

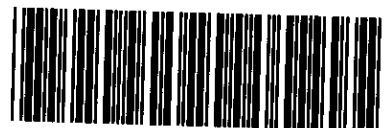
Registration number 08621705

**SONNET CARE HOMES HOLDCO LIMITED**  
**ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2016**

Hazlewoods LLP  
Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

09/12/2016 FES 11

SATURDAY



\*A5L25R4I\*

A18

03/12/2016

#347

COMPANIES HOUSE

## **SONNET CARE HOMES HOLDCO LIMITED**

### **CONTENTS**

Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 6
Consolidated Profit and Loss Account	7
Consolidated Balance Sheet	8
Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Financial Statements	13 to 30

## **SONNET CARE HOMES HOLDCO LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	J M Clinton J Moore A N Hassan
<b>Registered office</b>	The New Deanery Deanery Hill Bocking Braintree Essex CM7 5SR
<b>Bankers</b>	HSBC Bank Plc Coventry DCS Harry Weston Road Binley Coventry CV3 2TQ
<b>Auditors</b>	Hazlewoods LLP Windsor House Bayshill Road Cheltenham GL50 3AT

## **SONNET CARE HOMES HOLDCO LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their strategic report for the year ended 31 March 2016.

#### **Principal activity**

The principal activity of the group is that of the provision of a care home for the elderly and providing care for people with dementia.

The principal activity of the company is that of a non-trading holding company

#### **Fair review of the business**

The results for the year to 31 March 2016, which are set out in the profit and loss account, show a group operating loss before exceptional costs and impairment of £539,997 (2015 - £749,372). At 31 March 2016 the group had intangible and tangible fixed assets valued in the financial statements at cost less amortisation/depreciation amounting to £16,159,162 (2015 - £16,466,224). The directors consider the result for the year and the financial position of the group and company at the period end to be satisfactory.

Given the nature of the business, the company's directors are of the opinion that key performance indicators are important. The group uses a number of indicators to monitor and improve developments, performance or the position of the business. Indicators are reviewed and altered to meet changes both in the internal and external environments. The directors do not consider the inclusion of an analysis using key performance indicators to be necessary to assist users of the financial statements in their understanding of the financial performance or position of the group.

#### **Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the group are considered to relate to compliance with current and future legislation affecting the sector.

Approved by the Board on 26/7/16 and signed on its behalf by:



J Moore  
Director

## **SONNET CARE HOMES HOLDCO LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016**

The directors present their report and the consolidated financial statements for the year ended 31 March 2016.

#### **Directors of the group**

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

J M Clinton

J Moore

A N Hassan

#### **Financial instruments**

#### **Objectives and policies**

The board constantly monitors the group's trading results and revise projections as appropriate to ensure that the group can meet its future obligations as they fall due.

#### **Price risk, credit risk, liquidity risk and cash flow risk**

The group is exposed to the usual credit and cash flow risks associated with selling on credit and manages this through credit control procedures. The group's bank loans and loan stock are subject to price and liquidity risk as disclosed in note 18 to the financial statements.

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009', the directors of all companies are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

The group has sufficient resources available and the directors have prepared forecasts for the next 12 months that indicate that this will continue to be the case and that these cashflows will be sufficient for the group to meet its financing commitments as they fall due. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

#### **Future developments**

The external environment is expected to remain competitive going forward, however, the directors are confident that the group to which the company belongs will continue to improve the current level of performance in the future.

#### **Disclosure of information to the auditor**

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

#### **Reappointment of auditors**

Hazlewoods LLP have expressed their willingness to continue in office.

Approved by the Board on 25/7/16 and signed on its behalf by:

  
J Moore  
Director

## **SONNET CARE HOMES HOLDCO LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' Report, Strategic 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 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 apply them consistently;
- make judgements 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 group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **SONNET CARE HOMES HOLDCO LIMITED**

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the financial statements of Sonnet Care Homes Holdco Limited for the year ended 31 March 2016, set out on pages 7 to 30. 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 Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

#### **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 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 Directors' Report and Strategic 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 the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 March 2016 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 Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

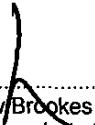
## SONNET CARE HOMES HOLDCO LIMITED

### INDEPENDENT AUDITOR'S REPORT

#### 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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company 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.

