

Orchard Care Homes.Com (5) Limited

**Directors' report and financial
statements**

Registered number 06882622

31st March 2016

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Officers and professional advisers

Directors	PC Mancey P Tomlinson D Johnson
Registered office	The Hamlet Hornbeam Park Harrogate HG2 8RE
Auditor	KPMG LLP 1 Sovereign Square Sovereign Street Leeds LS1 4DA
Bankers	National Westminster Bank plc 8 Market Place Huddersfield HD1 2AL
Solicitors	Pinsent Masons LLP 1 Park Row Leeds LS1 5AB

Directors' report

The directors submit their report and the financial statements of Orchard Care Homes.Com (5) Limited for the year ended 31 March 2016.

Principal activities

The company's principal activity during the year continued to be the provision of residential and nursing care for the elderly.

Directors

The following directors who held office during the year were as follows:

P C Mancey
P Tomlinson
D Johnson

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 relevant steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

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

Strategic report

The company is exempt from the requirement to prepare a strategic report on the grounds of its size.

Signed on behalf of the directors



D Johnson
Director

The Hamlet
Hornbeam Park
Harrogate
HG2 8RE

5th December 2016

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) 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.



KPMG LLP

1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD CARE HOMES.COM (5) LIMITED

We have audited the financial statements of Orchard Care Homes.com (5) Limited for the year ended 31 March 2016 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 2016 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 matter prescribed by the Companies Act 2006

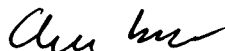
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Orchard Care Home.Com (5)
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 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

12 December 2016

Profit and loss account
for the year ended 31 March 2016

	<i>Note</i>	2016 £	2015 £
Turnover	2	3,913,692	3,808,580
Cost of sales		(2,340,865)	(2,234,188)
Gross profit		1,572,827	1,574,392
Administrative expenses		(1,526,538)	(1,552,961)
Operating profit		46,289	21,431
Profit on ordinary activities before taxation	3	46,289	21,431
Taxation	6	-	-
Profit for the financial year		46,289	21,431

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

Other comprehensive income
for the year ended 31 March 2016

	2016 £	2015 £
Profit for the year	46,289	21,431
Other comprehensive income	-	-
Total comprehensive income for the year	46,289	21,431

Balance sheet
at 31 March 2016

	<i>Note</i>	2016 £	2015 £
Fixed assets			
Tangible fixed assets	7	114,722	61,446
		<hr/>	<hr/>
		114,722	61,446
Current assets			
Debtors (including due in more than one year £701,547 (2015:£701,547))	8	1,346,461	1,446,294
Cash at bank and in hand		8,755	47,242
		<hr/>	<hr/>
		1,355,216	1,493,536
Creditors: amounts falling due within one year	9	(574,134)	(705,467)
		<hr/>	<hr/>
Net current assets		781,082	788,069
		<hr/>	<hr/>
Net assets		895,804	849,515
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	101	101
Share premium account		808,808	808,808
Profit and loss account		86,895	40,606
		<hr/>	<hr/>
Shareholder's funds		895,804	849,515
		<hr/>	<hr/>

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

The financial statements were approved by the Board of Directors on *5th December* 2016 and were signed on its behalf by:



D Johnson
Director

Company registration no: 06882622

Statement of changes in equity
at 31 March 2016

	Share capital	Share premium	Profit and loss account	Total Equity
	£	£	£	£
Balance at 1st April 2014	101	808,808	19,175	828,084
Total comprehensive income for the period				
Profit for the year	-	-	21,431	21,431
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	21,431	21,431
Balance at 31st March 2015	101	808,808	40,606	849,515
Total comprehensive income for the period				
Profit for the year	-	-	46,289	46,289
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	46,289	46,289
Balance at 31st March 2016	101	808,808	86,895	895,804

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

Orchard Care Homes.com (5) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

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*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments. An explanation of the transition to FRS 102 is provided in note 15.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at 1st April 2014 (transition date) rather than commencement date of the arrangement.
- Lease incentives – for leases commenced before 1st April 2014 the Company continued to account for lease incentives under previous UK GAAP.

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 as adopted by the EU 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 this FRS) and has applied the exemptions available under FRS 102 in respect of the following 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.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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.

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss accounts on a straight-line basis over the estimated useful lives of each asset. The depreciation rates are as follows:

Fixtures, fitting and equipment 20% straight line.

The company assesses at each reporting date whether tangible fixed assets are impaired. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes (continued)

1 Accounting policies (Continued)

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.

