

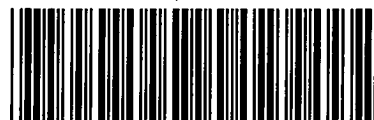
Orchard Care Homes.Com Holdings Limited

STATUTORY FINANCIAL STATEMENTS

for the year ended

31 March 2014

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COMPANIES HOUSE

Orchard Care Homes.Com Holdings Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P C Mancey
P Tomlinson
D Johnson
C M Lake
T Dennis

REGISTERED OFFICE

The Hamlet
Hornbeam Park
Harrogate
HG2 8RE

AUDITOR

Baker Tilly UK Audit LLP
2 Whitehall Quay
Leeds
LS1 4HG

BANKERS

National Westminster Bank plc
8 Market Place
Huddersfield
HD1 2AL

SOLICITORS

Pinsent Masons LLP
1 Park Row
Leeds
LS1 5AB

Orchard Care Homes.Com Holdings Limited

STRATEGIC REPORT

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

Turnover from group continuing operations increased in the year to £100.2m (2013: £72.2m). Group operating losses on continuing operations before exceptional items was £0.4m (2013: £0.4m). The Group had cash reserves of £1.5m at the year-end (2013: £0.7m).

The profit for the group for the year, after taxation, amounted to £1.7m (2013: £1.2m). The directors do not recommend payment of a dividend.

In April 2013 the group acquired operational responsibility of two premium care homes in South England under Joint Venture agreements. The homes are in start-up phase and incurred losses of £0.7m during the year.

On 30 September 2013 the group acquired the entire share capital of the Adiemus Care Limited for consideration of £1.

Fee pressure exerted by local authorities continues to have a downward impact on margins. The average local authority increase in fees in their 2012-13 settlements was 1% at a time when cost inflation is increasing by up to 3%.

KEY PERFORMANCE INDICATORS

The directors use a number of financial and non financial key performance indicators to manage the day to day activities of the Group. These include occupancy rates at the homes, operating profits and cash reserves held within the Group. Given the significant events in the current and previous year and the stage of development of the business, the directors are satisfied with the performance of the underlying business.

MATTERS OF STRATEGIC IMPORTANCE

The compliance risk is primarily the non-compliance with regulatory standards as set out by the industry regulator, the Care Quality Commission (CQC). The Group is committed to maintaining an open dialogue with CQC and has dedicated operational resources at Group level which has 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, nursing and dementia care.

On behalf of the board



D Johnson
Director

12 February 2015

Orchard Care Homes.Com Holdings Limited

DIRECTORS' REPORT

The directors submit their report and the Group financial statements of Orchard Care Homes.Com Holdings Limited for the year ended 31 March 2014.

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 following directors have held office since 1 April 2013:

P C Mancey
P Tomlinson
D Johnson
C M Lake
T Dennis

AUDITOR

Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

Orchard Care Homes.Com Holdings Limited

DIRECTORS' REPORT

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.

On behalf of the board



D Johnson
Director

12 February 2015

Orchard Care Homes.Com Holdings Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 group and company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD CARE HOMES.COM HOLDINGS LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 26. 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 more fully explained in the Directors' Responsibilities Statement set out on page 5, 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 (APB'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 <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2014 and of the group's 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

Baker Tilly UK Audit LLP

Andrew Allchin (Senior Statutory Auditor)
For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
2 Whitehall Quay
Leeds
LS1 4HG

18 February 2015

Orchard Care Homes.Com Holdings Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2014

