Company Registration No. 06714875 (England and Wales)

LARCH (NURSING HOMES) HOLDCO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 SEPTEMBER 2017

LARCH (NURSING HOMES) HOLDCO LIMITED

COMPANY INFORMATION

Director	Mr L Sebastian
Company number	06714875
Registered office	Quadrant House, Floor 6 4 Thomas More Square London E1W 1YW
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

LARCH (NURSING HOMES) HOLDCO LIMITED

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LARCH (NURSING HOMES) HOLDCO LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 29 SEPTEMBER 2017

The director presents the strategic report for the year ended 29 September 2017.

Principal activities, review of the business and future developments
The group's principal activity during the year was investment in a portfolio of nursing homes across the UK. It made a loss of £6.8m for the financial year ended 29 September 2017 (period ended 29 September 2016: £19.3m). Net liabilities were increased to £332.2m at the year end due to the loss for the year (period ended 29 September 2016: net liabilities of £325.4m).

The group intends to continue to invest in its properties to increase the licence fee income, however the future remains uncertain due to the financing situation described below under going concern.

Principal risks and uncertainties
The key business risks and uncertainties affecting the group are considered to relate to the fact that the group operates within a highly competitive market place. The director of the group has reviewed the group's exposure to credit risk, liquidity risk and cashflow risk. These risks and uncertainties are discussed below.

Financial risk management
The group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of directors. The group does not use derivative financial instruments for speculative purposes.

Cash flow risk
The group's activities expose it primarily to the financial risks of changes in interest rates. The group uses interest rate swap contracts to hedge these exposures. Some interest bearing assets and liabilities are held at fixed rates to ensure certainty of cash flows.

Credit risk
The group's principal financial assets are trade and other receivables.

The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the receivables.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The group had a significant concentration of credit risk with exposure to two customers.

Liquidity risk
As a consequence of the default under the banking facilities, those facilities were repayable on demand at the balance sheet date and the group had insufficient liquidity to meet such demand. On 21 November 2013 the restructuring of the bank loans was completed meaning that the loans became repayable on the amended maturity date of 16 January 2016, however there remains considerable risk that the group will have insufficient liquidity to repay the loans in full in the future.

Key performance indicators

The primary key performance indicator used by the director to monitor the performance of the group is the total valuation of all properties held in comparison to the carrying value of all the loans that finance these properties. The director assesses this on an annual basis and confirms that, as at 29 September 2017, the total book value of all outstanding loans exceeded the carrying value of all properties held. The consequences of this are discussed in the going concern section of this report which can be found below.

The director also monitors the following further performance indicators:

- average cost of borrowing - the weighted average of interest rates payable on borrowings;
- property income yield – property income expressed as a percentage of the book value of properties owned during the year. The director compares the property income yield to the average cost of borrowing.

Going concern

Consequent to the financial difficulties experienced by the original tenant which operated the nursing homes rented from two group undertakings, the lenders to a further group undertaking have restructured the terms of the loans such that the lenders will not demand repayment of their loans until their maturity dates despite the group undertaking being unable to fully service the loans or meet their financial covenants.

The loans were due for repayment on 16 January 2016 but remain unpaid as at the date of signing these financial statements. The non-repayment of the loans at their maturity dates gives the lenders the right to enforce their security including first ranking fixed charges over the group's properties,however the lenders have confirmed that they do not have a current intention of demanding repayment of the loans within 12 months of the signing of the financial statements. The director has been in discussions with the lenders who are working on a plan to achieve maximum return on the properties through disposal of the nursing homes. Accordingly, whilst the director expects that the group and the parent company will remain a going concern in the short term, there is considerable uncertainty in the future. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the group and the parent company's ability to continue as a going concern in the longer term. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

As the lenders have not indicated that they intend a break-up of the group and parent company, the financial statements have been prepared on a going concern basis.

....
Mr L Sebastian
Director
31/05/2018

LARCH (NURSING HOMES) HOLDCO LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 29 SEPTEMBER 2017

The director presents his annual report and audited consolidated financial statements for the year ended 29 September 2017.

Director
The directors who held office either during the year or up to the date of signature of the financial statements were as follows:

Mr G Bignell	(Resigned 9 May 2017)
Mr L Sebastian	(Appointed 9 May 2017)

Results and dividends
The results for the year are set out on page 8.

