

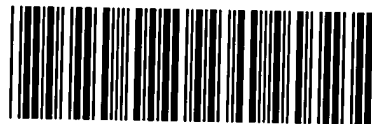
Orchard Care Homes.com Holdings Limited

**Directors' report and financial
statements**

Registered number 06061481

Year ended 31 March 2015

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Company information

Director
PC Mancey
P Tomlinson
D Johnson
CM Lake
T Dennis (resigned 23 June 2015)

Company number 06061481

Registered office
The Hamlet
Hornbeam Park
Harrogate
HG2 8RE

Auditor
KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Bankers
National Westminster Bank plc
8 Market Place
Huddersfield
HD1 2AL

Solicitors
Pinsent Masons LLP
1 Park Row
Leeds
LS1 5AB

Strategic Report

The directors present their strategic report for the year ended 31 March 2015.

Principal activity

The company's principal activity during the year was to act as a holding company. The principal activities of the company's subsidiaries continued to be the provision of residential, dementia and nursing care for the elderly.

Review of the business

The group operates 34 homes across 21 sites under the Orchard brand as tenants under leases with landlords external to the group with average occupancy in the year of 92%.

The group also operates c. 70 homes under the Larchwood brand under licence agreements and two homes under joint venture agreements with third parties.

Fee pressure exerted by local authorities continues to have a downward impact on margins. The average local authority increase in fees in their 2014-15 settlements was c. 1.8% at a time when cost inflation is increasing by up to 5%. To mitigate the impact of low local authority fees, the group continues to focus on improving the percentage of residents who pay privately for their care. This percentage in the Orchard homes increased from an average of 31% in 2014 to 32% in 2015 and ended the year in March 2015 at 33%.

Market conditions have been challenging with wage inflation increasing ahead of fee inflation to attract and retain good quality staff.

At the end of the year the group introduced e-learning software, Orchard World of Learning ("OWL"). OWL has provided real time access to learning through a tailored learning management system. Significant improvements in compliance with mandatory training have been experienced. Better trained staff results in higher quality care. The move away from reliance on trainer led face to face learning has enabled the training team to focus on other value add learning initiatives.

Key performance indicators – Orchard

The key drivers of the business are:

	2015	2014	Comments
Available beds	1,441	1,441	
Occupancy (%)	92%	91%	
Private occupancy (%)	32%	31%	Continued focus on private occupancy
Revenue	£36,328,660	£34,150,326	
Average weekly fee	£518	£495	Increase due to improvement in private occupancy
Rent cover	1.4	1.3	

Definitions and method of calculation

Occupancy percentage is defined as the average occupied beds divided by the average available beds for the year.

Available beds are the average number of beds available for occupation during the year. Where a bedroom is registered as a double room with the Care Quality Commission ("CQC"), this is counted as one room in the available beds calculation since typically double rooms are only used as single occupancy.

Rent cover is earnings before interest, tax, depreciation, rent, management fee income and central costs (i.e. profits generated by the care homes) divided by rent.

Key performance indicators – Larchwood North

The key drivers of the business are:

	2015	2014	Comments
Revenue	£40,478,872	£41,778,743	Decrease due to sale/closure of three homes in March/April 2014 which contributed £2.3m of revenue in 2014
Occupancy (%)	84.4%	82.7%	Impacted by the re-launch of one home as residential
Available beds	1,639	1,639	

Definitions and method of calculation

Occupancy percentage is defined as the average occupied beds divided by the average available beds for the year excluding the homes which were sold or closed during 2015.

Available beds are the average number of beds available for occupation during the year/period excluding the homes which were sold or closed during 2015. Where a bedroom is registered as a double room with the Care Quality Commission ("CQC"), this is counted as one bedroom in the available beds calculation since typically double rooms are only used as single occupancy.

Key performance indicators – Larchwood South

The key drivers of the business are:

	Year ended 31 st March 2015	Six months ended 31 st March 2014	Comments
Revenue	£46,605,415	£23,231,832	Excluding the sold/closed homes and pro rating the 2014 turnover for twelve months, revenue increased by 2.6% driven by a higher average weekly fee
Occupancy (%)	88.1%	88.9%	Impacted by the re-launch of two homes as residential
Available beds	1,664	1,649	Increase in beds of core homes due to opening a closed unit at two homes

Definitions and method of calculation

Occupancy percentage is defined as the average occupied beds divided by the average available beds for the year/period excluding the homes which were sold or closed during 2015.

