

Registered number 5551189

Sunrise Operations Chorleywood Limited

Directors' Report and Financial Statements

for the year ended 31 December 2012

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Sunrise Operations Chorleywood Limited

Company Information

Directors	E C Ibele M A Crabtree J H Miller
Company secretary	EPS Secretaries Limited
Company number	5551189
Registered office	Lacon House 84 Theobalds Road London WC1X 8RW
Auditors	Ernst & Young LLP 1 More London Place London SE1 2AF

Sunrise Operations Chorleywood Limited

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Sunrise Operations Chorleywood Limited

Directors' Report for the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Results

The profit for the year, after taxation, amounted to £175,479 (2011 - £245,877)

Principal activity

The company's principal activity is the operation of assisted living facilities in the UK

Directors

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

V M Rapley (resigned 31 January 2012)

T V Hende (resigned 16 April 2012)

R Dryden (resigned 9 January 2013)

J M Harper (appointed 20 January 2012 & resigned 9 January 2013, reappointed 11 February 2013 & resigned 20 February 2013)

P C Harned (appointed 16 April 2012 & resigned 16 October 2012)

S A Scally (appointed 28 March 2012 & resigned 9 January 2013)

E C Ibele (appointed 9 January 2013)

M A Crabtree (appointed 9 January 2013)

J H Miller (appointed 9 January 2013)

Going concern

After performing their assessment and making appropriate enquiries, the directors have a reasonable expectation that the company will remain a going concern for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis. The results and conclusions of the going concern assessment are described in more detail in note 1 of the financial statements.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

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

Sunrise Operations Chorleywood Limited

**Directors' Report
for the year ended 31 December 2012**

Small companies' exemption

In preparing this Directors' Report, the directors have taken advantage of the small companies' exemption under section 415(A) of the Companies Act 2006

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

This report was approved by the board and signed on its behalf



M A Crabtree
Director

Date **19 AUG 2013**



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Independent auditor's report to the members of Sunrise Operations Chorleywood Limited

We have audited the financial statements of Sunrise Operations Chorleywood Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 2, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



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**Independent auditor's report to the members of Sunrise Operations Chorleywood Limited
(continued)**

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 in preparing the Directors' report

A handwritten signature in black ink that reads 'Ernst & Young LLP'.

Michael Wansbury (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date **10 SEP 2013**

Sunrise Operations Chorleywood Limited

**Profit and Loss Account
for the year ended 31 December 2012**

	<i>Note</i>	2012 £	2011 £
Turnover	2	4,887,462	5,022,682
Administrative expenses		(4,713,996)	(4,778,916)
Operating profit	3	173,466	243,766
Interest receivable and similar income		2,013	2,111
Profit on ordinary activities before taxation		175,479	245,877
Tax on profit on ordinary activities	5	-	-
Profit for the financial year	11	175,479	245,877

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and Loss Account

The notes on pages 7 to 15 form part of these financial statements

Sunrise Operations Chorleywood Limited
Registered number. 5551189

Balance Sheet
As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Investments	6		1		1
Current assets					
Stocks	7	8,089		4,216	
Debtors	8	1,119,198		924,561	
Cash at bank and in hand		94,451		531,134	
		<u>1,221,738</u>		<u>1,459,911</u>	
Creditors amounts falling due within one year	9	(574,924)		(988,576)	
Net current assets			646,814		471,335
Net assets			<u>646,815</u>		<u>471,336</u>
Capital and reserves					
Called up share capital	10		2		2
Share premium account	11		1,261,288		1,261,288
Profit and loss account	11		(614,475)		(789,954)
Shareholders' funds	12		<u>646,815</u>		<u>471,336</u>

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



M A Crabtree
 Director

Date **19 AUG 2013**

The notes on pages 7 to 15 form part of these financial statements

Sunrise Operations Chorleywood Limited

Notes to the Financial Statements for the year ended 31 December 2012

1 Accounting Policies

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The financial statements have been prepared on a going concern basis. The company has earned a profit after tax of £175,479 for the current year (2011 - profit of £245,877) and has net current assets of £646,814 at the year end (2011 – net current assets of £471,335)

In forming their conclusion on the going concern basis of preparation, the directors have taken into account the current and forecasted cash flows to December 2014 expected from operating income and expenditure, as well as financing and capital expenditure payments of the company together with Sunrise of Chorleywood Limited. As a result of their assessment of the forecasts, the directors are satisfied that the going concern basis of preparation is appropriate for the statutory financial statements for the year ended 31 December 2012

1.3 Basis of consolidation

The company has taken advantage of the exemption available under the Companies Act 2006 and has prepared individual, rather than group financial statements, on the basis that the group headed by this company is small

1.4 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

1.5 Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration receivable, excluding Value Added Tax, discounts and rebates

1.6 Investments

Investments are stated at cost less accumulated impairment losses. The carrying values of investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

1.7 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Costs include all direct costs incurred in bringing each product to its present location and condition

