

COMPANY REGISTRATION NUMBER: 06881997

Orchard Care Homes.com (6) Limited
Directors' Report and Financial Statements
31 March 2017



Orchard Care Homes.com (6) Limited

Financial Statements

Year ended 31 March 2017

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Orchard Care Homes.com (6) Limited

Officers and Professional Advisers

The board of directors

TA Brookes
D Johnson
L Lee

Registered office

The Hamlet
Hornbeam Park
Harrogate
North Yorkshire
HG2 8RE

Auditor

KPMG LLP
Chartered Accountants & statutory auditor
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Bankers

National Westminster Bank plc
8 Market Place
Huddersfield
HD1 2AL

Solicitors

Pinsent Masons LLP
1 Park Row
Leeds
LS1 5AB

Orchard Care Homes.com (6) Limited

Directors' Report

Year ended 31 March 2017

The directors present their report and the financial statements of the company for the year ended 31 March 2017.

Principal activities

The principal activity of the company during the year was the provision of residential and dementia care for the elderly.

Directors

The directors who served the company during the year were as follows:

PC Mancey (resigned 20 June 2017)

D Johnson

P Tomlinson (resigned 1 August 2017)

TA Brookes and L Lee were appointed directors on 20 June 2017.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditors, KMPG LLP, indicated their willingness to continue in office, and were therefore reappointed by the directors under s.485 of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 10 MAY 2018 and signed on its behalf by:



D Johnson
Director

Registered office:
The Hamlet
Hornbeam Park
Harrogate
North Yorkshire
HG2 8RE

Orchard Care Homes.com (6) Limited

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

Year ended 31 March 2017

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) including FRS 102 *The Financial reporting standard applicable in the UK and Republic of Ireland*.

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 judgements and 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 Orchard Care Homes.com (6) Limited

We have audited the financial statements of Orchard Care Homes.com (6) Limited for the year ended 31 March 2017 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' Report:

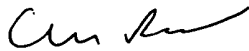
- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

**Independent Auditor's Report to the Members of Orchard Care Homes.com (6)
Limited (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



Chris Butt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

11 May 2018

Orchard Care Homes.com (6) Limited

Statement of Comprehensive Income

Year ended 31 March 2017

| | Note | 2017 £ | 2016 £ |
|--|------|----------------|----------------|
| Turnover | 4 | 2,726,909 | 2,405,547 |
| Cost of sales | | (1,347,139) | (1,269,249) |
| Gross profit | | 1,379,770 | 1,136,298 |
| Administrative expenses | | (1,052,332) | (868,338) |
| Profit before taxation | 5 | 327,438 | 267,960 |
| Tax on profit on ordinary activities | 8 | — | — |
| Profit for the financial year and total comprehensive income | | <u>327,438</u> | <u>267,960</u> |

All the activities of the company are from continuing operations.

The notes on pages 9 to 14 form part of these financial statements.

Orchard Care Homes.com (6) Limited

Balance Sheet

31 March 2017

| | Note | 2017 £ | 2016 £ |
|---|------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 74,812 | 41,834 |
| Current assets | | | |
| Stocks | 10 | 1,679 | – |
| Debtors | 11 | 1,791,604 | 1,279,121 |
| Cash at bank and in hand | | 1,773 | 5,303 |
| | | <u>1,795,056</u> | <u>1,284,424</u> |
| Creditors: amounts falling due within one year | 12 | <u>(308,554)</u> | <u>(226,782)</u> |
| Net current assets | | <u>1,486,502</u> | <u>1,057,642</u> |
| Total assets less current liabilities | | <u>1,561,314</u> | <u>1,099,476</u> |
| Provisions | 13 | <u>(134,400)</u> | <u>–</u> |
| Net assets | | <u>1,426,914</u> | <u>1,099,476</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 101 | 101 |
| Share premium account | 16 | 387,562 | 387,562 |
| Profit and loss account | 16 | 1,039,251 | 711,813 |
| Shareholders' funds | | <u>1,426,914</u> | <u>1,099,476</u> |

These financial statements were approved by the board of directors and authorised for issue on 10 MAY 2018, and are signed on behalf of the board by:



D Johnson
Director

Company registration number: 06881997

The notes on pages 9 to 14 form part of these financial statements.