Available beds are the average number of beds available for occupation during the year/period excluding the homes which were sold or closed during 2015. Where a bedroom is registered as a double room with the Care Quality Commission ("CQC"), this is counted as one bedroom in the available beds calculation since typically double rooms are only used as single occupancy.

The compliance risk is primarily the non-compliance with regulatory standards as set out by the industry regulator, CQC. The group is committed to maintaining an open dialogue with CQC and has dedicated operational resources which have the responsibility for developing policy and implementing best practice consistently across the group to ensure policy compliance. The group has also further expanded its compliance review team during the year. Additionally, the group continues to forge strong links with local authorities to keep up to date with current issues and promote our services as a first class provider of residential and dementia care for the elderly.

The group has experienced a heightened regulatory environment and awareness following the increasing public and media scrutiny in relation to care homes. CQC has introduced new regulations from 1st October 2014.

The planned increase to National Living Wage ("NLW") will have a significant impact on margins since local authorities already fail to pay an appropriate fee for care and the April 2016 NLW increase is forecast to be 7.5%.

Business review and results

The profit for the year after taxation amounted to £1,989,282 (2014: £1,724,605). The group had net assets at the year end of £1,828,979 (2014: net liabilities £(160,303)).

The profit for the year includes £459,372 of exceptional items within interest receivable, a £1,171,861 exceptional operating credit and a credit of £735,288 within administrative expenses.

The £459,372 interest receivable is in relation to an interest rate hedge product which was cancelled in 2009. The early cancellation resulted in payment to the bank of c. £0.9m. Under the standards agreed with the Financial Conduct Authority, the bank reviewed the complexity of the hedging product in place and refunded £459,372 to the group being the difference between a vanilla hedge and the hedging product in place.

The credit of £735,288 relates to reinstatement of a rent deposit. The rent deposit had been previously written off due to uncertainty of recoverability but has been written back following change in landlord of the property and confirmation the deposit is fully repayable.

Since 2011 one of the subsidiary companies has been paying rentals without applying the annual uplifts due under the leases and a liability has been recognised within current liabilities for the difference between contractual rent and rent paid. This totals £1.17 million at 31 March 2015 and has been credited to the profit and loss account. During the year the landlord has confirmed in writing that it will waive the rent arrears and that it is prepared to continue to accept the rentals currently being paid at £1.73m per annum.

Future outlook

The group will face pressure on margins following the increase in NLW of 7.5% in April 2016 and 5.5% per annum thereafter. The group's rental uplifts have a collar of 2.5% so with a largely fixed and rising cost base, the long term future of the group is dependent on local authority fee increases to mitigate the impact of National Living Wage and/or a reduction in rent levels.

In May 2015 and November 2015 the group entered into two new agreements to provide management services to two care groups operating c. 25 care homes each. In January 2016, the licence agreements for the Larchwood care homes ended.

This report was approved by the Board on *14 MARCH* 2016 and signed on its behalf by:



D Johnson
Director

Director's Report

The directors present their report and financial statements for the year ended 31 March 2015.

Strategic report

In accordance with Section 414(c) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 the company has prepared a Strategic Report, which includes information that would have been previously included in the Directors' Report.

Financial risk management

The group's principal financial instruments comprise sterling cash and bank deposits with trade debtors and trade creditors arising directly from operations.

The credit risk attributable to trade debtors is minimal as the majority of fees are paid by local authorities and the incidence of bad debt on private fee payers has been minimal. The group has a well-defined process of debt collection to pursue any accounts where payment difficulties arise.

Employees

The group's goal is to create a strong care-centred culture whilst promoting an inclusive environment where all employees feel they have the opportunity to succeed. The group has a strong culture built on its core values and recognises employees' contributions and achievements through its performance management and reward and recognition processes.

The group believes in open communication with its employees. This is achieved through a variety of channels including regular home manager conferences, staff surveys, weekly email news delivery to homes via the Orchard Cascade and the publication of the Team Talk magazine, covering a wide range of topical issues and recognising achievement. Employees are encouraged to undertake NVQ training and also have a structured program of mandatory and developmental training programmes to help them achieve their goals.

