Embrace Realty Houses (C) Limited
(formerly Esquire Realty Houses (C) Limited)

Annual report and financial statements

Registered number 06203650
Year ended
30 June 2014

Directors and Advisors

Directors	David Manson Ted Smith
Company Number	06203650
Registered Office	Two Parklands Business Park Great Park Rubery Birmingham B45 9PZ
Auditors	KPMG LLP One Snow Hill Snow Hill Queensway Birmingham B4 6GH United Kingdom

Contents

Directors' report

The directors present their report and financial statements for the year ended 30 June 2014.

Change of name

On 30 June 2014, the company changed its name from Esquire Realty Houses (C) Limited to Embrace Realty Houses (C) Limited.

Principal activities and review of the business

The principal activity of the company is that of property rental to other group companies.

Change of ownership

The Company, along with certain of the fellow subsidiaries of the Group previously known as European Care Group was acquired by Embrace Group Limited (previously Berlin Acquisition Limited) on 16 April 2014. Embrace Group Limited is funded by long term shareholder debt on which there are no cash servicing requirements. This places the Group in an extremely strong financial position and means that all of the cash generated by the Group is available to be reinvested for the benefit of the people that we support. In addition the Group has an undrawn facility of £10 million available to it in order to fund investment in the current estate and future developments.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of an ordinary dividend for the period.

Directors

The following directors have held office since 1 July 2013:

Ted Smith
David Manson

Company Secretary

The company secretary (Katharine Kandelaki) resigned on 8 September 2013. No new company secretary has been appointed.

Statement of disclosure to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

On 3 April 2014, KPMG LLP was appointed as auditor.

Pursuant to Section 485 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Directors' report *(continued)*

Preparation of accounts on Going Concern basis

The Directors have considered the appropriateness of the going concern basis for the preparation of the financial statements in note 1.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board

David Manson
Director

Two Parklands Business Park
Great Park
Rubery
Birmingham
B45 9PZ

18 December 2014

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

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 they have elected to prepare the 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 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 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 company will continue in business.

The directors are responsible for keeping proper 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 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 company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Embrace Realty Houses (C) Limited (formerly Esquire Realty Houses (C) Limited)

We have audited the financial statements of Embrace Realty Houses (C) Limited for the year ended 30 June 2014 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Framework for Smaller Entities (Effective April 2008) (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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 3, 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 web-site at 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 company's affairs as at 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Embrace Realty Houses (C) Limited *(continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period 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, 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 prepare the financial statements and the Directors' Report in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

Stuart Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

18 December 2014

Profit and loss account
for the year ended 30 June 2014

	Note	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Turnover	2	**132**	198
Administrative expenses		**-**	-
Operating profit		**132**	198
Interest payable and similar charges	4	**(7)**	(12)
Profit on ordinary activities before taxation	3	**125**	186
Taxation on profit on ordinary activities	5	**-**	-
Profit for the financial year	11	**125**	186

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Statement of total recognised gains and losses
for the year ended 30 June 2014

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Profit for the financial year	**125**	186
(Impairment losses)/revaluation gains on properties	**(250)**	913
Total recognised (losses)/gains relating to the year	**(125)**	1,099

Balance Sheet
at 30 June 2014

	Note	30 June 2014		30 June 2013	
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	6		**1,090**		1,340
Current assets					
Debtors	7	**130**		28	
Cash at bank and in hand		**37**		30	
		167		58	
Creditors: amounts falling due within one year	8	**(46)**		(41)	
Net current assets			**121**		17
Total assets less current liabilities			**1,211**		1,357
Creditors: amounts falling due after more than one year	9		**(204)**		(225)
Net assets			**1,007**		1,132
Capital and reserves					
Called up share capital	10		**-**		-
Profit and loss account	11		**344**		219
Revaluation reserve	11		**663**		913
Shareholders' funds	12		**1,007**		1,132

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These financial statements were approved by the board of directors on 18 December 2014 and were signed on its behalf by:

David Manson
Director

Company registered number 06203650

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below.

Basis of accounting

The financial statements are prepared under the historical cost convention, with the exception of freehold land and buildings, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated Financial Statements.

Tangible fixed assets and depreciation

Valuation

Trading properties are re-valued professionally by independent valuers on a five year rolling basis.

Surpluses arising from the professional valuation are taken directly to the revaluation reserve. Valuation surpluses realised on sale are transferred from the revaluation reserve to the profit and loss account reserve.

Any deficit arising from the professional valuation of properties is taken directly to the revaluation reserve until the carrying amount reaches historical cost and thereafter, to the extent that the value in use can be demonstrated to be higher than valuation. Any other deficit arising is charged to the profit and loss account.

Depreciation

Depreciation is charged on a straight line basis on freehold and long leasehold buildings over the estimated useful life of the asset. It is the company's policy to maintain the properties comprising the estate in such a condition that the residual values of the properties, based on prices prevailing at the time of acquisition or subsequent revaluation, are at least equal to their book values. As a result, the depreciation charged on freehold and long leasehold buildings is nil.