Orchard Care Homes.com (6) Limited

Statement of Changes in Equity

Year ended 31 March 2017

| | Called up share capital £ | Share premium account £ | Profit and loss account £ | Total £ |
|--|---------------------------------|----------------------------------|------------------------------------|------------|
| At 1 April 2015 | 101 | 387,562 | 443,853 | 831,516 |
| Profit for the year | — | — | 267,960 | 267,960 |
| Total comprehensive income for the year | — | — | 267,960 | 267,960 |
| At 31 March 2016 | 101 | 387,562 | 711,813 | 1,099,476 |
| Profit for the year | — | — | 327,438 | 327,438 |
| Total comprehensive income for the year | — | — | 327,438 | 327,438 |
| At 31 March 2017 | 101 | 387,562 | 1,039,251 | 1,426,914 |

The notes on pages 9 to 14 form part of these financial statements.

Orchard Care Homes.com (6) Limited

Notes to the Financial Statements

Year ended 31 March 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is The Hamlet, Hornbeam Park, Harrogate, HG2 8RE.

2. Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102").

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, and are presented in sterling, which is also the functional currency of the entity.

Going concern

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

Disclosure exemptions

The Company's ultimate parent undertaking, Cortina Race LLP includes the Company in its consolidated financial statements. The consolidated financial statements of Cortina Race LLP are prepared in accordance with Financial Reporting Standard 102 applicable in the UK and Republic of Ireland and are available to the public and may be obtained from 21 Palmer Street, London, SW1H 0AD. In these financial statements, the company is considered to be a qualifying entity (for the purposes of the FRS) and has applied the exemptions available under FRS 102 in the respect of the following disclosures:

- Financial instruments disclosures;
- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

Judgements and key sources of estimation uncertainty

Estimates and judgements are regularly evaluated and are based on experience and future expectations of current events.

Orchard Care Homes.com (6) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Revenue recognition

Revenue is recognised at the point in 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 and the number of days occupied.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Operating leases

Rentals applicable to operating leases, where substantially all benefits and risks of ownership remain with the lessor, are charged to the profit and loss account as incurred. The lease payments are structured to increase in-line with rates of inflation.

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 lease term or on the meeting of certain performance criteria.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings - 20% straight line

Stocks

Stocks are measured at cost which includes all costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the balance sheet and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Orchard Care Homes.com (6) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Turnover

Turnover is attributable to the principal activity of the company, which is wholly undertaken in the United Kingdom and relates to the rendering of services.

5. Operating profit

Operating profit is stated after charging:

| | 2017 | 2016 |
|--|----------------|----------------|
| | £ | £ |
| Depreciation of tangible assets | 13,181 | 9,239 |
| Reversal of impairment of tangible assets recognised in: | | |
| Administrative expenses | (6,771) | — |
| Fees payable for the audit of the financial statements | 5,500 | 5,500 |
| Operating lease rentals - land & buildings | <u>634,714</u> | <u>621,428</u> |

6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

| | 2017 | 2016 |
|----------------------|-----------|-----------|
| | No. | No. |
| Number of care staff | <u>59</u> | <u>55</u> |

The aggregate payroll costs incurred during the year, relating to the above, were:

| | 2017 | 2016 |
|-----------------------|------------------|----------------|
| | £ | £ |
| Wages and salaries | 1,058,954 | 931,471 |
| Social security costs | 60,388 | 50,851 |
| Other pension costs | 7,514 | 5,867 |
| | <u>1,126,856</u> | <u>988,189</u> |

Orchard Care Homes.com (6) Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2017

7. Directors' remuneration

No directors' remuneration is receivable by the directors for their services to this company in the current or previous year. Directors' remuneration is borne by fellow group companies and £12,555 (2016: £24,800) has been allocated for the directors' time to the company based on number of beds across the group.

8. Tax on profit on ordinary activities

There is no charge to current or deferred taxation in the current or prior year.

Factors affecting tax charge for the year

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

| | 2017 | 2016 |
|--|----------|----------|
| | £ | £ |
| Profit on ordinary activities before taxation | 327,438 | 267,960 |
| Profit on ordinary activities by rate of tax | 65,488 | 53,592 |
| Effect of expenses not deductible for tax purposes | 25,888 | 177 |
| Utilisation of tax losses | – | (53,769) |
| Group relief claimed | (87,833) | – |
| Deferred tax not recognised | (3,543) | – |
| Tax on profit | – | – |

Reductions in the corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020 were substantively enacted on 26 October 2015 and 6 September 2016. Unrecognised deferred tax assets in respect of losses, short term timing differences and fixed asset timing differences amounted to £2,686 (2016: £6,033) and have not been recognised in the financial statements as there is uncertainty over the availability or timing of future taxable profits to utilise the losses.

