

Christchurch Court (UK) Limited
Annual report and consolidated financial statements
for the year ended 30 April 2015

Registered number: 07051134

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Christchurch Court (UK) Limited

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Christchurch Court (UK) Limited

Officers and Professional Advisors

DIRECTORS

P Preston
S Kidd
D Roth (resigned 1 April 2015)
J Proudlock

COMPANY SECRETARIES

J Proudlock
MH Secretaries Limited

REGISTERED OFFICE

2 Christchurch Road
Abington
Northampton
Northamptonshire
United Kingdom
NN1 5LL

BANKERS

Santander Corporate Banking
Bridle Road,
Bootle, Merseyside
L30 4GB

SOLICITORS

Marriott Harrison LLP
11 Staple Inn
London
WC1V 7QH

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Cambridge, United Kingdom

Christchurch Court (UK) Limited

Strategic report

The principal activities of the Group comprise the provision of neurological rehabilitation services and supported living. The Company operates from locations in Northampton and Bedford. During the year the Group successfully discharged 83% more residents than in the prior year demonstrating successful transition of our residents back home and into other community placements. A lower level of occupancy in Northampton compared to the prior year has resulted in a reduction in revenue for the Group for year. Additionally, the wider economic climate continues to present challenges for the NHS, the Group's principal customer with price remaining a significant factor in where residents are placed. There remains a continual focus on demonstrating the value of the Group's services and the delivery of positive outcomes for services users, evidenced by the Group's Good rating with the Care Quality Commission across all its locations and a greater level of discharges in the year. The Group continues to invest in therapeutic and care resource to align with the needs of our service users.

The performance of the company and group is measured with reference to financial and non-financial Key Performance Indicators. The Group had turnover for the year of £5,051,173 (2014: £5,558,476) and loss after taxation of £433,972 (2014: £206,584). Non-financial Key Performance Indicators surrounding occupancy levels and clinical and operational compliance and efficiencies were met in the year.

Net liabilities as at 30 April 2015 were £1,226,992 (2014: £793,020).

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The Group does not use derivative financial instruments to manage these risks.

Cash flow risk

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

Credit risk

The Group's principal financial assets are bank balances and trade debtors.

The Group's credit risk is primarily attributable to its trade debtors. As most of the Group's customer base is represented by Clinical Commissioning Groups and Local Authorities, the overall credit risk is considered low.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for future developments, the Company receives long term intercompany funding from its immediate and ultimate parent company, Christchurch Court Holdings Limited, and that company's majority shareholder and controlling party, Sovereign Capital Partners Limited Partnership III.

Christchurch Court (UK) Limited

Strategic report

Approved by the Board and signed on its behalf by:



J Proudlock
Director
27 August 2015

2 Christchurch Road, Abington, Northampton, NN1 5LL

Christchurch Court (UK) Limited

Directors' report

The directors present the annual report and audited financial statements for the year ended 30 April 2015.

Results and Dividends

The loss for the year, after taxation, amounted to £433,972 (2014: £206,584).

The directors do not recommend a dividend (2014: £nil).

Directors

The directors, who served throughout the period and to the date of this report, unless stated otherwise, were as follows:

P Preston

S Kidd

D Roth (resigned 1 April 2015)

J Proudlock

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. This is achieved through formal and informal meetings and the Group newsletter.

Christchurch Court (UK) Limited

Directors' report

Disclosure of Information to the Auditor

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



J Proudlock
Director
27 August 2015

2 Christchurch Road, Abington, Northampton, NN1 5LL

Christchurch Court (UK) Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping 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 the Group enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Christchurch Court (UK) Limited

Independent auditor's report to the member of Christchurch Court (UK) Limited

We have audited the financial statements of Christchurch Court (UK) Limited for the year ended 30 April 2015 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and parent Company's affairs as at 30 April 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Christchurch Court (UK) Limited

Independent auditor's report to the member of Christchurch Court (UK) 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.