	Notes	2014 £	2013 £ (restated)
TURNOVER (including share of joint ventures)	1		
Existing operations		76,938,019	72,156,956
Acquisitions		23,231,832	-
		<hr/>	<hr/>
Continuing operations		100,169,851	72,156,956
Discontinued		6,113,703	8,773,770
		<hr/>	<hr/>
		106,283,554	80,930,726
Less: share of joint ventures turnover		(1,008,950)	-
		<hr/>	<hr/>
GROUP TURNOVER		105,274,604	80,930,726
Cost of sales	2	(75,352,929)	(59,383,962)
		<hr/>	<hr/>
Gross profit		29,921,675	21,546,764
Administrative expenses	2	(29,647,490)	(21,929,181)
Exceptional items (operating)	3	-	2,012,171
		<hr/>	<hr/>
OPERATING (LOSS)/PROFIT	4		
Continuing operations		(366,501)	1,629,754
Discontinued		640,686	-
		<hr/>	<hr/>
Group operating profit		274,185	1,629,754
Share of operating loss of joint ventures		(737,650)	-
		<hr/>	<hr/>
OPERATING (LOSS)/PROFIT		(463,465)	1,629,754
Loss on disposal of discontinued operation	10	(640,686)	(431,468)
Exceptional items (non-operating)	9	951,275	-
Interest receivable	5	-	1,575
Interest payable	6	(62,046)	(19,335)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(214,922)	1,180,526
Taxation	9	1,939,527	38,352
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	21	1,724,605	1,218,878
		<hr/>	<hr/>

Orchard Care Homes.Com Holdings Limited
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2014

	2014 £	2013 £ (restated)
Profit for the financial year	1,724,605	1,218,878
Total recognised gains and losses relating to the year	1,724,605	1,218,878
Prior period adjustments (as explained in note 3)	2,012,171	
Total gains and losses recognised since last report	3,736,776	

Orchard Care Homes.Com Holdings Limited

CONSOLIDATED BALANCE SHEET

31 March 2014

Company Registration No. 06061481

	Notes	2014 £	2013 £ (restated)
FIXED ASSETS			
Intangible assets	12	34,817	-
Tangible assets	13	7,153,633	3,361,609
		<u>7,188,450</u>	<u>3,361,609</u>
CURRENT ASSETS			
Debtors	14	18,967,839	13,379,544
Cash at bank and in hand		1,488,374	670,733
		<u>20,456,213</u>	<u>14,050,277</u>
CREDITORS: Amounts falling due within one year	15	(23,597,814)	(14,923,339)
NET CURRENT LIABILITIES		<u>(3,141,601)</u>	<u>(873,062)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,046,849	2,488,547
CREDITORS: Amounts falling due after more than one year	16	(4,207,152)	(4,382,450)
PROVISION FOR LIABILITIES & CHARGES	17	-	(35,275)
NET LIABILITIES		<u>(160,303)</u>	<u>(1,929,178)</u>
CAPITAL AND RESERVES			
Called up share capital	18	47,350	3,080
Merger reserve	19	6,270,740	6,270,740
Share premium account	20	9,673,470	9,673,470
Profit and loss account	21	(16,151,863)	(17,876,468)
SHAREHOLDERS' DEFICIT	22	<u>(160,303)</u>	<u>(1,929,178)</u>

The financial statements on pages 7 to 26 were approved by the board of directors on 12 February 2015 authorised for issue on and are signed on its behalf by:



D Johnson
Director

Orchard Care Homes.Com Holdings Limited

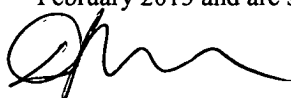
COMPANY BALANCE SHEET

31 March 2014

Company Registration No. 06061481

	Notes	2014 £	2013 £
FIXED ASSETS			
Investments	11	2,520,176	2,520,176
CURRENT ASSETS			
Debtors	14	1,354,534	1,434,418
Cash at bank and in hand		902	4,489
		<u>1,355,436</u>	<u>1,438,907</u>
CREDITORS: Amounts falling due within one year	15	(4,988)	(45,336)
		<u>1,350,448</u>	<u>1,393,571</u>
NET CURRENT ASSETS			
		<u>1,350,448</u>	<u>1,393,571</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>3,870,624</u>	<u>3,913,747</u>
NET ASSETS			
		<u>3,870,624</u>	<u>3,913,747</u>
CAPITAL AND RESERVES			
Called up share capital	18	47,350	3,080
Share premium account	20	9,673,470	9,673,470
Profit and loss account	21	(5,850,196)	(5,762,803)
		<u>3,870,624</u>	<u>3,913,747</u>
SHAREHOLDERS' FUNDS	22	<u>3,870,624</u>	<u>3,913,747</u>

