

Registered number: 5551189

Sunrise Operations Chorleywood Limited

Report and Financial Statements

for the year ended 31 December 2013



Sunrise Operations Chorleywood Limited

Company Information

Directors	E Ibele J Skiver K Crockett
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 2013

The directors present their report and the financial statements for the year ended 31 December 2013

Directors

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

R Dryden (resigned 9 January 2013)
J Harper (resigned 9 January 2013, reappointed 11 February 2013 & resigned 20 February 2013)
S Scally (resigned 9 January 2013)
E Ibele (appointed 9 January 2013)
M Crabtree (appointed 9 January 2013 & resigned 7 November 2013)
J Miller (appointed 9 January 2013 & resigned 7 November 2013)
J Skiver (appointed 7 November 2013)
K Crockett (appointed 7 November 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

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 each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each 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, will be proposed for reappointment in accordance with section 485 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

Sunrise Operations Chorleywood Limited

**Directors' Report
for the year ended 31 December 2013**

Directors' responsibilities statement (continued)

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.

Small companies' exemption

In preparing this report, the directors have taken advantage of the small companies' exemption provided by section 415A of the Companies Act 2006.

In addition, the directors have taken advantage of the exemption provided by section 414B of the Companies Act 2006 for the requirement to prepare a Strategic Report for the year.

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



.....
K Crockett
Director

Date **25 APR 2014**

Sunrise Operations Chorleywood Limited

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 2013, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. 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 on pages 1 and 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 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.

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 2013 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.

Sunrise Operations Chorleywood Limited

Independent Auditor's Report to the Members of Sunrise Operations Chorleywood Limited

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 not preparing the Strategic Report and take advantage of the small companies' exemption in preparing the Directors' Report



Michael Wansbury (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP, Statutory Auditor

London

Date

28 APR 2014

Sunrise Operations Chorleywood Limited

Profit and Loss Account for the year ended 31 December 2013

	<i>Note</i>	<i>2013</i> £	<i>2012</i> £
Turnover	2	6,083,505	4,887,462
Administrative expenses		(5,589,611)	(4,713,996)
Operating profit	3	493,894	173,466
Bank interest received		1,501	2,013
Profit on ordinary activities before taxation		495,395	175,479
Tax on profit on ordinary activities	5	21,013	-
Profit for the financial year	12	516,408	175,479

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and Loss Account. Accordingly no Statement of Total Recognised Gains and Losses has been presented.

Sunrise Operations Chorleywood Limited
Registered number: 5551189

Balance Sheet
As at 31 December 2013

	Note	£	2013 £	£	2012 £
Fixed assets					
Investments	6		1		1
Current assets					
Stocks	7	6,620		8,089	
Debtors	8	1,678,688		1,119,198	
Cash at bank and in hand		206,882		94,451	
		<u>1,892,190</u>		<u>1,221,738</u>	
Creditors amounts falling due within one year	9	(650,459)		(574,924)	
Net current assets			<u>1,241,731</u>		<u>646,814</u>
Net assets			<u>1,241,732</u>		<u>646,815</u>
Capital and reserves					
Called up share capital	11		78,511		2
Share premium account	12		1,261,288		1,261,288
Profit and loss account	12		(98,067)		(614,475)
Shareholders' funds	13		<u>1,241,732</u>		<u>646,815</u>

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



K Crockett
 Director

Date **25 APR 2014**

Sunrise Operations Chorleywood Limited

Notes to the Financial Statements for the year ended 31 December 2013

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

Based on the current and forecast profitability and the fact that the company has net current assets, the directors believe it is appropriate to prepare the financial statements on a going concern basis. The company has earned a profit after tax of £516,408 for the current year (2012 - profit of £175,479) and has net current assets of £1,241,731 at the year end (2012 – net current assets of £646,814)

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 2015 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 2013.

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 value of the investments is 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 2013

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 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund 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

3 Operating profit

The operating profit is stated after charging

	2013 £	2012 £
Auditor's remuneration - audit	9,990	9,250
Operating lease rentals		
- other	58,748	93,143
- land and buildings	2,000,000	2,000,000

During the year, no director received any emoluments (2012 - £nil)

In the prior year a management fee of £408,335 in respect of administration costs has been charged by Sunrise Senior Living Limited, the company's management service provider and fees of £3,264 were charged by State Street Secretaries (UK) Limited the company's corporate secretary. These charges included a proportion for the directors' remuneration which it is not possible to identify separately.

In 2013 the management charge included no amounts for directors' remuneration. E Ibele, K Crockett and J Skiver received remuneration from Health Care REIT Inc ("HCN"), the company's ultimate parent undertaking, as employees of that company. They received no remuneration for their services as directors of Sunrise Operations Chorleywood Limited.

Sunrise Operations Chorleywood Limited

Notes to the Financial Statements for the year ended 31 December 2013

4 Staff costs

Staff costs were as follows

	2013 £	2012 £
Wages and salaries	1,693,313	832,819
Social security costs	126,821	97,804
Other pension costs	17,577	26,476
	<u>1,837,711</u>	<u>957,099</u>

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

	2013 No	2012 No
Administrative staff	9	11
Other staff	34	26
Care assistants	78	-
	<u>121</u>	<u>37</u>

As a result of the directors' decision to liquidate Sunrise Home Help Chorleywood Limited and the termination of the Domiciliary Care Agreement on 31 December 2012, all staff costs are now borne by Sunrise Operations Chorleywood Limited

5 Taxation

	2013 £	2012 £
Analysis of tax credit in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	-	-
Deferred tax (see note 10)		
Origination and reversal of timing differences	(21,013)	-
Tax credit on profit on ordinary activities	<u>(21,013)</u>	<u>-</u>