Paul Schofield (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Cambridge, UK

28 August 2015

Christchurch Court (UK) Limited

Consolidated profit and loss account

For the year ended 30 April 2015

	Note	2015 £	2014 £
Turnover	1,2	5,051,173	5,558,476
Cost of sales		<u>(2,638,873)</u>	<u>(2,569,940)</u>
Gross profit		2,412,300	2,988,536
Other operating expenses		(1,979,028)	(2,128,624)
Exceptional other operating expenses		(49,289)	-
Total other operating expenses		<u>(2,028,317)</u>	<u>(2,128,624)</u>
Operating profit	3	383,983	859,912
Finance charges (net)	4	<u>(813,802)</u>	<u>(964,417)</u>
Loss on ordinary activities before taxation		(429,819)	(104,505)
Tax on loss on ordinary activities		<u>(4,153)</u>	<u>(102,079)</u>
Loss for the financial year	17	<u><u>(433,972)</u></u>	<u><u>(206,584)</u></u>

There were no gains or losses for the period apart from the result shown above. Therefore, no Statement of total recognised gains and losses has been presented.

The results above derive from continuing operations.

Christchurch Court (UK) Limited

Consolidated balance sheet

As at 30 April 2015

	Note	2015 £	2014 £
Fixed assets			
Intangible assets	9	5,891,753	6,283,094
Tangible assets	10	13,257,465	13,520,158
		<u>19,149,218</u>	<u>19,803,252</u>
Current assets			
Debtors			
– due within one year	12	678,417	371,818
Cash at bank and in hand		63,533	13,458
		<u>741,950</u>	<u>385,276</u>
Creditors: Amounts falling due within one year	13	<u>(1,067,804)</u>	<u>(802,339)</u>
Net current liabilities		<u>(325,854)</u>	<u>(417,063)</u>
Total assets less current liabilities		18,823,364	19,386,189
Creditors: Amounts falling due after more than one year	14	(19,946,125)	(19,585,935)
Provisions for liabilities	15	<u>(104,231)</u>	<u>(593,274)</u>
Net liabilities		<u><u>(1,226,992)</u></u>	<u><u>(793,020)</u></u>
Capital and reserves			
Called-up share capital	16	1	1
Profit and loss account	17	<u>(1,226,993)</u>	<u>(793,021)</u>
Shareholder's deficit	18	<u><u>(1,226,992)</u></u>	<u><u>(793,020)</u></u>

The financial statements of Christchurch Court (UK) Limited, (registered number 07051134), were approved by the board of directors and authorised for issue on 27 August 2015. They were signed on its behalf by:



J Proudlock
Director

Christchurch Court (UK) Limited

Company balance sheet

As at 30 April 2015

	Note	2015 £	2014 £
Fixed assets			
Investments	11	18,915,145	18,915,145
		<u>18,915,145</u>	<u>18,915,145</u>
Current assets			
Debtors	12	-	11,609
Cash at bank and in hand		-	784
		<u>-</u>	<u>12,393</u>
Creditors: Amounts falling due within one year	13	(422,855)	(387,200)
Net current liabilities		<u>(422,855)</u>	<u>(374,807)</u>
Total assets less current liabilities		18,492,290	18,540,338
Creditors: Amounts falling due after more than one year	14	(22,579,586)	(21,322,943)
Provision for liabilities	15	-	(500,000)
Net liabilities		<u>(4,087,296)</u>	<u>(3,282,605)</u>
Capital and reserves			
Called-up share capital	16	1	1
Profit and loss account	17	(4,087,297)	(3,282,606)
Shareholder's deficit	18	<u>(4,087,296)</u>	<u>(3,282,605)</u>

The financial statements of Christchurch Court (UK) Ltd (registered number 07051134), were approved by the board of directors and authorised for issue on 27 August 2015. They were signed on its behalf by:



J Proudlock

Director

Christchurch Court (UK) Ltd

Consolidated cash flow statement

For the year ended 30 April 2015

	Note	2015 £	2014 £
Net cash inflow from operating activities	19	1,155,173	1,777,859
Interest paid	20	(453,000)	(466,390)
Tax paid	20	(64,197)	(101,796)
Capital expenditure and financial investment	20	(115,170)	(120,019)
Cash inflow before financing		<u>522,806</u>	<u>1,089,654</u>
Financing	20	(472,731)	(1,118,095)
Decrease in cash in the year		<u>(50,075)</u>	<u>(28,441)</u>

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 April each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The Strategic report also describes the Group's exposure to risks and its policies for managing these.

The Group meets its day to day working capital requirements through surplus operating cash flows and expects to be able to do this for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to generate adequate cash flows to meet its operating requirements. The Group's ultimate controlling party, Sovereign Capital Partners Limited Partnership III has confirmed that it will provide support should it be required.

