

**Registered number**  
**05085790**

**Larch Boss Limited**

**Annual report and financial statements**

**for the year ended**  
**30 September 2014**

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**Larch Boss Limited****Annual report and financial statements for the year ended 30 September 2014****Contents**

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**Larch Boss Limited**  
**Company information for the year ended 30 September 2014**

**Director**

Mr G M Bignell

**Company secretary**

Mr R N Luck

**Registered office**

Quadrant House, Floor 6

4 Thomas More Square

London

E1W 1YW

**Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

1 Embankment Place

London

WC2N 6RH

**Registered number**

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**Larch Boss Limited**  
**Strategic report for the year ended 30 September 2014**

The director presents his strategic report for the year ended 30 September 2014.

**Review of the business**

The company acts as a commercial property investment company. It made a profit of £6.4m for the year ended 30 September 2014 (2013: £0.8m ). The current year's profit included a profit of £3.6m on the release of an impairment provision against investment properties (2013: nil). Net liabilities were reduced to £5.6m at the year end due to the profit for the year (2013: £12.0m).

**Principal risks and uncertainties**

The key business risks and uncertainties affecting the company are considered to relate to the fact that the company operates within a highly competitive market place. The director of the group has reviewed the group's exposure to credit risk, liquidity risk and cashflow risk. These risks and uncertainties are discussed in the company's ultimate parent's group annual report which does not form part of this report.

**Financial risk management**

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. Further discussion of the financial risk management objectives and policies, in the context of the group as a whole, are discussed in the company's ultimate parent's group annual report which does not form part of this report.

**Key performance indicators**

The company is managed by the director in accordance with the strategies of its ultimate parent company, Larch (Nursing Homes) Holdco Limited. For this reason, the director believes that key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. These strategies and key performance indicators are discussed in the company's ultimate parent's group annual report which does not form part of this report.

**Going concern**

The company is funded by way of an on-demand loan from its intermediate parent which is, itself, funded by bank loans. Furthermore, the company has charged its assets to the lenders to its intermediate parent company.

Consequent to the financial difficulties experienced by the original tenant which operated the nursing homes rented from fellow group undertakings, the lenders to the intermediate parent have restructured the terms of the loans such that the lenders will not demand repayment of their loans until their maturity dates despite the intermediate parent being unable to fully service the loans or meet their financial covenants.

The loans are due for repayment on 16 January 2016 and at present there are no discussions with lenders with regard to a further restructuring of the loans at maturity, which the director believes will be necessary given the anticipated cash generation from and valuation of the nursing homes at that time. Accordingly, whilst the director expects that the intermediate parent and its subsidiaries, including the company, will remain a going concern until 16 January 2016, there is considerable uncertainty after that date. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern in the longer term. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

As the lenders have not indicated that they intend a break-up of the company, the financial statements have been prepared on a going concern basis.

By order of the board



Mr R N Luck  
**Company Secretary**

9 October 2015

**Larch Boss Limited**  
**Director's report for the year ended 30 September 2014**

The director presents his annual report and the audited financial statements of the company for the year ended 30 September 2014.

**Results and dividends**

The results for the year are set out in the profit and loss account on page 7. The director does not recommend the payment of a dividend (2013: £nil).

**Director**

The director of the company who served during the year and up to the date of signing the financial statements was as follows:

Mr G M Bignell

**Qualifying third party indemnity provisions**

The company maintains liability insurance for its director and officer. Following shareholder approval, the company has also provided an indemnity for its director and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

**Disclosure of information to auditors**

The director confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Independent auditors**

In the absence of a notice proposing that their appointment be terminated, PricewaterhouseCoopers LLP, are deemed to have been re-appointed as auditors for the next year.

By order of the board



Mr R N Luck  
**Company secretary**  
9 October 2015

## **Larch Boss Limited**

### **Statement of director's responsibilities for the year ended 30 September 2014**

The director is responsible for preparing the strategic report, the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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;

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

By order of the board



Mr R N Luck  
**Company secretary**

9 October 2015

# ***Independent auditors' report to the member of Larch Boss Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Larch Boss Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 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.
- 

### **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is funded by way of a loan from its intermediate parent which is, itself, funded by bank loans. Due to the original tenants of the properties of the company experiencing financial difficulties and vacating the premises, the intermediate parent company has been unable to repay the loan or meet the financial covenants. The lenders have waived the repayment of the loans and the financial covenant requirements up to the repayment date of 16 January 2016. However, the intermediate parent company currently has no alternative plans in place to repay the loans as at that date. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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### **What we have audited**

Larch Boss Limited's financial statements comprise:

- the Balance sheet as at 30 September 2014;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, he has made assumptions and considered future events.

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## **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, the information given in the Strategic Report and the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

# ***Independent auditors' report to the member of Larch Boss Limited (continued)***

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## **Other matters on which we are required to report by exception (cont.)**

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### **Director's remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the director**

As explained more fully in the Statement of director's responsibilities set out on page 4, the director is 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's member as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **What an audit of financial statements involves**


We conducted our audit in accordance with ISAs (UK & Ireland). 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 director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and financial statements 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.