It is the opinion of the directors that it is not practical or appropriate to separate from the value of the buildings the value of long life fixtures and fittings, which are an integral part of the buildings.

An annual impairment review is carried out on such properties in accordance with FRS 11 and FRS 15.

Going concern

The Directors have conducted an assessment of the Company's going concern status based on its current position and forecast results. They have concluded that the Company has adequate resources to operate for the foreseeable future. In making this assessment the Directors have considered forecasts which take into account reasonably possible changes in trading performance.

Details of the Group's business activities, together with the factors likely to affect its future trading performance and financial position are set out in the Strategic Report of Embrace Group Limited. In addition to the funding already drawn, as at 30 June 2014, the Group had a further £10 million facility available to be drawn if required.

Notes *(continued)*

2 Turnover

Revenue comprises the fair value of rental income receivable for the year in respect of properties occupied by tenants and is recognised in respect of the days that properties have been occupied in the relevant period.

3 Profit on ordinary activities before taxation

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
Profit on ordinary activities before taxation is stated after charging:		
Fees payable to the company's auditor:		
Audit of these financial statements	**2**	2

Audit fees for the year ended 30 June 2014 have been paid by a fellow subsidiary undertaking, Embrace All Limited. Fees paid to KPMG LLP and its associates for non-audit services to the company itself are not disclosed because Embrace Group Limited is required to disclose such fees on a consolidated basis.

4 Interest payable and similar charges

	Year ended 30 June 2014 £'000	18 month period ended 30 June 2013 £'000
On bank loans and overdrafts	**7**	12

5 Taxation

On the basis of these financial statements, no provision has been made for corporation tax.

Notes *(continued)*

6 Tangible fixed assets

	Land and buildings £'000
Cost	
At beginning of year	1,340
Impairment	(250)
At end of year	1,090
Depreciation	
At beginning and end of year	-
Net book value	
At 30 June 2014	**1,090**
At 30 June 2013	1,340

The group's freehold units are re-valued professionally by independent valuers on a five year rolling basis. A full property portfolio revaluation was completed as at 30 August 2013 for the valuations at 30 June 2013 by an external valuer, Knight Frank LLP, on the basis of existing use value with regards to future income.

The valuations were in accordance with the requirements of the Royal Institute of Chartered Surveyors ("RICS") Valuation Standards, sixth edition and the International Valuation standards.

On a historical cost basis these would have been included at an original cost of £426,563 (2013: £426,563*)*.

7 Debtors

	30 June 2014 £'000	30 June 2013 £'000
Amounts owed by parent and fellow subsidiary undertakings	**130**	28

8 Creditors: amounts falling due within one year

	30 June 2014 £'000	30 June 2013 £'000
Bank loans and overdrafts	**21**	21
Amounts owed to parent and fellow subsidiary undertakings	**25**	20
	46	41

Notes *(continued)*

9 Creditors: amounts falling due after more than one year

	30 June 2014 £'000	30 June 2013 £'000
Bank loans	**204**	225
Analysis of loans		
Not wholly repayable within five years by instalments	**204**	225
Wholly repayable within five years	**21**	21
	225	246
Included in current liabilities	**(21)**	(21)
	204	225

Analysis of loans		
Instalments not due within five years	**204**	225

The bank loans are charged at variable interest rates. Interest and capital are repayable on a monthly basis.

10 Called up share capital

	30 June 2014 £	30 June 2013 £
Allotted, called up and fully paid		
100 ordinary shares of £1 each	**100**	100

11 Reserves

	Revaluation Reserve £'000	Profit and loss account £'000
At beginning of year	913	219
Profit for the financial year	-	125
Impairment of fixed assets	(250)	-
At end of year	**663**	**344**

Notes *(continued)*

12 Reconciliation of movements in shareholders' funds

	30 June 2014 £'000	30 June 2013 £'000
Profit for the financial year	**125**	186
(Impairment)/revaluation of properties	**(250)**	913
Opening shareholders' funds	**1,132**	33
Closing shareholders' funds	**1,007**	1,132

13 Remuneration of directors

The directors of the company are paid by Embrace All Limited. Details of their remuneration are disclosed in that company's financial statements.

14 Related party disclosures

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by Embrace Group Limited.

15 Ultimate parent company and parent undertaking of larger group of which the company is a member

The Directors regard Esquire Realty Group Limited, a company registered in Guernsey, as the immediate parent company of Embrace Realty Houses (C) Limited, and as of 16 April 2014, Embrace Group Limited, a company registered in England and Wales, as the ultimate parent company in the United Kingdom. Embrace Group Limited is beneficially owned by funds managed by Värde Partners and D. E. Shaw & Co and therefore the directors consider there to be no ultimate controlling party of the group.

16 Post balance sheet events

There are no post balance sheet events requiring disclosure under FRS 21.