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Intangible assets

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years.

Separately acquired brands are shown at historical cost and are amortised over its useful economic life, which is 20 years.

Provision is made for any impairment of intangible assets.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line/reducing balance basis over its expected useful life, as follows:

Freehold Property and Improvements	2% or 15% Straight-Line per annum
Fixtures and Fittings	15% Reducing Balance
Motor Vehicles	25% Reducing Balance
Office and Computer Equipment	33.33% Straight-Line per annum

Residual value is calculated on prices prevailing at the date of acquisition.

Depreciation commences when the asset to which it relates to is first brought into use in the production or supply of services or for administrative purposes on a continuing basis in the reporting entity's activities.

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

1. Accounting policies (continued)

Investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment.

In the Company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 Group'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.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the 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.

Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date, calculated with reference to service days completed as a proportion of the total contract. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

1. Accounting policies (continued)

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Financial liabilities and equity

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.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2. Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the UK.

Christchurch Court (UK) Limited

Notes to the financial statements For the year ended 30 April 2015

3. Loss on ordinary activities before taxation

This is stated after charging/(crediting):

	2015 £	2014 £
Depreciation of tangible fixed assets		
owned	337,491	412,130
held under finance lease	39,183	18,808
Amortisation of goodwill/branding	391,341	391,340
Loss /(gain) on disposal of tangible fixed asset	1,370	536
Operating lease rentals - Other	40,473	36,678
Auditor's remuneration	17,580	19,560

The analysis of auditor's remuneration is as follows:

	2014 £	2013 £
Fees payable to the Company's auditors for the audit of		
- the Company's annual financial statements	3,600	3,600
- the Company's subsidiaries' annual financial statements	9,180	9,180
Total audit fees	12,780	12,780
Tax services	4,800	6,780
Total non-audit fees	17,580	19,560

Fees payable to the Company's auditor for the audit of the Company's annual financial statements are borne by the Company's subsidiary, Christchurch Court Limited.

4. Finance charges (net)

	2015 £	2014 £
Interest payable and similar charges	(813,802)	(964,421)
Less: Investment income – bank interest receivable	-	4
	(813,802)	(964,417)

Interest payable and similar charges

	2015 £	2014 £
Bank loan	(407,826)	(427,799)
Finance lease	(6,718)	(6,593)
Intercompany loan	(399,258)	(530,029)
	(813,802)	(964,421)

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

5. Staff costs

The average monthly number of employees (including executive directors) was:

	2015 Number	2014 Number
Care Staff	137	112
Central	29	25
	<u>166</u>	<u>137</u>

Their aggregate remuneration comprised:

	2015 £	2014 £
Wages and salaries	2,842,880	2,540,328
Social security costs	226,844	197,584
Other pension costs (see note 22)	59,647	40,741
	<u>3,129,371</u>	<u>2,778,653</u>

6. Directors' remuneration and transactions

	2015 £	2014 £
Directors' remuneration		
Emoluments	400,000	334,250
Company contributions to money purchase pension schemes	19,930	19,845
	<u>419,930</u>	<u>354,095</u>

	Number	Number
The number of directors who:		
Are members of a money purchase pension scheme	<u>4</u>	<u>4</u>

	2015 £	2014 £
Remuneration of the highest paid director:		
Emoluments	163,000	163,000
Company contributions to money purchase schemes	<u>9,600</u>	<u>9,600</u>

Directors' transactions

Details of transactions with directors during the year are disclosed in note 23.

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

7. Tax on loss on ordinary activities

The tax charge comprises:

	2015 £	2014 £
Current tax		
UK corporation tax	-	112,044
Adjustment in respect of prior years	(6,804)	(9,673)
Total current tax	<u>(6,804)</u>	<u>102,371</u>
Deferred tax		
Origination and reversal of timing differences	4,970	10,079
Effect of changes in tax rate on opening liability	63	3,545
Adjustment in respect of prior years	5,924	(13,916)
Total deferred tax (see note 15)	<u>10,957</u>	<u>(292)</u>
Total tax on loss on ordinary activities	<u><u>4,153</u></u>	<u><u>102,079</u></u>

The differences between the total current tax shown above and the amount calculated by applying the blended standard rate of UK corporation tax to the loss before tax is as follows:

	2015 £	2014 £
Group loss on ordinary activities before tax	<u>(429,819)</u>	<u>(104,505)</u>
Tax on Group loss on ordinary activities at blended UK corporation tax rate of 20.92% (2014: 24.5%)	(89,918)	(23,861)
Effects of:		
Expenses not deductible for tax purposes	148,516	172,720
Capital allowances in (excess)/ deficit of depreciation	(2,399)	(13,245)
Other short term timing differences	3,715	264
Adjustment in respect of prior years	(6,804)	(9,673)
Group relief claimed	(59,914)	(23,834)
Group current tax charge for year	<u><u>(6,804)</u></u>	<u><u>102,371</u></u>

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and to 23% effective 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012 respectively.