Disabled persons

The business also gives sympathetic consideration to applications for employment vacancies from disabled persons. Successful applicants are given appropriate assistance and training and have the same career prospects as other employees. Should employees become disabled during their employment, every assistance is given to enable them to continue their career. We value our employees and as such we pay close attention to their health, safety, and wellbeing, having particular regard to the Health and Safety at Work Act 1974.

Directors

The directors who served during the year are as follows:

PC Mancey
P Tomlinson
D Johnson
CM Lake
T Dennis

Statement as to disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



D Johnson
Director

The Hamlet
Hornbeam Park
Harrogate
HG2 8RE

14 MARCH 2016

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

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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period.

In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



KPMG LLP

KPMG LLP
1 Sovereign Square
Leeds
LS1 4DA
United Kingdom

Independent auditor's report to the members of Orchard Care Home.com Holdings Limited

We have audited the financial statements of Orchard Care Home.com Holdings Limited for the year ended 31 March 2015 set out on pages 10 to 28. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 7, 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

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK 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

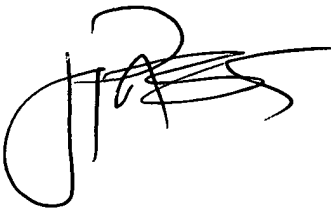
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Orchard Care Home.com Holdings 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Johnathan Pass (Senior Statutory Auditor)

For and on behalf of

KPMG LLP

Statutory Auditor

KPMG LLP

1 Sovereign Square

Leeds

LS1 4DA

21 March 2016

Profit and loss account
for the year ended 31 March 2015

	<i>Note</i>	2015 £	2014 £
Turnover (including share of Joint Venture)	2		
Existing operations		125,415,080	76,938,019
Acquisitions		-	23,231,832
		<hr/>	<hr/>
Continuing operations		125,415,080	100,169,851
Discontinued		-	6,113,703
		<hr/>	<hr/>
		125,415,080	106,283,554
Less: share of joint ventures turnover		(2,002,131)	(1,008,950)
		<hr/>	<hr/>
Group turnover		123,412,949	105,274,604
Cost of sales	3	(87,353,975)	(75,352,929)
		<hr/>	<hr/>
Gross profit		36,058,974	29,921,675
Administrative expenses	3	(35,444,071)	(30,385,140)
Exceptional items (operating)	4	1,171,861	-
		<hr/>	<hr/>
Operating profit/(loss)			
Continuing operations		1,786,764	(1,104,151)
Discontinued		-	640,686
		<hr/>	<hr/>
Group operating profit/(loss)		1,786,764	(463,465)
		<hr/>	<hr/>
Operating profit/(loss)	5	1,786,764	(463,465)
Loss on disposal of discontinued operation	11	-	(640,686)
Exceptional items (non-operating)	4	-	951,275
Interest receivable	6	459,372	-
Interest payable	7	(108,969)	(62,046)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		2,137,167	(214,922)
Taxation	10	(147,885)	1,939,527
		<hr/>	<hr/>
Profit for the year	21	1,989,282	1,724,605
		<hr/>	<hr/>

The notes on pages 15 to 28 form an integral part of these financial statements

Statement of total recognised gains and losses
for the year ended 31 March 2015

	2015 £	2014 £
Profit for the financial year	1,989,282	1,724,605
Total recognised gains and losses relating to the year	<u>1,989,282</u>	<u>1,724,605</u>
Prior period adjustments	<u>-</u>	<u>2,012,171</u>
Total gains and losses recognised since last report	<u><u>1,989,282</u></u>	<u><u>3,736,776</u></u>