The financial statements on pages 7 to 26 were approved by the board of directors and authorised for issue on 12 February 2015 and are signed on its behalf by:



D Johnson
Director

Orchard Care Homes.Com Holdings Limited

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2014

	<i>Notes</i>	2014 £	2013 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	23	(1,072,387)	1,803,201
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	23	(62,046)	(17,760)
FINANCING	23	468,963	-
TAXATION		(121,825)	(49,111)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	23	(1,795,854)	(2,854,234)
ACQUISITIONS AND DISPOSALS	23	3,400,791	(129,050)
INCREASE/(DECREASE) IN CASH		<u>817,642</u>	<u>(1,246,954)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	<i>Notes</i>	2014 £	2013 £
NET FUNDS AT 1 APRIL	23	670,733	1,917,687
Increase/(decrease) in cash in the year	23	817,642	(1,246,954)
Increase in debt	23	(450,000)	-
NET FUNDS AT 31 MARCH	23	<u>1,038,375</u>	<u>670,733</u>

Orchard Care Homes.Com Holdings Limited

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 group has net current liabilities of £3.1m which includes rent arrears of £1.4m in Tri-Care Limited, Orchard Care Homes.Com (3) Limited licence fee liability due to the landlords of £2.4m and Adiemus Care Limited licence fee liability due to the landlords of £5.9m.

Subsequent to the year end, the landlord of the care homes operated by Tri-Care Limited 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 of £1.68 million per annum. The group is forecasting sufficient funds to pay rental obligations as they fall due.

The landlords of Orchard Care Homes.Com (3) Limited and Adiemus Care Limited have confirmed that they will not seek repayment of the £8.3m 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.

The directors have prepared cash flow forecasts which show the group having adequate resources to meet its liabilities as they fall due for the foreseeable future. The directors therefore continue to adopt the going concern basis of accounting in preparing the annual 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 2014.

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% - 33% straight line
Motor Vehicles	25% straight line

Orchard Care Homes.Com Holdings Limited

ACCOUNTING POLICIES

INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries are stated in the Holding 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.

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1 TURNOVER

Turnover represents the value of goods and services supplied by the group. Turnover is attributable to continuing and discontinued activity and originates entirely from the United Kingdom.

2 DISCONTINUED OPERATIONS

	Continuing Operations £	Discontinued Operations £	Total £
Year Ended 31st March 2014			
Cost of sales	70,480,663	4,872,266	75,352,929
Administrative expenses	29,046,739	600,751	29,647,490
Year Ended 31st March 2013			
Cost of sales	52,226,496	7,157,466	59,383,962
Administrative expenses	20,312,877	1,616,304	21,929,181

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

3 PRIOR PERIOD ADJUSTMENT

In March 2013 the group transferred 14 care homes out of Orchard Care Homes.Com Limited to fellow subsidiary companies as required under the terms of the company's CVA agreement entered into in 2010. As a result of the transfer rental liabilities of £2,012,171 were no longer payable at that date. The release of the liability was not recognised in the prior years financial statements and the results and balance sheet have been restated accordingly.

	As previously stated £	Adjustment £	As restated £
Exceptional items	-	(2,012,171)	(2,012,171)
Trade creditors	2,741,367	(2,012,171)	729,196

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4	OPERATING (LOSS)/PROFIT	2014 £	2013 (restated) £
	Operating profit is stated after charging/(crediting):		
	Depreciation of owned fixed assets	1,544,310	556,151
	Exceptional items – write back rental liability (note 3)	-	(2,012,171)
	Operating lease rentals – land and buildings	9,740,466	9,200,865
	Operating lease rentals – other	8,199	51,355
	Loss on sale of fixed assets	-	55,000
		<hr/>	<hr/>
	Auditors remuneration:		
	Amounts payable to Baker Tilly UK Audit LLP and its associates in respect of both audit and non-audit services		
	- statutory audit of parent and consolidated accounts	10,500	12,250
	- statutory audit of subsidiary accounts	75,875	55,250
	- taxation	19,200	11,500
		<hr/>	<hr/>
		105,575	79,000
		<hr/>	<hr/>