In December 2012, the UK Government also proposed to further reduce the standard rate of UK corporation tax to 21% effective 1 April 2014 and in March 2013, proposed to further reduce the standard rate of UK corporation tax to 20% effective 1 April 2015. These rate reductions became substantively enacted in July 2013.

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

8. Loss attributable to the Company

The loss for the financial year dealt with in the financial statements of the parent Company was £804,691 (2014: £954,834). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent Company.

9. Intangible assets

	Goodwill	Brands	Total
Group	£	£	£
Cost			
At 1 May 2014 and 30 April 2015	7,740,220	43,295	7,783,515
Amortisation			
At 1 May 2014	1,493,116	7,305	1,500,421
Charge for the year	387,012	4,329	391,341
At 30 April 2015	1,880,128	11,634	1,891,762
Net book value			
At 30 April 2015	5,860,092	31,661	5,891,753
At 30 April 2014	6,247,104	35,990	6,283,094

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

10. Tangible fixed assets

	Freehold property and improvements £	Fixtures and fittings £	Motor vehicles £	Office and computer equipment £	Total £
Group					
Cost					
At 1 May 2014	15,313,820	363,557	11,250	245,571	15,934,198
Additions	1,160	71,203	-	44,177	116,540
Disposals	-	(1,370)	-	(1,189)	(2,559)
At 30 April 2015	<u>15,314,980</u>	<u>433,390</u>	<u>11,250</u>	<u>288,559</u>	<u>16,048,179</u>
Depreciation					
At 1 May 2014	2,097,804	206,555	7,960	101,721	2,414,040
Charge for the year	296,544	28,438	823	51,336	377,141
Disposals	-	(206)	-	(261)	(467)
At 30 April 2015	<u>2,394,348</u>	<u>234,787</u>	<u>8,783</u>	<u>152,796</u>	<u>2,790,714</u>
Net book value					
At 30 April 2015	<u>12,920,632</u>	<u>198,603</u>	<u>2,467</u>	<u>135,763</u>	<u>13,257,465</u>
At 30 April 2014	<u>13,216,016</u>	<u>157,002</u>	<u>3,290</u>	<u>143,850</u>	<u>13,520,158</u>

Leased assets included above are office and computer equipment with a net book value of £54,856 at 30 April 2015 (2014: £73,663).

All tangible fixed assets are held in Christchurch Court Limited.

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

11. Investments

	Subsidiary undertaking
	£
Company	
Cost and net book value	
At 1 May 2014/ 30 April 2015	<u>18,915,145</u>

Principal Group investments

The parent Company and the Group have investments in the following subsidiary undertaking which principally affected the profits or net assets of the Group.

Subsidiary undertaking	Country of incorporation or principal business address	Principal activity	Description of shares held	Proportion of nominal value of shares held by the company
Christchurch Court Limited	UK	Healthcare	"A" Ordinary Shares of £1 each	100%
			"C" Ordinary Shares of £0.50 each	100%

12. Debtors

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	613,401	302,412	-	-
Other debtors	482	1,751	-	-
Prepayments and accrued income	39,483	67,655	-	11,609
Corporation tax	25,051	-	-	-
	<u>678,417</u>	<u>371,818</u>	<u>-</u>	<u>11,609</u>

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

13. Creditors – amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loan	369,014	331,966	369,014	331,966
Obligations under finance lease	22,510	28,168	-	-
Trade creditors	273,703	167,756	-	-
Corporation tax	-	46,411	-	-
Other creditors	105,891	36,853	2,119	-
Other taxation and social security	63,404	51,293	-	-
Accruals and deferred income	212,395	135,840	51,722	55,234
Defined contribution pension scheme accrual	20,887	4,052	-	-
	<u>1,067,804</u>	<u>802,339</u>	<u>422,855</u>	<u>387,200</u>