Consolidated balance sheet

at 31 March 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	13	34,817	34,817
Tangible assets	14	5,631,973	7,153,633
		<hr/>	<hr/>
		5,666,790	7,188,450
Current assets			
Debtors	15	18,288,132	18,967,839
Cash at bank and in hand		1,785,322	1,488,374
		<hr/>	<hr/>
		20,073,454	20,456,213
Creditors: amounts falling due within one year	16	(19,879,411)	(23,597,814)
		<hr/>	<hr/>
Net current assets/(liabilities)		194,043	(3,141,601)
		<hr/>	<hr/>
Total assets less current liabilities		5,860,833	4,046,849
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	17	(4,031,854)	(4,207,152)
		<hr/>	<hr/>
Net assets/(liabilities)		1,828,979	(160,303)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	18	47,350	47,350
Merger reserve	19	6,270,740	6,270,740
Share premium account	20	9,673,470	9,673,470
Profit and loss account	21	(14,162,581)	(16,151,863)
		<hr/>	<hr/>
Shareholders' funds/(deficit)	22	1,828,979	(160,303)
		<hr/>	<hr/>

The notes on pages 15 to 28 for an integral part of the financial statements.

These financial statements were approved by the board on **14 MARCH** 2016 and were signed on its behalf by:



D Johnson
Director

Registration number 06061481

Company balance sheet
at 31 March 2015

	<i>Note</i>	2015 £	2014 £
Fixed assets			
Investments	<i>12</i>	2,520,176	2,520,176
Current assets			
Debtors	<i>15</i>	1,316,795	1,354,534
Cash at bank and in hand		1,036	902
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	<i>16</i>	1,317,831 (18,419)	1,355,436 (4,988)
		<hr/>	<hr/>
Net current assets		1,299,412	1,350,448
		<hr/>	<hr/>
Total assets less current liabilities		3,819,588	3,870,624
		<hr/>	<hr/>
Net assets		3,819,588	3,870,624
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	<i>18</i>	47,350	47,350
Share premium account	<i>20</i>	9,673,470	9,673,470
Profit and loss account	<i>21</i>	(5,901,232)	(5,850,196)
		<hr/>	<hr/>
Shareholders' funds	<i>22</i>	3,819,588	3,870,624
		<hr/>	<hr/>

The notes on pages 15 to 28 form an integral part of the financial statements.

Cash flow statement
for the year ended 31 March 2015

	<i>Note</i>	2015 £	2014 £
Net cash inflow/(outflow) from operating activities		671,938	(1,072,387)
Return on investment and servicing of finances		350,403	(62,046)
Financing		(225,000)	468,963
Taxation		-	(121,825)
Capital expenditure and financial investment		(500,393)	(1,795,854)
Acquisitions and disposals		-	3,400,791
		<hr/>	<hr/>
Increase in cash	23	296,948	817,642
		<hr/>	<hr/>

Reconciliation of net cash flow to movement in net funds

	<i>Note</i>	2015 £	2014 £
Net funds at 31 March 2014		1,038,375	670,733
Increase in cash in the year		296,948	817,642
Decrease/(increase) in debt		225,000	(450,000)
		<hr/>	<hr/>
Net funds at 31 March 2015	23	1,560,323	1,038,375
		<hr/>	<hr/>

The notes on pages 15 to 28 form an integral part of the financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

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

Going concern

The directors have prepared cash flow forecasts which show the company and the group having adequate resources to continue in operational existence for the foreseeable future. The directors have therefore continued to adopt the going concern basis of accounting in preparing the financial statements.

The landlords of Orchard Care Homes.Com (3) Limited and Adiemus Care Limited have confirmed that they will not seek repayment of the £4.6m due to them to the detriment of other creditors and will continue to make available funds available to Orchard Care Homes.Com (3) Limited and Adiemus Care Limited to allow them to meet their liabilities as they fall due for a period of not less than 12 months from the date of approval of these financial statements.

Basis of consolidation

The consolidated financial statements incorporate those of Orchard Care Homes.com Holdings Limited and all of its subsidiary undertakings for the year. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passed. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised and written off on a straight line basis over its estimated economic life. Provision is made for any impairment. All financial statements are made up to 31 March 2015.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

Purchased goodwill

Goodwill representing the excess of the purchase price compared with the fair value of net assets acquired is capitalised and written off evenly over 20 years as in the opinion of the directors this represents the period over which the goodwill is effective.

Goodwill is reviewed at least on an annual basis for impairment or more frequently when there are indicators that impairment may have occurred. These impairment reviews involve the use of discounted cash flow forecasts in respect of the cash generating units to which the goodwill relates.