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

5	INTEREST RECEIVABLE	2014 £	2013 £
	Bank interest receivable	-	1,575
6	INTEREST PAYABLE	2014 £	2013 £
	Other interest payable	62,046	19,335
7	STAFF COSTS	2014 £	2013 £
	Wages and salaries	57,860,491	42,612,452
	Social security costs	3,749,628	2,738,281
	Pension Cost	63,357	-
		61,673,476	45,350,733
	Average monthly number of employees during the year (full time equivalent):	2014 No	2013 (restated) No
	Administration	99	109
	Care staff	3,001	2,307
	Maintenance	6	35
		3,106	2,451
	The 2013 employee numbers have been restated to full time equivalent to make them comparable with 2014.		
8	DIRECTORS' REMUNERATION	2014 £	2013 £
	Aggregate emoluments	464,428	370,527

The emoluments of the highest paid director were £237,746 (2013: £162,719). No director has any accrued benefits under pension schemes.

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

9	TAXATION	2014 £	2013 £
	Corporation tax:		
	Current year	259,937	6,680
	Over provision for the prior year	(2,164,189)	(64,097)
		<u>(1,904,252)</u>	<u>(57,417)</u>
	Deferred tax:		
	Origination and reversal of timing differences	(35,275)	19,065
		<u>(1,939,527)</u>	<u>(38,352)</u>

The tax charge assessed for the period is lower than the standard rate of corporation tax in the UK of 23% (2013: 24%). The differences are explained below:

	2014 £	2013 (restated) £
(Loss)/ profit on ordinary activities before tax	(214,922)	1,180,526
(Loss)/profit on ordinary activities multiplied by the applicable rate of corporation tax in the UK of 23% (2013: 24%)	<u>(49,431)</u>	<u>283,326</u>
Effects of:		
Expenses not deductible for tax purposes	154,833	148,594
Short term timing differences	(23,000)	24,000
Capital allowances (more than)/ less than depreciation	118,032	(1,256)
Losses not utilised	59,503	(450,353)
Other	-	2,369
Over provision in prior year	<u>(2,164,189)</u>	<u>(64,097)</u>
Total current tax credit for the year	<u>(1,904,252)</u>	<u>(57,417)</u>

A deferred tax asset of £2.1 million (2013: £2.6 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 £2.2 million of corporation tax and £1.0m of interest has been written back to the profit and loss account.

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

10 SALE OF BUSINESS

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

The loss on disposal in 2013 related to the sale of Tri-Care Homes Limited a subsidiary of the company.

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

11 INVESTMENTS

<i>COMPANY</i>	£
Cost	
At 1 April 2013 and 31 March 2014	37,862,381
Impairment	
At 1 April 2013 and 31 March 2014	(35,342,205)
Net Book Value	
As at 31 March 2013 and 31 March 2014	2,520,176

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

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 under a joint venture agreement
	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.

*indirectly held.

JOINT VENTURES

Orchard Care Homes.com (7) Limited has entered into joint ventures operating two residential care homes for the elderly. The share of turnover and losses are disclosed in the profit and loss account.

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

12 INTANGIBLE FIXED ASSETS – GROUP

	<i>Goodwill on consolidation £</i>
Cost	
Additions	34,817
Amortisation	
Charge for the year	-
Net book value	
31 March 2014	34,817

On 30 September 2013 the Group acquired the entire share capital of Adiemus Care Limited for consideration of £1.