14. Creditors – amounts falling due after more than one year

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Other creditors				
Bank loan	7,151,715	7,520,730	7,151,715	7,520,730
Obligations under finance lease	22,045	44,554	-	-
Amounts owed to Group undertakings	12,772,365	12,020,651	15,427,871	13,802,213
	<u>19,946,125</u>	<u>19,585,935</u>	<u>22,579,586</u>	<u>21,322,943</u>

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

14. Creditors – amounts falling due after more than one year (continued)

Borrowings are repayable as follows:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans				
Between one and two years	392,963	369,014	392,963	369,014
Between two and five years	1,258,046	1,218,036	1,258,046	1,218,036
After five years	5,500,706	5,933,680	5,500,706	5,933,680
	<u>7,159,715</u>	<u>7,520,730</u>	<u>7,159,715</u>	<u>7,520,730</u>
On demand or within one year	369,014	331,966	369,014	331,966
	<u>7,520,729</u>	<u>7,852,696</u>	<u>7,520,729</u>	<u>7,852,696</u>
Amounts owed to Group undertakings				
Between one and two years	4,257,455	-	4,257,455	-
Between two and five years	8,514,911	12,020,651	11,170,416	13,802,213
	<u>12,772,366</u>	<u>12,020,651</u>	<u>15,427,871</u>	<u>13,802,213</u>
On demand or within one year	-	-	-	-
	<u>12,772,366</u>	<u>12,020,651</u>	<u>15,427,871</u>	<u>13,802,213</u>
Finance leases				
Between one and two years	11,866	22,510	-	-
Between two and five years	10,179	22,044	-	-
	<u>22,045</u>	<u>44,554</u>	<u>-</u>	<u>-</u>
On demand or within one year	22,510	28,168	-	-
	<u>44,555</u>	<u>72,722</u>	<u>-</u>	<u>-</u>
Total borrowings including finance lease				
Between one and two years	4,662,284	391,524	4,650,418	369,014
Between two and five years	9,783,136	13,260,731	12,428,462	15,020,249
After five years	5,500,706	5,933,680	5,500,706	5,933,680
	<u>19,946,126</u>	<u>19,585,935</u>	<u>22,579,586</u>	<u>21,322,943</u>
On demand or within one year	391,524	360,134	369,014	331,966
	<u>20,337,650</u>	<u>19,946,069</u>	<u>22,948,600</u>	<u>21,654,909</u>

The bank loan is secured on freehold properties with a net book value of £12.9 million and is repayable in quarterly instalments to maturity in September 2020. The interest rate applicable to the bank loan is 4.78%.

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

15. Provisions for liabilities

	Deferred taxation £	Deferred consideration £	Total £
Group			
At 1 May 2014	93,274	500,000	593,274
Charged to profit and loss account	5,033	-	5,033
Adjustment in respect of prior periods	5,924	-	5,924
Paid during the year	-	(500,000)	(500,000)
	<u>104,231</u>	<u>-</u>	<u>104,231</u>
At 30 April 2015			

	Deferred consideration £
Company	
At 1 May 2014	500,000
Paid during the year	(500,000)
	<u>-</u>
At 30 April 2015	

Deferred tax

Deferred tax is provided as follows:

	2015 £	2014 £
Group		
Accelerated capital allowances	109,154	94,084
Other timing differences	(4,923)	(810)
	<u>104,231</u>	<u>93,274</u>
Provision for deferred tax		

16. Called-up share capital

	2015 £	2014 £
Allotted, called-up and fully-paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

17. Reserves

	Profit and loss account £
Group	
At 1 May 2014	(793,021)
Loss for the financial year	(433,972)
	<u>(1,226,993)</u>
At 30 April 2015	
Company	
At 1 May 2014	(3,282,606)
Loss for the financial year	(804,691)
	<u>(4,087,297)</u>
At 30 April 2015	

18. Reconciliation of movements in shareholder's deficit

	2015 £	2014 £
Group		
Loss for the financial year	(433,972)	(206,584)
Net increase in shareholder's deficit	(433,972)	(206,584)
Opening shareholder's deficit	(793,020)	(586,436)
	<u>(1,226,992)</u>	<u>(793,020)</u>
Closing shareholder's deficit		