Tangible fixed assets

Fixed assets are stated at cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life as follows:-

Short Leasehold Improvements	10%-20% straight line
Fixtures, fittings and equipment	10%-20% straight line
Motor Vehicles	25% straight line

Notes

(forming part of the financial statements)

1 Accounting policies *(continued)*

Investment in subsidiaries

Investment in subsidiaries are stated in the company balance sheet at the consideration paid to acquire the investment, less any provision considered necessary by the directors for diminution in value.

Joint ventures

Undertakings in which the group has a long term interest and shares control under a contractual agreement are defined as joint ventures and are accounted for using the gross equity method.

Pensions

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Revenue recognition

Revenue is recognised at the point at which services are supplied to residents. Where services are performed gradually over time, revenue is recognised as the activity progresses by reference to the value of the services provided.

Operating leases

Rental charges under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Held within other debtors are amounts relating to rent deposits and retentions in respect of operating leases. These are recoverable at the earlier of the end of the lease term or on the meeting of certain performance criteria.

Notes (continued)

2 Turnover

The total turnover of the company and the group for the year has been derived from its principal activity wholly undertaken in the UK.

3 Discontinued operations

	Continuing operations £	Discontinued operations £	Total £
Year ended 31 March 2015			
Cost of sales	87,353,975	-	87,353,975
Administrative expenses	35,444,071	-	35,444,071
	<hr/>	<hr/>	<hr/>
Year ended 31 March 2014			
Cost of sales	70,480,663	4,872,266	75,352,929
Administrative expenses	29,784,389	600,751	30,385,140
	<hr/>	<hr/>	<hr/>

During the prior year the group transferred operational responsibility of the seven homes registered in Northern Ireland to a third party.

4 Exceptional Items

Since 2011 one of the subsidiary companies has been paying rentals without applying the annual uplifts due under the leases and a liability has been recognised within current liabilities for the difference between contractual rent and rent paid. This totals £1.17 million at 31 March 2015. During the year the landlord has confirmed in writing that it will waive the rent arrears and that it is prepared to continue to accept the rentals currently being paid at £1.73m per annum.

Notes (continued)

5 Operating profit/(loss)

	2015 £	2014 £
Operating profit is stated after charging/(crediting):		
Depreciation of owned fixed assets	2,022,052	1,544,310
Exceptional items – write back rental liability (note 4)	1,171,861	-
Operating lease rentals		
- Land and buildings	9,490,444	9,740,466
- Other	73,171	8,199
Auditor's remuneration		
- audit	111,000	86,375
- other services	45,000	19,200
	<u> </u>	<u> </u>

6 Interest receivable and similar income

	2015 £	2014 £
Bank interest	459,372	-
	<u> </u>	<u> </u>

The £459,372 interest receivable is in relation to an interest rate hedge product which was cancelled in 2009. The early cancellation resulted in payment to the bank of c. £0.9m. Under the standards agreed with the Financial Conduct Authority, the bank reviewed the complexity of the hedging product in place and refunded £459,372 to the group being the difference between a vanilla hedge and the hedging product in place.

7 Interest payable and similar charges

	2015 £	2014 £
Other interest	108,969	62,046
	<u> </u>	<u> </u>

Notes (continued)

8 Staff costs

	2015 £	2014 £
Wages and salaries	65,750,451	57,860,491
Social security costs	6,525,832	3,749,628
Pension cost	480,960	63,357
	<u>72,757,243</u>	<u>61,673,476</u>

	2015 No.	2014 No.
Average monthly number of employees during the year (full time equivalent):		
Administration	116	99
Care staff	3,416	3,001
Maintenance	8	6
	<u>3,540</u>	<u>3,106</u>

9 Directors remuneration

	2015 £	2014 £
Aggregate emoluments	<u>469,302</u>	<u>464,428</u>

The emoluments of the highest paid director were £257,796 (2014: £237,746). No director has any accrued benefits under pension schemes.