No dividend can be paid (period ended 29 September 2016: none).

The business review, financial risk management and going concern are included in the strategic report.

Qualifying third party indemnity provisions
The company has made qualifying third party indemnity provisions for the benefit of its director during the year. These provisions remain in force at the reporting date.

Independent Auditors
The auditors, PricewaterhouseCoopers LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to independent auditors
So far as the person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the director has taken all the necessary steps that he ought to have taken as director in order to make himself aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Mr L Sebastian
Director
31/05/2018

LARCH (NURSING HOMES) HOLDCO LIMITED

DIRECTOR'S RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 29 SEPTEMBER 2017

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the director must not approve the financial statements unless he is 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 and company for that period. In preparing the financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable him to ensure that the financial statements comply with the Companies Act 2006.

The director is also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Mr L Sebastian
Director
31/05/2018

Report on the audit of the financial statements

Opinion

In our opinion, Larch (Nursing Homes) Holdco Limited's group financial statements and parent company financial statements (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 29 September 2017 and of the group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the group and company balance sheets as at 29 September 2017; the group statement of total comprehensive income, the consolidated statement of cash flows, and the group and company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.4 to the financial statements concerning the group's and the parent company's ability to continue as a going concern. The group has external loans which were due for repayment on 16 January 2016 but remain unpaid. The lenders have indicated to the director their intention not to exercise their first ranking fixed charges over the group's properties within 12 months of the date the financial statements are signed. Accordingly, whilst the director expects that the group and the parent company will remain a going concern in the short term, there is considerable uncertainty in the future. These conditions, along with the other matters explained in note 1.4 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the parent company were unable to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Reporting on other information (continued)

With respect to the Strategic Report and Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Director's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Director's Report for the year ended 29 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Director's Report.

Responsibilities for the financial statements and the audit

Responsibilities of the director for the financial statements

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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
- certain disclosures of director's remuneration specified by law are not made; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Suzanne Woolfson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 May 2018

LARCH (NURSING HOMES) HOLDCO LIMITED

GROUP STATEMENT OF TOTAL COMPREHENSIVE INCOME

FOR THE YEAR ENDED 29 SEPTEMBER 2017

	Notes	Year ended 29 September 2017 £	Period ended 29 September 2016 £
Turnover		2,908,446	2,613,407
Administrative expenses		(1,038,957)	(3,391,306)
Impairment in value of investment properties		-	(9,180,723)
Operating profit/(loss)	3	1,869,489	(9,958,622)
Interest receivable and similar income	5	2,883	2,168
Interest payable and similar charges	6	(8,664,360)	(9,222,456)
Loss on disposal of tangible assets		-	(96,390)
Loss on ordinary activities before taxation		(6,791,988)	(19,275,300)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year/period		(6,791,988)	(19,275,300)
Other comprehensive income			
Cash flow hedges - change in value of hedging instruments		-	308,321
Tax relating to other comprehensive income		-	(58,581)
Total comprehensive expense for the year/period		(6,791,988)	(19,025,560)

Total comprehensive expense for the year is all attributable to the owners of the parent company.

The group statement of total comprehensive income has been prepared on the basis that all operations are continuing operations.

LARCH (NURSING HOMES) HOLDCO LIMITED

GROUP BALANCE SHEET

AS AT 29 SEPTEMBER 2017

	Notes	29 September 2017 £	£	29 September 2016 £	£
Fixed assets					
Investment properties	8		120,000,000		120,000,000
Current assets					
Debtors	10	1,077,679		774,346	
Cash at bank and in hand		1,410,824		601,261	
		2,488,503		1,375,607	
Creditors: amounts falling due within one year	11	(454,725,197)		(446,820,313)	
Net current liabilities			(452,236,694)		(445,444,706)
Total assets less current liabilities			(332,236,694)		(325,444,706)
Net liabilities			(332,236,694)		(325,444,706)
Capital and reserves					
Called up share capital	13		100		100
Retained deficit			(332,236,794)		(325,444,806)
Total equity			(332,236,694)		(325,444,706)

The financial statements were approved by the director on 31/05/2018

Mr L Sebastian
Director

LARCH (NURSING HOMES) HOLDCO LIMITED

COMPANY BALANCE SHEET

AS AT 29 SEPTEMBER 2017

	Notes	29 September 2017 £	£	29 September 2016 £	£
Fixed assets					
Investments	9		1		1
Current assets					
Debtors	10	99		99	
Net current assets			99		99
Net assets			100		100
Capital and reserves					
Called up share capital	13		100		100