	2015 £	2014 £
Company		
Loss for the financial year	(804,691)	(954,834)
Net increase in shareholder's deficit	(804,691)	(954,834)
Opening shareholder's deficit	(3,282,605)	(2,327,771)
	<u>(4,087,296)</u>	<u>(3,282,605)</u>
Closing shareholder's deficit		

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

19. Reconciliation of operating profit to operating cash flows

	2015 £	2014 £
Operating profit	383,983	859,912
Depreciation and amortisation	768,015	822,278
Loss/ (gain) on disposal of tangible fixed asset	1,403	536
(Increase)/ decrease in debtors	(281,548)	26,626
Increase in creditors	283,320	68,507
Net cash inflow from operating activities	1,155,173	1,777,859

Net cash inflows from operating activities relate to continuing activities.

20. Analysis of cash flows and reconciliation of net debt

	2015 £	2014 £
Returns on investments and servicing of finance		
Interest paid	(453,000)	(466,390)
Net cash outflow	(453,000)	(466,390)
Taxation		
Tax paid	(64,197)	(101,796)
Net cash outflow	(64,197)	(101,796)
Capital expenditure and financial investment		
Capital expenditure	(116,540)	(120,019)
Proceeds on disposal of tangible fixed asset	1,370	-
Net cash outflow	(115,170)	(120,019)
Financing		
New borrowings – finance lease	-	19,604
Loans repaid	(368,367)	(356,650)
Intercompany borrowing/ (repayment)	423,804	(758,710)
Repayment of obligations under finance leases	(28,168)	(22,339)
Repayment of deferred consideration	(500,000)	-
Net cash outflow	(472,731)	(1,118,095)

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

20. Analysis of cash flows and reconciliation of net debt (continued)

	At 1 May 2014 £	Cash Flow £	Non-Cash Movement £	At 30 April 2015 £
Cash at bank and in hand	13,458	50,075	-	63,533
Debt due within one year	(331,966)	368,367	(405,415)	(369,014)
Debt due after one year	(19,541,381)	(423,804)	41,104	(19,924,081)
Finance leases	(72,722)	28,167	-	(44,555)
Net debt	(19,932,611)	22,805	(364,311)	(20,274,117)
			2015 £	2014 £
Increase/ (decrease) in cash in the year			50,075	(28,441)
Cash outflow from repayment of debt and lease financing			(27,270)	1,118,095
Change in net debt resulting from cash flows			22,805	1,089,654
Intercompany interest for the period			(327,911)	(460,409)
Amortisation of loan arrangement costs in the period			(36,400)	(36,400)
Change in net debt resulting from non-cash movements			(364,311)	(496,809)
Movement in net debt in period			(341,506)	592,845
Opening net debt			(19,932,611)	(20,525,456)
Closing net debt			(20,274,117)	(19,932,611)

21. Financial commitments

There were no capital commitments at year end.

Annual commitments under non-cancellable operating leases are as follows:

	2015		2014	
	Land and buildings £	Other £	Land and buildings £	Other £
Group				
Expiry date:				
- within one year	17,880	-	16,050	-
- between two and five years	-	-	-	13,151
	17,880	-	16,050	13,151

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

Christchurch Court (UK) Limited

Notes to the financial statements

For the year ended 30 April 2015

22. Retirement benefit schemes

Defined contribution schemes

The Group operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in funds under the control of trustees. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the company are reduced by the amount of forfeited contributions.

The total cost charged to income statement of £59,647 (2014: £40,741) represents contributions payable to this scheme at rates specified in the rules of the plans. As at 30 April 2015, contributions of £20,887 (2014: £4,052) due in respect of the current reporting period had not been paid over to the scheme.

23. Related party transactions

The company has taken advantage of the exemption permitted by Financial Reporting Standard No.8 not to disclose transactions with other undertakings within its qualifying group.

Directors' transactions

The only transactions with Directors in the period were their remuneration as disclosed in note 6.

24. Controlling party

The immediate and the ultimate parent undertaking is Christchurch Court Holdings Limited. The results of the Company are consolidated in this annual report and financial statements, being the smallest group in which the results of the company are consolidated, and in the annual report and financial statements of Christchurch Court Holdings Limited, being the largest group in which results are consolidated. The majority shareholder and controlling party of the ultimate parent undertaking is Sovereign Capital Partners Limited Partnership III. All controlling parties are incorporated in the United Kingdom.