9. Tangible assets

| | Fixtures and fittings £ |
|-------------------------------|----------------------------|
| Cost | |
| At 1 April 2016 | 85,748 |
| Additions | 39,387 |
| At 31 March 2017 | 125,135 |
| Depreciation | |
| At 1 April 2016 | 43,914 |
| Charge for the year | 13,181 |
| Reversal of impairment losses | (6,772) |
| At 31 March 2017 | 50,323 |
| Carrying amount | |
| At 31 March 2017 | 74,812 |
| At 31 March 2016 | 41,834 |

Orchard Care Homes.com (6) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

10. Stocks

| | 2017 | 2016 |
|-------------|--------------|----------|
| | £ | £ |
| Consumables | <u>1,679</u> | <u>—</u> |

11. Debtors

| | 2017 | 2016 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade debtors | 139,855 | 106,269 |
| Amounts owed by group undertakings | 1,033,377 | 545,715 |
| Called up share capital not paid | — | 1 |
| Prepayments and accrued income | 262,882 | 271,646 |
| Other debtors | <u>355,490</u> | <u>355,490</u> |
| | <u>1,791,604</u> | <u>1,279,121</u> |

The debtors above include the following amounts falling due after more than one year:

| | 2017 | 2016 |
|---------------|----------------|----------------|
| | £ | £ |
| Other debtors | <u>355,490</u> | <u>355,490</u> |

The company has pledged its fixed and current assets as security in relation to its property lease commitments disclosed in note 17.

12. Creditors: amounts falling due within one year

| | 2017 | 2016 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade creditors | 180,242 | 161,699 |
| Amounts owed to group undertakings | 23,126 | 4,831 |
| Accruals and deferred income | 79,188 | 40,422 |
| Social security and other taxes | 25,668 | 15,933 |
| Other creditors | <u>330</u> | <u>3,897</u> |
| | <u>308,554</u> | <u>226,782</u> |

13. Provisions

| | £ |
|------------------|----------------|
| At 1 April 2016 | — |
| Additions | <u>134,400</u> |
| At 31 March 2017 | <u>134,400</u> |

Provisions above include a dilapidation provision in relation to the onerous nature of the fully repairing lease.

Orchard Care Homes.com (6) Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

14. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £7,514 (2016: £5,867). Contributions totalling £12,316 (2016: £2,191) were payable to the fund at the year end.

15. Called up share capital

Issued, called up and fully paid

| | 2017 | | 2016 | |
|----------------------------|------------|------------|------------|------------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | <u>101</u> | <u>101</u> | <u>101</u> | <u>101</u> |

16. Reserves

Share premium account - This reserve records the amount over the nominal value received by shares issued, less transaction costs.

Profit and loss account - This reserve records retained earnings and accumulated losses.

17. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

| | 2017 | 2016 |
|--|-------------------|-------------------|
| | £ | £ |
| Not later than 1 year | 644,592 | 635,421 |
| Later than 1 year and not later than 5 years | 2,743,594 | 2,704,559 |
| Later than 5 years | <u>18,629,626</u> | <u>20,239,710</u> |
| | <u>22,017,812</u> | <u>23,579,690</u> |

18. Related party transactions

As permitted by the exemption allowed under FRS 102 Section 33, transactions with wholly owned group member companies are not disclosed. There were no transactions with directors in the current or previous period.

19. Subsequent events

Subsequent to the year end the shares in the Company have been sold at market value to another company within the Cortina Race LLP group as part of a consensual leasehold restructuring to stem loss making activities in the group.

20. Controlling party

The Company is a subsidiary undertaking of Cortina Race LLP. The ultimate controlling party is Alchemy Special Opportunities Fund III LP.

The largest group in which the results of the Company are consolidated is that headed by Cortina Race LLP, incorporated in the United Kingdom. These consolidated financial statements are available to the public and may be obtained from Companies House.