The financial statements were approved by the board of directors and authorised for issue on 31/05/2018 and are signed on its behalf by:

....
Mr L Sebastian
Director

Company Registration No. 06714875

LARCH (NURSING HOMES) HOLDCO LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 SEPTEMBER 2017

	Called up share capital	Hedging reserve	Retained deficit	Total
	£	£	£	£
Balance at 1 October 2015	100	(249,740)	(306,169,506)	(306,419,146)
Loss for the financial year	-	-	(19,275,300)	(19,275,300)
Other comprehensive income:				
Cash flow hedges - change in value of hedging instruments	-	308,321	-	308,321
Tax relating to other comprehensive income	-	(58,581)	-	(58,581)
Total comprehensive income/(expense) for the financial period	-	249,740	(19,275,300)	(19,025,560)
Balance at 29 September 2016	100	-	(325,444,806)	(325,444,706)
Loss and total comprehensive expense for the financial year	-	-	(6,791,988)	(6,791,988)
Balance at 29 September 2017	100	-	(332,236,794)	(332,236,694)

LARCH (NURSING HOMES) HOLDCO LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 29 SEPTEMBER 2017

	Called up share capital £
Balance at 1 October 2015	100
Result and total comprehensive income for the financial period	-
Balance at 29 September 2016	100
Result and total comprehensive income for the financial year	-
Balance at 29 September 2017	100

LARCH (NURSING HOMES) HOLDCO LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 29 SEPTEMBER 2017

	Note	Year ended 29 September 2017 £	£	Period ended 29 September 2016 £	£
Cash flows from operating activities					
Cash generated from operations	**17**		2,309,520		281,938
Interest paid			(1,502,840)		(2,513,831)
Net cash generated from/(used in) operating activities			806,680		(2,231,893)
Cash flows from investing activities					
Proceeds on disposal of investment property		-		1,263,610	
Interest received		2,883		2,168	
Net cash generated from investing activities			2,883		1,265,778
Cash flows from financing activities					
Repayment of bank loans		-		(17,797)	
Net cash used in financing activities			-		(17,797)
Net increase/(decrease) in cash and cash equivalents			809,563		(983,912)
Cash and cash equivalents at beginning of year/ period			601,261		1,585,173
Cash and cash equivalents at end of year/ period			1,410,824		601,261

1 Accounting policies

General information

Larch (Nursing Homes) Holdco Limited ("the company") is a limited company domiciled and incorporated in England and Wales. The registered office is Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

The group consists of Larch (Nursing Homes) Holdco Limited and all of its subsidiaries.

1.1 Statement of compliance

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

1.2 Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis and under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's result for the year was £nil (period ended 29 September 2016: £nil result).

1.3 Basis of consolidation

The consolidated financial statements incorporate those of Larch (Nursing Homes) Holdco Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 29 September 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1 Accounting policies **(Continued)**

1.4 Going concern

Consequent to the financial difficulties experienced by the original tenant which operated the nursing homes rented from two group undertakings, the lenders to a further group undertaking have restructured the terms of the loans such that the lenders will not demand repayment of their loans until their maturity dates despite the group undertaking being unable to fully service the loans or meet their financial covenants.

The loans were due for repayment on 16 January 2016 but remain unpaid as at the date of signing these financial statements. The non-repayment of the loans at their maturity dates gives the lenders the right to enforce their security including first ranking fixed charges over the group's properties,however the lenders have confirmed that they do not have a current intention of demanding repayment of the loans within 12 months of the signing of the financial statements. The director has been in discussions with the lenders who are working on a plan to achieve maximum return on the properties through disposal of the nursing homes. Accordingly, whilst the director expects that the group and the parent company will remain a going concern in the short term, there is considerable uncertainty in the future. These circumstances indicate the existence of a material uncertainty which may cast significant doubt about the group and the parent company's ability to continue as a going concern in the longer term. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

As the lenders have not indicated that they intend a break-up of the group and parent company, the financial statements have been prepared on a going concern basis.

1.5 Turnover

Turnover represents licence fee income and rental income, net of value added tax. Rental income was recognised over the term of the lease on a straight-line basis. Licence fee income was recognised on an accrual basis.