Suzanne Woolfson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

9 October 2015



**Larch Boss Limited**  
**Profit and loss account**  
**for the year ended 30 September 2014**

	Note	2014 £	2013 £
<b>Turnover</b>		2,952,311	807,481
Administrative expenses		(135,900)	(850)
Profit on the release of impairment in value of investment properties		3,600,145	-
<b>Operating profit</b>	3	<u>6,416,556</u>	<u>806,631</u>
Tax on profit on ordinary activities	5	-	-
<b>Profit for the financial year</b>		<u>6,416,556</u>	<u>806,631</u>

All amounts relate to continuing operations.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of recognised gains and losses has been presented.

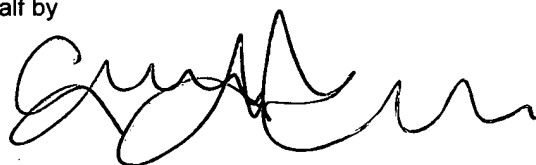
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents.

**Larch Boss Limited**  
**Balance sheet**  
**as at 30 September 2014**

**Registered number**  
**05085790**

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Investment properties	6	20,920,000	16,912,394
<b>Current assets</b>			
Debtors	7	1,718,938	78,071
<b>Creditors: amounts falling due within one year</b>	8	<u>(28,253,131)</u>	<u>(29,021,214)</u>
<b>Net current liabilities</b>		(26,534,193)	(28,943,143)
<b>Net liabilities</b>		<u>(5,614,193)</u>	<u>(12,030,749)</u>
<b>Capital and reserves</b>			
Called up share capital	9	1	1
Profit and loss reserve	10	(5,614,194)	(12,030,750)
<b>Total shareholders' deficit</b>	11	<u>(5,614,193)</u>	<u>(12,030,749)</u>

These financial statements on pages 7 to 13 were approved by the Board on 9 Oct 2015 and signed on its behalf by



Mr G M Bignell  
**Director**  
 9 October 2015

**Larch Boss Limited**  
**Notes to the financial statements**  
**for the year ended 30 September 2014**

**1 Accounting policies**

**Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention as modified for the revaluation of investment properties, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

**Going concern**

The company is funded by way of an on-demand loan from its intermediate parent which is, itself, funded by bank loans. Furthermore, the company has charged its assets to the lenders to its intermediate parent company.

Consequent to the financial difficulties experienced by the original tenant which operated the nursing homes rented from fellow group undertakings, the lenders to the intermediate parent have restructured the terms of the loans such that the lenders will not demand repayment of their loans until their maturity dates despite the intermediate parent being unable to fully service the loans or meet their financial covenants.

The loans are due for repayment on 16 January 2016 and at present there are no discussions with lenders with regard to a further restructuring of the loans at maturity, which the director believes will be necessary given the anticipated cash generation from and valuation of the nursing homes at that time. Accordingly, whilst the director expects that the intermediate parent and its subsidiaries, including the company, will remain a going concern until 16 January 2016, there is considerable uncertainty after that date. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern in the longer term. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

As the lenders have not indicated that they intend a break-up of the company, the financial statements have been prepared on a going concern basis.

**Depreciation**

Compliance with the Statement of Standard Accounting Practice (SSAP 19) "Accounting for Investment Properties" requires departure from the requirements of the Companies Act 2006 relating to depreciation and an explanation for the departure is given below.

**Investment properties**

In accordance with SSAP 19, investment properties are revalued by the director annually on an open market basis and independently valued when required by SSAP 19. Any changes in the market value of investment properties are taken to the statement of total recognised gains and losses and transferred to the revaluation reserve, unless a deficit (or its reversal) on an individual investment property is expected to be permanent, in which case it is charged (or credited) to the profit and loss account of the year.

No depreciation is provided in respect of investment properties. The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with SSAP 19 and the director considers that to depreciate would not give a true and fair view.

The depreciation (which would, had the provisions of the Act been followed, have been charged to the profit and loss account) is only one of the factors reflected in the valuation and the amount attributable to this factor cannot reasonably be separately identified or quantified.

**Larch Boss Limited**  
**Notes to the financial statements**  
**for the year ended 30 September 2014**

**1 Accounting policies (cont.)**

**Deferred taxation**

Deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that give rise to an obligation to pay more or less tax in the future. Deferred tax is not recognised when fixed assets are revalued unless, by the balance sheet date, there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured on a non-discounted basis. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, 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 is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Cash flow statement**

The company has taken advantage of the exemption in the Financial Reporting Standards No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned and its ultimate parent publishes a consolidated cash flow statement.

**Deferred income**

Rental income from properties is allocated in the year to which it relates, with payments received in advance held as deferred income and credited to the the profit and loss when earned.

**2 Turnover**

Turnover represents licence fee income and rental income, net of value added tax. Rental income was recognised over the term of the lease on a straight-line basis. Licence fee income was recognised on an accruals basis.

**3 Operating profit**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging/(crediting):		
Profit on release of impairment in value of investment properties (note 6)	(3,600,145)	-
Auditors' remuneration	-	-

Auditors' remuneration has been borne by Larch (Nursing Homes) Limited.