Sunrise Operations Chorleywood Limited

**Notes to the Financial Statements
for the year ended 31 December 2012**

1. Accounting Policies (continued)

1.9 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

1.10 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and Loss Account

1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the third party fund manager in respect of the year

2. Turnover

Turnover represents amounts received and receivable from the company's continuing principal activity and is stated net of Value Added Tax

All turnover arose within the United Kingdom

Sunrise Operations Chorleywood Limited

Notes to the Financial Statements for the year ended 31 December 2012

3 Operating profit

The operating profit is stated after charging/(crediting)

	2012 £	2011 £
Auditor's remuneration	9,250	8,000
Auditor's remuneration - non-audit	-	600
Operating lease rentals		
- plant and machinery	93,143	60,332
- other operating leases	2,000,000	2,000,000
Difference on foreign exchange	(28)	(155)
	<u> </u>	<u> </u>

During the current and previous year, no directors received emoluments for their services to the company

A management charge of £408,335 (2011 - £427,690) in respect of administration costs has been charged by Sunrise Senior Living Limited, the company's management service provider. Fees of £3,264 (2011 - £3,265) in respect of administration costs has been charged by State Street Secretaries (UK) Limited, the company's corporate secretary

These charges include a proportion for the directors' remuneration which it is not possible to identify separately

4. Staff costs

Staff costs were as follows

	2012 £	2011 £
Wages and salaries	832,819	876,958
Social security costs	97,804	74,454
Other pension costs	26,476	23,869
	<u> </u>	<u> </u>
	957,099	975,281
	<u> </u>	<u> </u>

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

	2012 No	2011 No
Administrative staff	11	11
Other staff	26	21
	<u> </u>	<u> </u>
	37	32
	<u> </u>	<u> </u>

Sunrise Operations Chorleywood Limited**Notes to the Financial Statements
for the year ended 31 December 2012**

5. Taxation

	2012 £	2011 £
UK corporation tax charge on profit for the year	-	-

Factors affecting tax charge for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	175,479	245,877
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	42,992	65,157
Effects of:		
Expenses not deductible for tax purposes	859	2,505
Utilisation of tax losses brought forward	(43,851)	(67,662)
Current tax charge for the year (see note above)	-	-

Deferred taxation

At 31 December 2012, the company has estimated trading losses of approximately £586,060 (2011 - £767,160) that are available indefinitely for offset against future taxable profits arising from the same trade of the company

At 31 December 2012, the company has an unrecognised deferred tax asset of approximately £134,794 (2011 - £191,790) resulting from trading tax losses carried forward. In accordance with the company's accounting policy this amount has not been recognised in the financial statements due to the uncertainty surrounding the timing of future taxable profits available for offset

The standard rate of corporation tax was reduced to 24% on 1 April 2012. Following the Budget in March 2012, legislation was enacted on 3 July 2012 which reduced the standard rate of corporation tax to 23% from 1 April 2013. This rate is therefore applicable for calculating deferred tax at the balance sheet date. A further reduction to 21% from 1 April 2014 and 20% from 1 April 2015 has been announced in the March 2013 Budget but has not yet been enacted. For each future 1% decrease in the standard corporation tax rate, the potential deferred tax asset not recognised reduces by approximately £5,900

Sunrise Operations Chorleywood Limited**Notes to the Financial Statements
for the year ended 31 December 2012**

6. Investments

	<i>Investments in subsidiary companies £</i>
Cost	
At 1 January 2012 and 31 December 2012	1
Net book value	
At 31 December 2012	1
At 31 December 2011	1

The company owns the entire share capital of Sunrise Home Help Chorleywood Limited. Sunrise Home Help Chorleywood Limited is a company registered in England and Wales which provides domiciliary care services.

At 31 December 2012, Sunrise Home Help Chorleywood Limited had aggregate capital and reserves of £1 (2011 - £1), having made a result for the year then ended of £nil (2011 - £nil). The Domiciliary Care Agreement was terminated on 31 December 2012 and it is the intention of the directors to liquidate this subsidiary.

7 Stocks

	<i>2012 £</i>	<i>2011 £</i>
Consumables	8,089	4,216

8. Debtors

	<i>2012 £</i>	<i>2011 £</i>
Trade debtors	210,914	93,910
Amounts owed by group undertakings	893,644	788,644
Other debtors	437	-
Prepayments and accrued income	14,203	42,007
	1,119,198	924,561

Sunrise Operations Chorleywood Limited**Notes to the Financial Statements
for the year ended 31 December 2012**

9 Creditors' Amounts falling due within one year

	2012 £	2011 £
Trade creditors	7,178	14,244
Amounts owed to group undertakings	187,913	562,002
Amounts owed to related undertakings	97,208	59,170
Social security and other taxes	38,348	43,123
Other creditors	39,422	38,058
Accruals and deferred income	204,855	271,979
	<u>574,924</u>	<u>988,576</u>

10. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

11. Reserves

	<i>Share premium account</i> £	<i>Profit and loss account</i> £
At 1 January 2012	1,261,288	(789,954)
Profit for the year	-	175,479
	<u>1,261,288</u>	<u>(614,475)</u>

12. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	471,336	225,459
Profit for the year	<u>175,479</u>	<u>245,877</u>
Closing shareholders' funds	<u>646,815</u>	<u>471,336</u>

Sunrise Operations Chorleywood Limited

Notes to the Financial Statements for the year ended 31 December 2012

13 Operating lease commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	<i>Land and buildings</i>		<i>2012</i>	<i>Other</i>
	<i>2012</i>	<i>2011</i>		<i>2011</i>
	£	£	£	£
Expiry date				
Between 2 and 5 years	-	-	7,063	7,066
After more than 5 years	2,000,000	2,000,000	-	-

14 Related party transactions

The following disclosures relate to undertakings which are fellow wholly owned subsidiaries of Dawn Limited Partnership, an intermediate parent undertaking of the company

(a) The company has entered into two operating lease agreements with Sunrise of Chorleywood Limited. Under these leases, facility premises rentals payable during the year amounted to £2,000,000 (2011 - £2,000,000) and equipment rentals payable during the year amounted to £86,299 (2011 - £53,289)

(b) The company was party to a Domiciliary Care Agreement, under which it outsourced resident care services provided to residents of the facility operated by the company. During the year, the following transactions were recorded with Sunrise Home Help Chorleywood Limited under the Domiciliary Care Agreement

	<i>2012</i>	<i>2011</i>
	£	£
Service fees payable	436,860	490,005
Salary costs received under recharge	976,776	1,103,090
Working capital reimbursement received	334,797	375,897

(c) As a result of the above and other group funding and settlement transactions, the following amounts were owed by/(to) group undertakings at the year end

	<i>2012</i>	<i>2011</i>
	£	£
Sunrise Operations Cardiff Limited	136,458	76,458
Sunrise Operations Tettenhall Limited	385,000	385,000
Sunrise Operations Solihull Limited	167,019	167,019
Sunrise Operations Southbourne Limited	20,000	20,000
Sunrise Operations Eastbourne Limited	140,167	140,167
Sunrise Operations Edgbaston Limited	45,000	-
	<u>893,644</u>	<u>788,644</u>

Sunrise Operations Chorleywood Limited**Notes to the Financial Statements
for the year ended 31 December 2012**

14 Related party transactions (continued)

	2012 £	2011 £
Dawn Opco Limited	(78,509)	(78,509)
Sunrise of Chorleywood Limited	(104,667)	(476,416)
Sunrise Home Help Chorleywood Limited	(4,737)	(7,077)
	<u>(187,913)</u>	<u>(562,002)</u>

Transactions with related party undertakings

The following disclosures relate to companies which are wholly owned subsidiary undertakings of Sunrise Senior Living Inc, which at the balance sheet date held a 100% interest in Dawn Limited Partnership, an intermediate parent undertaking of the company

(d) The company has entered into an operational management agreement with Sunrise Senior Living Limited under which the company receives management services. During the year, the company was charged £408,335 (2011 - £427,690) by Sunrise Senior Living Limited, for management services rendered

(e) As a result of the above and other funding and settlement transactions, the following amounts were owed to related undertakings at the year end

	2012 £	2011 £
Sunrise Senior Living Limited	<u>97,208</u>	<u>59,170</u>

15 Post balance sheet events

On 9 January 2013 the Merger agreement entered into by Health Care REIT Inc ("HCN") and Sunrise Senior Living Inc ("SSL Inc") for HCN to acquire all the outstanding common stock of SSL Inc completed. From that date Dawn Limited Partnership and its subsidiaries become wholly owned subsidiary undertakings of HCN.

On 20 March 2013 the company executed a new management agreement with Sunrise Senior Living Limited which became effective as of 9 January 2013. The new agreement provides for payment of a base management fee based on gross revenues. The amount of the management fee is expected to reduce following the adoption of the new agreement, however, it is not possible to quantify the financial effect of this since the future fee is dependant on future operating revenues.

The agreement is for an initial term of 15 years with an automatic renewal for an additional 15 years if certain Net Operating Income thresholds (as defined in the agreement) are met.

Sunrise Operations Chorleywood Limited

**Notes to the Financial Statements
for the year ended 31 December 2012**

16 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Dawn Opco Limited. In the directors' opinion, the company's ultimate parent undertaking was Sunrise Senior Living Inc, a company incorporated in the United States of America, up to 9 January 2013. Following the merger on 9 January 2013, when HCN completed the acquisition of SSL Inc, the directors consider HCN, a company registered and incorporated in the USA, to be the ultimate parent and controlling party.

The parent undertaking of the smallest group of undertakings for which group financial statements are prepared is Dawn Opco Limited whose group accounts are available from the UK Registrar of Companies. The parent undertaking of the largest group of undertakings for which group financial statements are prepared is SSL Inc, which is registered in the United States of America.