Turnover is generated entirely from the activities in the UK.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

Where fair value cannot be achieved without undue cost or effort, investment property is accounted for as tangible fixed assets.

1.7 Investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1 Accounting policies **(Continued)**

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

1 Accounting policies **(Continued)**

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1 Accounting policies **(Continued)**

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Investment properties

Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

3 Operating profit/(loss)

	Year ended 29 September 2017 £	Period ended 29 September 2016 £
Operating profit/(loss) for the year is stated after charging:		
Fair value loss on investment properties	-	9,180,723
Audit of the financial statements of the group and company	24,000	23,000

4 Director's remuneration

The director did not receive any emoluments in respect of his services to the company (period ended 29 September 2016: £nil).

The company has no employees (period ended 29 September 2016: nil) other than the director.

The emoluments of the director are paid by a related party which makes no recharge to the company. The director is an employee of that related party. It is not possible to make an accurate apportionment of his emoluments in respect of each of the fellow subsidiaries and related parties to which he provides service. Accordingly, the above details include no emoluments in respect of the director. The total emoluments of the director are included in the aggregate of employee wages and salaries included in the financial statements of Loopsign Limited.

5 Interest receivable and similar income

	Year ended 29 September 2017 £	Period ended 29 September 2016 £
Interest on bank deposits	2,883	2,168

6 Interest payable and similar charges

	Year ended 29 September 2017 £	Period ended 29 September 2016 £
Interest on bank overdrafts and loans	8,664,360	9,222,456

7 Tax on loss on ordinary activities

No tax has been provided for due to the taxable losses of the group (period ended 29 September 2016: £nil).

Factors affecting tax result for the year

From 1 April 2017 the rate of corporation tax has reduced from 20% to 19%, giving a blended average rate for the current year of 19.50% (period ended 29 September 2016: 20.00%).

7 Tax on loss on ordinary activities **(Continued)**

The actual result for the year can be reconciled to the expected charge based on the profit or loss and the blended/standard rate of tax as follows:

	Year ended 29 September 2017 £	Period ended 29 September 2016 £
Loss on ordinary activities before taxation	(6,791,988)	(19,275,300)
Expected tax credit based on the blended/standard rate of corporation tax in the UK of 19.50% (period ended 29 September 2016: 20.00%)	(1,324,438)	(3,855,060)
Tax effect of expenses that are not deductible in determining taxable profit	-	1,836,185
Surrender of tax losses	1,324,438	2,018,875
Tax result for the year/period	-	-

In addition to the amount charged to the statement of comprehensive income, the following amounts relating to tax have been recognised directly in other comprehensive income:

	Year ended 29 September 2017 £	Period ended 29 September 2016 £
Deferred tax arising on:		
Revaluation of financial instruments treated as cash flow hedges	-	58,581

The group surrendered the benefit of tax losses amounting to £6,791,988 (period ended 29 September 2016: £10,094,375) to fellow subsidiary undertakings and related parties. No payment for this surrender was made to the group.

No provision has been made for the tax that would arise on the disposal of properties at their book value. The director has no intention of selling the properties, and therefore, at present, it is not envisaged that any tax will become payable in the foreseeable future. The director considers that it is too onerous to provide an estimate of the tax that would be payable if the properties were sold at the value shown. Such a tax estimate is not considered meaningful as properties are often divested through the sale of companies.

Factors that may affect future tax charges
Change to the UK corporation tax rates were announced in the Chancellor's Budget in July 2015. This includes a reduction to the main rate to reduce the rate to 18% from 1 April 2020. As this change had not been substantively enacted at the balance sheet date the effects are not included in these financial statements.

8 Investment properties

	Group	Company
	£	£
Fair value		
At 29 September 2016 and 29 September 2017	120,000,000	-

The investment properties were last valued by a professional valuer in December 2015. The valuation was utilised for the fair value of the investment properties as at 30 September 2015 and was made in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom.

A professional valuation in respect of the investment properties was not obtained in respect of values as at 29 September 2016 and 29 September 2017. The directors assessed the value at that date by reference to the key assumptions underpinning the professional valuation in December 2015 updated for recent trading results from the homes and their assessment of the market in which the company operates.

The investment properties have been charged to secure the bank loans of the group.