**Larch Boss Limited**  
**Notes to the financial statements**  
**for the year ended 30 September 2014**

**4 Director and employees**

The director did not receive any emoluments in respect of his services to the company (2013: £nil).  
The company has no employees (2013: nil) other than the director.

The emoluments of the director are paid by a related party which makes no recharge to the company. The director is an employee of that related party. It is not possible to make an accurate apportionment of his emoluments in respect of each of the fellow subsidiaries and related parties to which he provides services. Accordingly, the above details include no emoluments in respect of the director. The total emoluments of the director are included in the aggregate of employee wages and salaries included in the financial statements of Loopsign Limited.

**5 Tax on profit on ordinary activities**

No tax has been provided for due to the availability of losses through group relief (2013: nil).

**Factors affecting tax charge for year**

From 1 April 14 the rate of corporation tax has reduced from 23% to 21%, giving a blended average rate for the year of 22%.

The tax assessed for the year is different (2013: different) to the blended rate of corporation tax in the UK of 22% (2013: 23.5%). The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before taxation	6,416,556	806,631
	£	£
Profit on ordinary activities multiplied by the blended rate of corporation tax	1,411,642	189,558
<b>Effects of:</b>		
(Income) not taxable	792,032	-
Expenses not deductible for tax	-	200
(Utilisation) of tax losses	(2,203,674)	(189,758)
<b>Total current tax charge for the year</b>	<b>-</b>	<b>-</b>

The corporation tax charge for the year has been reduced by £619,610 (2013: £189,758) because of losses surrendered by fellow subsidiary undertakings and related parties. No payment for this surrender is to be made by the company.

**Factors that may affect future tax charges**

With effect from 1 April 2015, the UK corporation tax rate will be reduced to 20%. This change, which was announced in the March 2013 budget and affirmed in the March 2014 budget, will have no impact on these financial statements.

Changes to the UK corporation tax rates were announced in the Chancellor's Budget in July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes had not been substantially enacted at the balance sheet date the effects are not included in these financial statements.

**Larch Boss Limited**  
**Notes to the financial statements**  
**for the year ended 30 September 2014**

**6 Investment properties**

	<b>Freehold land and buildings £</b>
<b>Valuation</b>	
At 1 October 2013	16,912,394
Additions	407,461
Reversal of impairment in value of investment property	<u>3,600,145</u>
At 30 September 2014	<u>20,920,000</u>

The investment properties were valued by the director after taking independent advice from a professional valuer on an open market value basis at 30 September 2014. The valuation has been made in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom. The investment properties have been charged to secure the bank loans of a fellow subsidiary.

<b>7 Debtors</b>	<b>2014 £</b>	<b>2013 £</b>
Amounts owed by group undertakings	1,715,796	-
Prepayments and accrued income	3,142	78,071
	<u>1,718,938</u>	<u>78,071</u>

Amounts owed by group undertakings are interest free, repayable on demand and unsecured.

<b>8 Creditors: amounts falling due within one year</b>	<b>2014 £</b>	<b>2013 £</b>
Amounts owed to group undertakings	<u>28,253,131</u>	<u>29,021,214</u>

The amounts owed to group undertakings are interest free, payable on demand and unsecured.

<b>9 Called up share capital</b>	<b>2014 £</b>	<b>2013 £</b>
Authorised:		
1,000 (2013: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

	<b>2014 Number</b>	<b>2013 Number</b>	<b>2014 £</b>	<b>2013 £</b>
Allotted and unpaid:				
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**Larch Boss Limited**  
**Notes to the financial statements**  
**for the year ended 30 September 2014**

<b>10 Profit and loss reserve</b>	<b>2014</b>
	<b>£</b>
At 1 October 2013	(12,030,750)
Profit for the financial year	6,416,556
At 30 September 2014	<u>(5,614,194)</u>

<b>11. Reconciliation of movements in shareholders' (deficit)</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
At 1 October	(12,030,749)	(12,837,380)
Profit for the financial year	6,416,556	806,631
At 30 September	<u>(5,614,193)</u>	<u>(12,030,749)</u>

**12 Related party transactions**

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it was a wholly owned subsidiary of a group headed by Larch (Nursing Homes) Holdco Limited, whose financial statements are publicly available.

**13 Parent undertaking**

The immediate parent undertaking is Larch Property Holdings Limited, a company incorporated in Jersey.

The ultimate parent undertaking is Larch (Nursing Homes) Holdco Limited, a company incorporated in England and Wales.

Larch (Nursing Homes) Holdco Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements as at 30 September 2014. Larch (Nursing Homes) Holdco Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 September 2014. The consolidated financial statements of Larch (Nursing Homes) Holdco Limited can be obtained from the company secretary at:

Quadrant House, Floor 6  
4 Thomas More Square  
London  
E1W 1YW

Due to the requirement for further debt restructuring by 16 January 2016 referred to in note 1, the ultimate controlling parties are considered to be the lenders to the company's intermediate parent undertaking, Larch (Nursing Homes) Limited.