Notes (continued)

10 Taxation

Analysis of charge in period

	2015 £	2014 £
<i>Corporation tax</i>		
Current tax	196,835	259,937
Over provision for previous year	(48,950)	(2,164,189)
	<hr/>	<hr/>
Total current tax charge	147,885	(1,904,252)
	<hr/>	<hr/>
<i>Deferred tax</i>		
Timing differences, origination and reversal	-	(35,275)
	<hr/>	<hr/>
Tax on profit/(loss) on ordinary activities	147,885	(1,939,527)
	<hr/>	<hr/>

The tax charge assessed for the year is lower than the standard rate of corporation tax in the UK of 21% (2014: 23%).
 The differences are explained below:

	2015 £	2014 £
Profit/(loss) on ordinary activities before taxation	2,137,167	(214,922)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (2014: 23%)	448,805	(49,432)
	<hr/>	<hr/>
Effects of:		
Expenses not deductible for tax purposes	382,136	154,834
Short term timing differences	13,498	(23,000)
Capital allowances for period in excess of depreciation	51,871	118,032
Losses (utilised)/not utilised	(697,153)	59,503
Other	(2,322)	(35,275)
Over provision in prior year	(48,950)	(2,164,189)
	<hr/>	<hr/>
Current tax charge for year	147,885	(1,939,527)
	<hr/>	<hr/>

A deferred tax asset of £1.3 million (2014: £2.1 million) in respect of tax losses has not been recognised in the financial statements as there is uncertainty over the availability and timing of the future taxable profits to utilise the tax losses against.

In December 2013 the group agreed a settlement with HMRC in respect of a tax liability in Tri-Care Limited of £2.4 million plus interest of £1.1 million. As a result £2.2m of corporation tax and £1m of interest was written back to the profit and loss account in the prior year.

Notes (continued)

11 Sale of business

	2015 £	2014 £
Net assets disposed of:		
Tangible fixed assets	-	488,765
Working capital paid to purchaser	-	151,921
	<hr/>	<hr/>
	-	640,686
Loss on disposal	-	(640,686)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

On 1 December 2013 Orchard Care Home.Com (3) Limited transferred the business of the care homes operating in Northern Ireland to a third party for consideration of £nil. Assets and liabilities at the date of disposal were retained by the group. As part of the transfer of business sums totalling £151,921 representing working capital held within the care homes was transferred to the new operator.

12 Investments – company

	£
<i>Cost</i>	
At 1 April 2014 and 31 March 2015	37,862,381
<i>Impairment</i>	
At 1 April 2014 and 31 March 2015	(35,342,205)
	<hr/>
<i>Net book value</i>	
At 1 April 2014 and 31 March 2015	2,520,176
	<hr/>

The names of the company's subsidiaries (all of which have co-terminous year ends, and are included within the consolidation), together with their principal activities, are set out below. All companies are wholly owned, unless otherwise stated.

Subsidiary undertakings (*indirectly held)	Principal activity
Orchard Care Homes.com Limited	Provision of residential, nursing and EMI care for the elderly
Tri-care Limited	Provision of residential, nursing and EMI care for the elderly
Orchard Care Homes.com (2) Limited*	Provision of residential, nursing and EMI care for the elderly
Orchard Care Homes.com (3) Limited*	Provision of residential, nursing and EMI care for the elderly
Orchard Care Homes.com (4) Limited*	Provision of residential, nursing and EMI care for the elderly
Orchard Care Homes.com (5) Limited*	Provision of residential, nursing and EMI care for the elderly
Orchard Care Homes.com (6) Limited*	Provision of residential, nursing and EMI care for the elderly
Orchard Care Homes.com (7) Limited*	Provision of residential, nursing and EMI care for the elderly
Adiemus Care Limited*	Provision of residential, nursing and EMI care for the elderly

The issued share capital of all the Company's subsidiaries consists of ordinary share capital and all companies are registered in England and Wales and operate in Great Britain.

Joint Ventures

Orchard Care Homes.com (7) limited has entered into joint ventures operating two residential care homes for the elderly.

