financial Statements
for the year ended 31 December 2017**

1. Accounting policies (continued)

Financial Instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Cash at bank and in hand

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Financial Liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

Financial liabilities at amortised cost are initially recognised at fair value plus any attributable transaction costs. Subsequent to initial recognition financial liabilities are measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

1.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

1. Accounting policies (continued)

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current and deferred tax are recognised in the Statement of Comprehensive Income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

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 income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Shelbourne Senior Living Limited

Notes to the Financial Statements for the year ended 31 December 2017

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Operating lease commitments

The Company has entered into commercial property leases and obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 7.

3. Turnover

An analysis of turnover by class of business is as follows:

	2017 £000	2016 £000
Operation of residential and nursing care facilities	3,516	3,332

All turnover arose within the United Kingdom.

4. Operating loss

The operating loss is stated after charging:

	2017 £000	2016 £000
Depreciation of tangible fixed assets	62	64
Defined contribution pension cost	7	7
Rent - operating leases	980	957
Subcontract labour	118	248
Management fees	213	167
Other administration expenses	700	781

Shelbourne Senior Living Limited

Notes to the Financial Statements for the year ended 31 December 2017

5. Auditors' remuneration

Gracewell Operations Holding Limited, a parent undertaking, incurred the overall audit and non-audit fees on behalf of the company. These totalled £8,950 (2016: £8,000) of fees payable to the Company's auditor for the audit of the Company.

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

6. Employees

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	1,404	1,250
Social security costs	106	93
Cost of defined contribution scheme	7	7
	<u>1,517</u>	<u>1,350</u>

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

	2017 No.	2016 No.
Management and administration	48	40
Care assistants	52	41
	<u>100</u>	<u>81</u>

During the year, no director received any emoluments (2016 - £NIL)

C Roberts and J Skiver received remuneration from HCN UK Management Services Limited, a related company, as employees of that company. They received no remuneration for their services as directors of Shelbourne Senior Living Limited.

Shelbourne Senior Living Limited

**Notes to the Financial Statements
for the year ended 31 December 2017**

7. Taxation

	2017 £000	2016 £000
Total current tax	-	-
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

Factors affecting tax charge for the year

The tax assessed for the year is different to (2016 - different to) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
Loss on ordinary activities before tax	(202)	(381)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%)	(39)	(76)
Effects of:		
Expenses not deductible for tax purposes	2	1
Change in unrecognised deferred tax assets	20	(4)
Group relief surrendered	17	79
Total tax charge for the year	-	-

Deferred tax

At 31 December 2017, the company has an unrecognised deferred tax asset of approximately £924,000 (2016 - £836,000) calculated at 17% (2016 - 17%), resulting from trading tax losses and timing differences carried forward of £5,435,000 (2016 - £4,937,000). In accordance with the company's accounting policy this amount has not been recognised in the financial statements due to uncertainty surrounding the timing of future taxable profits available for offset.

Shelbourne Senior Living Limited

**Notes to the Financial Statements
for the year ended 31 December 2017**

8. Tangible fixed assets

	Leasehold land & building improv'mnts £000	Fixtures, fittings and equipment £000	Work in progress £000	Total £000
Cost or valuation				
At 1 January 2017	31	365	56	452
Additions	37	65	42	144
Transfers between classes	-	56	(56)	-
At 31 December 2017	68	486	42	596
Depreciation				
At 1 January 2017	13	254	-	267
Charge for the year on owned assets	7	55	-	62
At 31 December 2017	20	309	-	329
Net book value				
At 31 December 2017	48	177	42	267
At 31 December 2016	18	111	56	185

9. Debtors

	2017 £000	2016 £000
Trade debtors	77	46
Amounts owed by group undertakings	772	915
Intercompany loan with parent	15,444	15,444
Prepayments and accrued income	67	50
	16,360	16,455

Trade debtors are stated after provisions for impairment of £2,000 (2016: £5,000).

Shelbourne Senior Living Limited

**Notes to the Financial Statements
for the year ended 31 December 2017**

10. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	74	118
Amounts owed to group undertakings	1,146	1,042
Amounts owed to related undertakings	11	11
Other taxation and social security	30	28
Other creditors	1	22
Accruals and deferred income	134	112
	<u>1,396</u>	<u>1,333</u>

11. Reserves

Accumulated losses

The accumulated losses comprises the cumulative net gains and losses recognised in the statement of comprehensive income.

Share premium reserve

The share premium reserve comprises the cumulative additional consideration paid for shares above the nominal share value.

Capital contribution reserve

The capital contribution reserve comprises the cumulative contributions by the owners.

12. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
1,772,111 "A" ordinary shares of £1 each	1,772,111	1,772,111
33,451 "B" ordinary shares of £1 each	33,451	33,451
16,143,775 "C" ordinary shares of £0.01 each	161,438	161,438
	<u>1,967,000</u>	<u>1,967,000</u>

13. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £7,000 (2016 - £7,000). Contributions totalling £1,000 (2016 - £1,000) were payable to the fund at the reporting date.

Shelbourne Senior Living Limited

Notes to the Financial Statements for the year ended 31 December 2017

14. Commitments under operating leases

The Company has a 20 year operating lease for the premises it operates. Rent charged under all of this lease was reviewed on 1 August 2018. The figures below reflect this revised rent. Further rent reviews will be on 1 August 2020 and every 3 years thereafter. The Company has the option to take a further lease of the premises at the end of the current lease term.

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £000	2016 £000
Not later than 1 year	970	967
Later than 1 year and not later than 5 years	3,708	3,868
Later than 5 years	10,768	12,200
	<u>15,446</u>	<u>17,035</u>

15. Ultimate parent undertaking and controlling party

The Company is a subsidiary undertaking of Gracewell Healthcare 4 Limited, a Company incorporated in England and Wales. The directors consider Welltower Inc. a Company registered and incorporated in the United States of America, to be the ultimate parent and controlling party.

At the year end, the parent undertaking of the largest and smallest group for which group financial statements were prepared was Welltower Inc., whose group accounts can be obtained from the corporate headquarters at 4500 Dorr Street, Toledo, Ohio 43615-4040 or from the corporate website, www.welltower.com.