  
.....  
Andrew Brookes (Senior Statutory Auditor)  
For and on behalf of Hazlewoods LLP, Statutory Auditor

Windsor House  
Bayshill Road  
Cheltenham  
GL50 3AT

Date: 25/7/16 .....



# **SONNET CARE HOMES HOLDCO LIMITED**

## **CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
Turnover	3	4,158,477	4,715,088
Cost of sales		<u>(2,823,492)</u>	<u>(3,098,636)</u>
Gross profit		1,334,985	1,616,452
Administrative expenses		<u>(1,874,982)</u>	<u>(2,365,824)</u>
Group operating loss before exceptional costs and impairment		(539,997)	(749,372)
Impairment of goodwill		-	(4,392,059)
Exceptional costs	5	<u>27,730</u>	<u>(792,856)</u>
Operating loss	4	<u>(512,267)</u>	<u>(5,934,287)</u>
Other interest receivable and similar income	9	55	651
Interest payable and similar charges	10	<u>(3,047,842)</u>	<u>(2,785,985)</u>
		<u>(3,047,787)</u>	<u>(2,785,334)</u>
Loss before tax		(3,560,054)	(8,719,621)
Taxation	11	<u>150,403</u>	<u>241,904</u>
Loss for the financial year and total comprehensive income		<u>(3,409,651)</u>	<u>(8,477,717)</u>

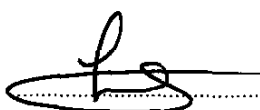
The above results were derived from continuing operations.

**SONNET CARE HOMES HOLDCO LIMITED**

(REGISTRATION NUMBER: 08621705)  
**CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	12	7,500,012	7,861,808
Tangible assets	13	<u>8,659,150</u>	<u>8,604,416</u>
		<u>16,159,162</u>	<u>16,466,224</u>
<b>Current assets</b>			
Stocks	15	5,448	5,339
Debtors	16	295,027	215,920
Cash at bank and in hand		<u>336,320</u>	<u>855,127</u>
		636,795	1,076,386
Creditors: Amounts falling due within one year	17	<u>(705,094)</u>	<u>(531,390)</u>
Net current (liabilities)/assets		<u>(68,299)</u>	<u>544,996</u>
Total assets less current liabilities		<u>16,090,863</u>	<u>17,011,220</u>
Creditors: Amounts falling due after more than one year	17	<u>29,020,653</u>	<u>26,415,323</u>
Provisions for liabilities	11	<u>-</u>	<u>116,036</u>
<b>Capital and reserves</b>			
Called up share capital	20	5,550	5,550
Share premium reserve		471,950	471,950
Retained earnings		<u>(13,407,290)</u>	<u>(9,997,639)</u>
Equity attributable to owners of the company		<u>(12,929,790)</u>	<u>(9,520,139)</u>
Total capital, reserves and long term liabilities		<u>16,090,863</u>	<u>17,011,220</u>

Approved and authorised by the Board on 25/7/16 and signed on its behalf by:



J Moore

Director

# SONNET CARE HOMES HOLDCO LIMITED

(REGISTRATION NUMBER: 08621705)  
BALANCE SHEET AS AT 31 MARCH 2016

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Intangible assets	12	60,198	-
Investments	14	<u>455,000</u>	<u>455,000</u>
		<u>515,198</u>	<u>455,000</u>
<b>Current assets</b>			
Debtors	16	503,357	484,717
Creditors: Amounts falling due within one year	17	<u>(183,130)</u>	<u>(54,739)</u>
Net current assets		<u>320,227</u>	<u>429,978</u>
Total assets less current liabilities		<u>835,425</u>	<u>884,978</u>
Creditors: Amounts falling due after more than one year	17	<u>745,442</u>	<u>649,784</u>
<b>Capital and reserves</b>			
Called up share capital	20	5,550	5,550
Share premium reserve		471,950	471,950
Retained earnings		<u>(387,517)</u>	<u>(242,306)</u>
Total equity		<u>89,983</u>	<u>235,194</u>
Total capital, reserves and long term liabilities		<u>835,425</u>	<u>884,978</u>