Notes (continued)

13 Intangible fixed assets - group

	Goodwill on consolidation £
<i>Cost</i>	
At 1 April 2014 and 31 March 2015	34,817
	<hr/>
<i>Net book value</i>	
At 1 April 2014 and 31 March 2015	34,817
	<hr/> <hr/>

14 Tangible fixed assets - group

	Leasehold property £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<i>Cost</i>				
At 31 March 2014	2,824,958	8,129,595	118,775	11,073,328
Additions	-	476,893	23,500	500,393
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	2,824,958	8,606,488	142,275	11,573,721
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>				
At 31 March 2014	884,720	2,975,479	59,496	3,919,696
Charge for year	223,969	1,772,119	25,965	2,022,052
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	1,108,689	4,747,598	85,461	5,941,748
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>				
At 31 March 2015	1,716,269	3,858,890	56,814	5,631,973
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2014	1,940,238	5,154,116	59,279	7,153,633
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

15 Debtors

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Trade debtors	8,381,919	-	8,979,031	-
Amounts owed by group undertakings	-	1,281,965	-	1,263,555
Other debtors	5,533,099	34,830	4,975,136	90,979
Prepayments and accrued income	4,373,114	-	5,013,672	-
	<u>18,288,132</u>	<u>1,316,795</u>	<u>18,967,839</u>	<u>1,354,534</u>
Debtors due after one year:				
Other debtors	4,308,178	-	3,843,512	-
	<u>4,308,178</u>	<u>-</u>	<u>3,843,512</u>	<u>-</u>

16 Creditors: amounts falling due within one year

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Trade creditors	7,082,676	14,805	7,582,599	3,374
Corporation tax	606,682	-	500,318	-
Other taxes and social security costs	1,284,918	2,000	1,051,208	-
Amounts due to licence holder	4,581,732	-	8,301,601	-
Other creditors	247,387	207	1,316,712	207
Accruals and deferred income	6,076,016	1,407	4,845,376	1,407
	<u>19,879,411</u>	<u>18,419</u>	<u>23,597,814</u>	<u>4,988</u>

Amounts due to licence holder represent amounts due to landlords whose care homes the group operates under licence agreements.

Other creditors includes a loan repayable within one year of £225,000 (2014: £450,000) with interest payable at 12% per annum.

Notes (continued)

17 Creditors: amounts falling due after more than one year

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
Accruals and deferred income	4,031,854	-	4,207,152	-
	<u>4,031,854</u>	<u>-</u>	<u>4,207,152</u>	<u>-</u>
	<u><u>4,031,854</u></u>	<u><u>-</u></u>	<u><u>4,207,152</u></u>	<u><u>-</u></u>

18 Called up share capital

	2015 £	2014 £
Group and company Allotted and issued:		
4,531,189 (2014: 4,531,189) Ordinary shares of £0.01 each	45,312	45,312
203,750 (2014: 203,750) non-voting shares of £0.01 each	2,038	2,038
	<u>47,350</u>	<u>47,350</u>
	<u><u>47,350</u></u>	<u><u>47,350</u></u>

The Ordinary Shares of £0.01 each have entitlement to one vote in any circumstances. A shareholder agreement determines a waterfall structure for dividends and capital returns.

The Ordinary B Shares of £0.01 each have entitlement to one vote in any circumstances and have certain vetos. A shareholder agreement determines waterfall structure for dividends and capital returns.

Notes (continued)

19 Merger reserve

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
As at 31 March	6,270,740	-	6,270,740	-
	<u>6,270,740</u>	<u>-</u>	<u>6,270,740</u>	<u>-</u>

20 Share premium account

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
At 31 March	9,673,470	9,673,470	9,673,470	9,673,470
	<u>9,673,470</u>	<u>9,673,470</u>	<u>9,673,470</u>	<u>9,673,470</u>

21 Profit and loss account

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
At 1 April as previously stated	(16,151,863)	(5,850,196)	(19,888,639)	(5,762,803)
Prior year adjustment	-	-	2,012,171	-
	<u>(16,151,863)</u>	<u>(5,850,196)</u>	<u>(17,876,468)</u>	<u>(5,762,803)</u>
At 1 April as stated	1,989,282	(51,036)	1,724,605	(87,393)
Profit/(loss) for the financial year	<u>1,989,282</u>	<u>(51,036)</u>	<u>1,724,605</u>	<u>(87,393)</u>
At 31 March	<u><u>(14,162,581)</u></u>	<u><u>(5,901,232)</u></u>	<u><u>(16,151,863)</u></u>	<u><u>(5,850,196)</u></u>

As permitted by the Companies Act 2006 Section 408, Orchard Care Homes.Com Holdings Limited has not presented its own profit and loss account. The loss for the financial year dealt with in the financial statements of the holding company is £51,036 (2014: £87,393).