Sunrise Operations Chorleywood Limited

Notes to the Financial Statements for the year ended 31 December 2013

5 Taxation (continued)

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 23.25% (2012 - 24.5%). The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before tax	495,395	175,479
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	115,179	42,992
Effects of:		
Expenses not deductible for tax purposes	797	859
Utilisation of tax losses brought forward	(115,976)	(43,851)
Current tax charge for the year (see note above)	-	-

Deferred taxation

At 31 December 2013, the company has a recognised deferred tax asset of £21,013 (2012 - £nil) calculated at rates of between 23% - 20% expected to apply when timing differences reverse, resulting from trading losses carried forward of £105,063 (2012 - £nil). In accordance with the company's accounting policy the deferred tax asset has been recognised in the financial statements since the directors forecast taxable profits will be available for offset in the immediate future. As at 31 December 2012 the company had estimated trading losses of £586,060 and an unrecognised deferred tax asset of approximately £134,794.

The standard rate of corporation tax was reduced to 23% from 1 April 2013. Further legislation has been enacted to reduce the standard rate of corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015.

6 Investments

	<i>Investments in subsidiary companies</i> £
Cost	
At 1 January 2013 and 31 December 2013	1
Net book value	
At 31 December 2013	1
At 31 December 2012	1

The company owns the entire share capital of Sunrise Home Help Chorleywood Limited. Sunrise Home Help Chorleywood Limited has ceased trading.

At 31 December 2013, Sunrise Home Help Chorleywood Limited had aggregate capital and reserves of

Sunrise Operations Chorleywood Limited

**Notes to the Financial Statements
for the year ended 31 December 2013**

6 Investments (continued)

£1 (2012 - £1), having made a result for the year then ended of £nil (2012 - £nil) The Domiciliary Care Agreement was terminated on 31 December 2012 and this subsidiary was liquidated and dissolved on 2 January 2014

7 Stocks

	2013 £	2012 £
Consumables	6,620	8,089

8 Debtors

	2013 £	2012 £
Trade debtors	228,343	210,914
Amounts owed by group undertakings	664,014	893,644
Other debtors	709,629	437
Prepayments and accrued income	55,689	14,203
Deferred tax asset (see note 10)	21,013	-
	<u>1,678,688</u>	<u>1,119,198</u>

**9 Creditors:
Amounts falling due within one year**

	2013 £	2012 As restated £
Trade creditors	51,912	17,991
Amounts owed to group undertakings	160,793	187,913
Amounts owed to related undertakings	70,364	97,208
Other taxation and social security	26,401	38,348
Other creditors	113,196	39,422
Accruals and deferred income	227,793	194,042
	<u>650,459</u>	<u>574,924</u>

Following a reassessment of the nature and classification of the underlying balances, the comparative amounts have been restated to reflect consistent presentation as applied in the current year

Sunrise Operations Chorleywood Limited

**Notes to the Financial Statements
for the year ended 31 December 2013**

10 Deferred taxation

	2013 £	2012 £
At beginning of year	-	-
Amount credited to profit and loss in the year	21,013	-
At end of year	<u>21,013</u>	<u>-</u>

The deferred tax asset relates entirely to trading tax losses described in note 5

11 Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
78,511 (2012 - 2) Ordinary shares of £1 each	<u>78,511</u>	<u>2</u>

On 11 November 2013, 78,509 Ordinary shares with a nominal value of £1 each were issued for consideration of £78,509 paid for by the assignment to the company of the benefit of promissory loan notes issued by Dawn Holdco Limited to Dawn Opco Limited

12 Reserves

	<i>Share premium account</i> £	<i>Profit and loss account</i> £
At 1 January 2013	1,261,288	(614,475)
Profit for the financial year	-	516,408
At 31 December 2013	<u>1,261,288</u>	<u>(98,067)</u>

13 Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	646,815	471,336
Profit for the financial year	516,408	175,479
Shares issued during the year	78,509	-
Closing shareholders' funds	<u>1,241,732</u>	<u>646,815</u>

Sunrise Operations Chorleywood Limited

Notes to the Financial Statements for the year ended 31 December 2013

14 Operating lease commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows

	<i>Land and buildings</i>		<i>2013</i>	<i>Other</i>
	<i>2013</i>	<i>2012</i>		
	£	£	£	£
Expiry date:				
Within 1 year	-	-	83	-
Between 2 and 5 years	-	-	6,814	7,063
After more than 5 years	2,000,000	2,000,000	-	-

15 Related party transactions

Transactions with group undertakings

The company has taken the exemption available under Financial Reporting Standard 8 "Related Party Disclosures" and has not disclosed transactions with other wholly owned subsidiaries of the Health Care REIT Inc group

Transactions with other related party undertakings

The company has entered into an operational management agreement with Sunrise Senior Living Limited ("SSL Ltd") under which the company receives management services. In addition, the company is party to a manager pooling agreement with SSL Ltd under which the management fee may go up or down dependent on the performance of the company. During the year, the company was charged £337,369 (2012 - £408,335) by SSL Ltd, for management services rendered. SSL Ltd was previously a subsidiary of Sunrise Senior Living Inc ("SSL Inc") which held an interest in the company up to 9 January 2013.

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

	<i>2013</i>	<i>2012</i>
	£	£
Sunrise Senior Living Limited	70,364	97,208

16. Post balance sheet events

On 2 January 2014, the company's wholly owned subsidiary undertaking, Sunrise Home Help Chorleywood Limited was liquidated and dissolved because it was no longer required.

Sunrise Operations Chorleywood Limited

Notes to the Financial Statements for the year ended 31 December 2013

17 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 SSL 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 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 HCN, whose group accounts can be obtained from the corporate headquarters at 4500 Dorr Street, Toledo, Ohio 43615-4040 or from the corporate website, www.hcreit.com.