Leases assets and obligation

Rentals applicable to operating leases, where substantially all the 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 end of the lease term or on the meeting of certain performance criteria.

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.

Pensions

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

2 Turnover

Turnover is attributable to one activity and originates entirely from the United Kingdom.

3 Profit on ordinary activities before taxation

	2016 £	2015 £
This is stated after charging:		
Operating lease rentals – land & buildings	1,096,840	1,064,173
Depreciation	34,202	25,785
Auditor's remuneration for statutory audit	11,000	11,000
	<hr/>	<hr/>

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2016	2015
Care Staff	102	102

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and Salaries	1,787,319	1,707,516
Social security costs	104,494	94,223
Pension cost	12,194	12,710
	<u>1,904,007</u>	<u>1,814,449</u>

5 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 £44,985 (2015: £48,099) has been allocated for the directors' time to the company based on the number of beds across the group.

6 Tax on profit on ordinary activities

Total tax expense recognised in the profit and loss account

	2016 £	2015 £
<i>Current Tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods	-	-
Total current tax	<u>-</u>	<u>-</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total income tax expense	<u>-</u>	<u>-</u>

Notes (continued)

6 Tax on profit on ordinary activities (Continued)

Factors affecting tax charge for the year

The tax charge assessed for the year is lower than the applicable rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before taxation	46,289	21,431
Tax on profit on ordinary activities at standard CT rate of 20% (2015: 21%)	9,258	4,501
<i>Effects of:</i>		
Permanently disallowable expenses	1,209	359
Losses utilised in the year	(10,467)	(2,893)
Capital allowances in excess of depreciation	-	(1,967)
Total tax expense for the year	-	-

Reduction in the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 were substantively enacted on 26 October 2015. Unrecognised deferred tax assets in respect of losses amount to £ 227k (2015:£262k) has not been recognised in the financial statements as there is uncertainty over the availability or timing of future tax profits to utilise the losses.

7 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
As at 31 March 2015	167,971
Additions	87,478
At 31 March 2016	255,449
Depreciation	
At 31 March 2015	106,525
Charged in the year	34,202
At 31 March 2016	140,727
Net book value	
At 31 March 2016	114,722
As at 31 March 2015	61,446

Notes (continued)

8 Debtors

	2016 £	2015 £
Debtors due within one year:		
Trade debtors	408,261	324,563
Unpaid share capital	1	1
Amounts owed by group undertakings	1,018	66,574
Other debtors	701,547	701,547
Prepayments and accrued income	235,634	353,609
	<u>1,346,461</u>	<u>1,446,294</u>
Due within one year	644,914	744,747
Due after more than one year	<u>701,547</u>	<u>701,547</u>

The company has pledged its fixed and current assets as security in relation to its property lease commitments disclosed in note 11.

9 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	108,875	128,076
Amounts owed to group undertakings	314,884	459,507
Other creditors	7,775	10,756
Other tax and social security	28,665	28,459
Accruals and deferred income	113,935	78,669
	<u>574,134</u>	<u>705,467</u>

10 Equity share capital

Allotted, issued and fully paid:

	2016 £	2015 £
101 Ordinary share of £1 each	<u>101</u>	<u>101</u>

Notes (continued)

11 Commitment under operating leases

The Company's future minimum operating lease payments are as follows:

	Land and buildings 2016 £	Land and buildings 2015 £
Within one year	1,122,311	1,094,938
Between two and five years	4,776,927	4,660,416
More than five years	34,865,320	36,104,142
	<hr/>	<hr/>
	40,764,558	41,859,496
	<hr/>	<hr/>

During the year £1,096,840 was recognised as an expense in the profit or loss accounts in respect of operating leases (2015: £1,064,173).

12 Ultimate parent company

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. The consolidated financial statements of these groups are available to the public and may be obtained from 21 Palmer Street, London, SW1H 0AD.

13 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 of previous period.

14 Pensions

The company 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 company and amounted to £12,194 (2015: £12,710). Contributions totalling £3,935 (2015: £7,657) were payable to the fund at the year end.

15 Explanation of transition to FRS 102 from UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31st March 2016 and the comparative information presented in these financial statements for the year ended 31st March 2015.

The previous financial statements were prepared under UK GAAP for the year ended 31st March 2015 and as such the date of transition was 1st April 2014.

In the transition to FRS 102 from UK GAAP, no measurement and recognition adjustments have been made.