Notes (continued)

22 Reconciliation of movements in shareholders' funds/(deficit)

	Group 2015 £	Company 2015 £	Group 2014 £	Company 2014 £
At 1 April as previously stated	(160,303)	3,870,624	(3,941,349)	3,913,747
Prior period adjustment	-	-	2,012,171	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April restated	(160,303)	3,870,624	(1,929,178)	3,913,747
Profit/(loss) for the financial year	1,989,282	(51,036)	1,724,605	(87,393)
Issue of share capital	-	-	44,270	44,270
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March	1,828,979	3,819,588	(160,303)	3,870,624
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

23 Gross cash flows

	2015 £	2014 £
Reconciliation of operating profit/(loss) to net cash flow from operating activities:		
Operating profit/loss	1,786,764	(463,465)
Depreciation charge	2,022,052	1,544,310
Decrease/(increase) in debtors	679,707	(4,338,661)
(Decrease)/increase in creditors	(3,816,585)	2,185,429
Net cash (outflow)/inflow from operating activities	671,938	(1,072,387)
	<hr/>	<hr/>
Analysis of cash flows for headings netted in the cash flow	2015 £	2014 £
Returns on investments and servicing of finance		
Interest received	459,372	-
Interest paid	(108,969)	(62,046)
Net cash outflow from returns on investments and servicing of finance	350,403	(62,046)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(500,393)	(1,849,667)
Sale of tangible fixed assets	-	53,813
Net cash outflow from capital expenditure and financial investment	(500,393)	(1,795,854)
	<hr/>	<hr/>
Financing		
Issue of ordinary share capital	-	18,963
(Decrease)/Increase in short term borrowings	(225,000)	450,000
	(225,000)	468,963
	<hr/>	<hr/>
Acquisitions and disposals		
Cash balances acquired with subsidiary	-	3,552,711
Disposal of business	-	(151,920)
	-	3,400,791
	<hr/>	<hr/>
Analysis of net funds	2015 £	2014 £
Cash in hand and at bank	1,785,322	1,488,375
Other loans	(225,000)	(450,000)
Total	1,560,322	1,038,375
	<hr/>	<hr/>

Notes (continued)

24 Operating leases

	Land and buildings 2015 £	Other 2015 £	Land and buildings 2014 £	Other 2014 £
Annual commitments under non- cancellable operating leases are as follows:				
group				
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	73,171	-	8,199
Over five years	9,446,911	-	9,341,540	-
	<u>9,446,911</u>	<u>73,171</u>	<u>9,341,540</u>	<u>8,199</u>

25 Pension

The group operates a defined contribution scheme whose assets are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the group and amounted to £498,020 (2014: £63,357). Contributions totalling £257,744 (2014: £54,681) were payable to the fund at the year end.

26 Related party disclosures

During the year, the group paid rentals of £526,515 (2014: £514,719) to Clipstone Care LLP, the landlord of one of the group's care homes. Clipstone Care LLP is a limited liability partnership of which director P C Mancey is a member. The balance outstanding at the year end was NIL (2014: £42,206).

Included in other creditors is a loan from a number of shareholders due within one year of £225,000 (2014: £450,000) with interest payable at 12% per annum.

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

27 Controlling party

In the directors opinion there was no one ultimate controlling party of the company.

28 Guarantees

The company has guaranteed any sums due to The Royal Bank of Scotland Plc by Orchard Care Homes.com Limited under the terms of a guarantee dated 8 June 2007. The only facility held by Orchard Care Homes.com Limited at the year end is a £100,000 card facility.

29 Post balance sheet events

On 22nd June 2015 Plum Bidco Limited acquired the entire share capital of Orchard Care Homes.com Holdings Limited. The ultimate controlling party of Plum Bidco Limited is Alchemy Special Opportunities Fund III LP.

On 15th January 2016 the company disposed of the entire share capital of Orchard Care Homes.com (3) Limited for £1 since the management services agreement to operate the Larchwood branded homes expired.