9 Investments

		Group		Company	
		29 September 2017	29 September 2016	29 September 2017	29 September 2016
	Note	£	£	£	£
Investments in subsidiaries	16	-	-	1	1

10 Debtors

	Group		Company	
	29 September 2017	29 September 2016	29 September 2017	29 September 2016
	£	£	£	£
Amounts due from fellow group undertakings	928,408	-	-	-
Other debtors	99	99	99	99
Prepayments and accrued income	149,172	774,247	-	-
	1,077,679	774,346	99	99

11 Creditors: amounts falling due within one year

		Group		Company	
		29 September 2017	29 September 2016	29 September 2017	29 September 2016
	Note	£	£	£	£
Bank loans and overdrafts	12	379,333,539	379,333,539	-	-
Trade creditors		23,120	14,852	-	-
Amounts due to group undertakings		928,408	4,800	-	-
Other creditors		47,196,475	47,187,917	-	-
Accruals and deferred income		27,243,655	20,279,205	-	-
		454,725,197	446,820,313	-	-

12 Loans and overdrafts

	Group		Company	
	29 September 2017	29 September 2016	29 September 2017	29 September 2016
	£	£	£	£
Bank loans	379,333,539	379,333,539	-	-
Payable within one year	379,333,539	379,333,539	-	-

The bank loans are secured over investment properties owned by the company's indirect subsidiaries and at the balance sheet date were payable on demand due to events of default under the loan facility agreements. On 21 November 2013 the restructuring of the bank loans was completed meaning that the loans became repayable on the amended maturity date of 16 January 2016 but the loans have not been repaid. The loans bear interest at margins of 1.68% to 5.00% over 3 month LIBOR following expiry of the swaps on 13 October 2015.

13 Called up share capital

	Group and company	
	29 September 2017	29 September 2016
Ordinary share capital	£	£
Authorised		
25,000,000 (2016: 25,000,000) ordinary shares of £1 each	25,000,000	25,000,000
Issued and fully paid		
100 (2016: 100) ordinary shares of £1 each	100	100

14 Related party transactions

The group and company have taken advantage of an exemption available under FRS 103 Section 33 not to disclose transactions between wholly owned subsidiaries of the group.

At 29 September 2017, the group had the following loan receivables and payables to related parties:

- Included in other debtors, an amount of £99 due from London & Regional Group Investments Limited, a company with common key management personnel, and bearing no interest
- Included in other creditors, an amount of £47.2m due to London and Regional Properties, a company with common key management personnel, and bearing no interest.

15 Controlling party

Due to the requirement for further debt restructuring referred to in note 1, the controlling parties are considered to be the lenders to a group undertaking of the company.

16 Subsidiaries

Details of the company's subsidiaries at 29 September 2017 are as follows:

Name of undertaking	Country of incorporation	Nature of business	Class of shareholding	% Held Direct	% Held Indirect
Larch (Nursing Homes) Limited	England and Wales	Holding company	Ordinary	100.00	
Larch Boss Limited	England and Wales	Property investment	Ordinary		100.00
Larch Funding (UK) Limited	England and Wales	Treasury company	Ordinary		100.00
Larch Life No.1 (UK) Limited	England and Wales	Property investment	Ordinary		100.00
Larch Property Holdings Ltd	Jersey	Holding company	Ordinary		100.00
Larch Group Holdings Ltd	Jersey	Holding company	Ordinary		100.00
Larch (Nursing Homes No.2) Limited	England and Wales	Holding company	Ordinary		100.00

Larch Group Holdings Limited and Larch Property Holdings Limited have the registered address of 13 Castle Street, St Helier, Jersey, JE4 5UT. All other subsidiaries have the registered address of Quadrant House, Floor 6, 4 Thomas More Square, London, E1W 1YW.

17 Cash generated from operations

	Year ended 29 September 2017 £	Period ended 29 September 2016 £
Loss for the period/year after tax	(6,791,988)	(19,275,300)
Adjustments for:		
Finance costs	8,664,360	9,222,456
Investment income	(2,883)	(2,168)
Impairment of investment properties	-	9,180,723
Prior year additions to investment properties expensed	-	1,537,277
Loss on sale of investment properties	-	96,390
Movements in working capital:		
(Increase) in debtors	(303,333)	(106,052)
(Decrease) in creditors	(185,044)	(371,388)
Cash generated from operations	1,381,112	281,938
Difference	928,408	-
Per cash flow statement page	2,309,520	281,938