£	
Net assets acquired:	
Tangible fixed assets	4,029,245
Debtors	3,482,085
Cash	3,552,711
Creditors	(11,098,857)
Net liabilities	(34,816)
Consideration	(1)
Goodwill	34,817

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

13 TANGIBLE FIXED ASSETS – GROUP

	<i>Short leasehold improvements</i> £	<i>Fixtures, fittings and equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost				
At 1 April 2013	589,023	4,514,730	36,603	5,140,356
Additions	2,054,662	3,754,340	69,911	5,878,913
Disposals	-	(663,254)	-	(663,254)
At 31 March 2014	2,643,684	7,605,816	106,514	10,356,015
Depreciation				
At 1 April 2013	584,871	1,161,587	32,289	1,778,747
Charged in the year	118,575	1,410,788	14,947	1,544,310
Disposals	-	(120,675)	-	(120,675)
At 31 March 2014	703,446	2,451,700	47,236	3,202,382
Net book value				
At 31 March 2014	1,940,238	5,154,116	59,278	7,153,633
At 31 March 2013	4,152	3,353,143	4,314	3,361,609

14 DEBTORS

	Group 2014 £	Company 2014 £	Group 2013 £	Company 2013 £
Trade debtors	8,979,031	-	5,956,562	-
Amounts due from group companies	-	1,263,555	-	1,354,961
Corporation tax	-	-	3,032	-
Other debtors	4,975,136	90,979	4,393,559	57,085
Prepayments and accrued income	5,013,672	-	3,026,391	22,372
	18,967,839	1,354,534	13,379,544	1,434,418
Amounts due after more than one year included above:				
Other debtors	3,843,512	-	3,843,512	-

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

15 CREDITORS: Amounts falling due within one year

	Group 2014	Company 2014	Group 2013 (restated)	Company 2013
	£	£	£	£
Trade creditors	7,582,599	3,374	3,863,774	31,472
Corporation tax	500,318	-	2,442,053	-
Other taxation and social security	1,051,208	-	835,973	-
Amounts due to licence holder	8,301,601	-	3,085,154	-
Other creditors	1,316,712	207	438,108	207
Accruals and deferred income	4,845,376	1,407	4,258,277	13,657
	<u>23,597,814</u>	<u>4,988</u>	<u>14,923,339</u>	<u>45,336</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 £450,000 (2013: £nil) with interest payable at 12% per annum.

16 CREDITORS: Amounts falling due in more than one year

	Group 2014	Company 2014	Group 2013	Company 2013
	£	£	£	£
Accruals and deferred income	4,207,152	-	4,382,450	-
	<u>4,207,152</u>	<u>-</u>	<u>4,382,450</u>	<u>-</u>

17 PROVISION FOR LIABILITIES AND CHARGES

	2014 £	2013 £
Provision for deferred tax has been as follows:		
Accelerated capital allowances	-	35,275
	<u>-</u>	<u>35,275</u>

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

18	SHARE CAPITAL	2014	2013
		£	£
	Group and Company		
	Allotted and issued:		
	4,531,189 (2013: 214,259) Ordinary Shares of £0.01 each	45,312	2,143
	203,750 (2013: 93,750) Ordinary B Shares of £0.01 each	2,038	937
		<u>47,350</u>	<u>3,080</u>

On 7 March 2013 the company allotted 316,930 Ordinary Shares of £0.01 each. These were unpaid at 31 March 2013 and accounted for in the current year.

On 12 June 2013 4,000,000 Ordinary Shares of £0.01 and 110,000 Ordinary B Shares of £0.01 each were issued at par.

Unpaid share capital at 31 March 2014 is £24,207 for Ordinary Shares and £1,100 for Ordinary B Shares.

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

19	MERGER RESERVE	Group 2014 £	Company 2014 £	Group 2013 £	Company 2013 £
	At 1 April and 31 March	<u>6,270,740</u>	<u>-</u>	<u>6,270,740</u>	<u>-</u>
20	SHARE PREMIUM ACCOUNT	Group 2014 £	Company 2014 £	Group 2013 £	Company 2013 £
	At 1 April and 31 March	<u>9,673,470</u>	<u>9,673,470</u>	<u>9,673,470</u>	<u>9,673,470</u>

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

21	PROFIT AND LOSS ACCOUNT	Group	Company	Group (restated)	Company
		2014 £	2014 £	2013 £	2013 £
	At 1 April as previously stated	(19,888,639)	(5,762,803)	(19,095,346)	(5,707,762)
	Prior period adjustment (note 3)	2,012,171	-	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 1 April restated	(17,876,468)	(5,762,803)	(19,095,346)	(5,707,762)
	Profit/(loss) for the financial year	1,724,605	(87,393)	1,218,878	(55,041)
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
	At 31 March	(16,151,863)	(5,850,196)	(17,876,468)	(5,762,803)
		<u> </u>	<u> </u>	<u> </u>	<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 shown above.

22 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group	Company	Group (restated)	Company
	2014 £	2014 £	2013 £	2013 £
At 1 April as previously stated	(3,941,349)	3,913,747	(3,148,056)	3,968,788
Prior period adjustment (note 3)	2,012,171	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1 April restated	(1,929,178)	3,913,747	(3,148,056)	3,968,788
Profit/(loss) for the financial year	1,724,605	(87,393)	1,218,878	(55,041)
Issue of share capital	44,270	44,270	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March	(160,303)	3,870,624	(1,929,178)	3,913,747
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

23 CASH FLOWS

Reconciliation of operating (loss)/profit to net cash flow from operating activities	2014 £	2013 £ (restated)	
Operating (loss)/profit	(463,465)	1,629,754	
Depreciation charge	1,544,310	556,151	
Loss on sale of fixed assets	-	55,000	
Increase in debtors	(4,338,661)	(1,746,592)	
Increase in creditors	2,185,429	1,308,888	
Net cash (outflow)/inflow from operating activities	(1,072,387)	1,803,201	
Analysis of cash flows for headings netted in the cash flow	2014 £	2013 £	
Returns on investments and servicing of finance			
Interest received	-	1,575	
Interest paid	(62,046)	(19,335)	
Net cash outflow from returns on investments and servicing of finance	(62,046)	(17,760)	
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(1,849,667)	(2,854,234)	
Sale of tangible fixed assets	53,813	-	
Net cash outflow from capital expenditure and financial investment	(1,795,854)	(2,854,234)	
Financing			
Issue of ordinary share capital	18,963	-	
Increase in short term borrowings	450,000	-	
	468,963	-	
Acquisitions and disposals			
Cash balances acquired with subsidiary	3,552,711	-	
Disposal of business	(151,920)	(129,050)	
	3,400,791	(129,050)	
Analysis of net funds	<i>At 1 April 2013 £</i>	<i>Cash flow £</i>	<i>At 31 March 2014 £</i>
Cash in hand & at bank	670,733	817,642	1,488,375
Other loans	-	(450,000)	(450,000)
Total	670,733	367,642	1,038,375

Orchard Care Homes.Com Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

24 OPERATING LEASES

	Land and Buildings	Other	Land and Buildings	Other
Annual commitments under non- cancellable operating leases are as follows:	2014	2014	2013	2013
	£	£	£	£
Group				
Operating leases which expire:-				
Within one year	-	-	-	1,512
In the second to fifth years inclusive	-	8,199	-	8,199
Over five years	9,341,540	-	9,401,258	-
	<u>9,341,540</u>	<u>8,199</u>	<u>9,401,258</u>	<u>9,711</u>

25 PENSIONS

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 £63,357 (2013: £Nil). Contributions totalling £54,681 (2013: £Nil) were payable to the fund at the year end.

26 RELATED PARTY DISCLOSURES

During the year, the Group paid rentals of £517,150 (2013: £501,160) 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. £42,893 (2013: £40,836) was outstanding at the year end.

During the year the group paid £30,000 (2013: £26,250) to DGFO LLP for director's services provided by T Dennis. £7,500 (2013: £7,500) was outstanding at the year end.

Included in other creditors is a loan from a number of shareholders due within one year of £450,000 (2013: £nil) 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 24 May 2014 the group received an offer of a £459,372 redress payment from Natwest in respect of an interest rate hedge product sold to the group in 2006. The group accepted the offer and received the funds on 1 July 2014.

On 18 August 2014 Tri-Care Limited landlords agreed to waive £1,398,004 of rent due at 31 March 2014.