Approved and authorised by the Board on 25/7/16 and signed on its behalf by:



J Moore  
Director

**SONNET CARE HOMES HOLDCO LIMITED**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016**

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 April 2015	5,550	471,950	(9,997,639)	(9,520,139)
Loss for the year	-	-	(3,409,651)	(3,409,651)
At 31 March 2016	<u>5,550</u>	<u>471,950</u>	<u>(13,407,290)</u>	<u>(12,929,790)</u>

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 April 2014	5,100	449,900	(1,519,922)	(1,064,922)
Loss for the year	-	-	(8,477,717)	(8,477,717)
New share capital subscribed	<u>450</u>	<u>22,050</u>	-	<u>22,500</u>
At 31 March 2015	<u>5,550</u>	<u>471,950</u>	<u>(9,997,639)</u>	<u>(9,520,139)</u>

**SONNET CARE HOMES HOLDCO LIMITED**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016**

	<b>Share capital £</b>	<b>Share premium £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 April 2015	5,550	471,950	(242,306)	235,194
Loss for the year	-	-	(145,211)	(145,211)
At 31 March 2016	<u>5,550</u>	<u>471,950</u>	<u>(387,517)</u>	<u>89,983</u>

	<b>Share capital £</b>	<b>Share premium £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 April 2014	5,100	449,900	(114,899)	340,101
Loss for the year	-	-	(127,407)	(127,407)
New share capital subscribed	<u>450</u>	<u>22,050</u>	<u>-</u>	<u>22,500</u>
At 31 March 2015	<u>5,550</u>	<u>471,950</u>	<u>(242,306)</u>	<u>235,194</u>

# SONNET CARE HOMES HOLDCO LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Loss for the year		(3,409,651)	(8,477,717)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	518,739	5,121,423
Profit on disposal of property plant and equipment		(548)	(4,668)
Finance income	9	(55)	(651)
Finance costs	10	3,047,842	2,785,985
Income tax expense	11	<u>(150,403)</u>	<u>(241,904)</u>
		5,924	(817,532)
Working capital adjustments			
(Increase)/decrease in inventories	15	(109)	5,916
(Increase)/decrease in trade and other receivables	16	(45,263)	30,844
Increase/(decrease) in trade and other payables	17	<u>53,083</u>	<u>(311,268)</u>
Cash generated from operations		13,635	(1,092,040)
Income taxes paid	11	<u>-</u>	<u>(8,000)</u>
Net cash flow from operating activities		<u>13,635</u>	<u>(1,100,040)</u>
<b>Cash flows from investing activities</b>			
Interest received		55	651
Acquisitions of property plant and equipment		(126,130)	(104,935)
Proceeds from sale of property plant and equipment		548	20,752
Acquisition of intangible assets	12	<u>(85,547)</u>	<u>-</u>
Net cash flows from investing activities		<u>(211,074)</u>	<u>(83,532)</u>
<b>Cash flows from financing activities</b>			
Interest paid	10	(218,168)	(105,458)
Proceeds from issue of ordinary shares, net of issue costs		-	22,500
Repayment of bank borrowing		(103,200)	(25,800)
Advance of loans and borrowings (net of costs of raising finance)		-	13,159,304
Repayment of other borrowing		<u>-</u>	<u>(11,822,000)</u>
Net cash flows from financing activities		<u>(321,368)</u>	<u>1,228,546</u>
Net (decrease)/increase in cash and cash equivalents		(518,807)	44,974
Cash and cash equivalents at 1 April		<u>855,127</u>	<u>810,153</u>
Cash and cash equivalents at 31 March		<u>336,320</u>	<u>855,127</u>

## **SONNET CARE HOMES HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **1 General information**

The company is a incorporated and domiciled in England and Wales.

The address of its registered office is:

The New Deanery

Deanery Hill

Bocking

Braintree

Essex

CM7 5SR

The accounts are presented in Pounds Sterling.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **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'.

##### **Basis of preparation**

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

## SONNET CARE HOMES HOLDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 2 Accounting policies (continued)

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 March 2016.

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

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full. Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

##### **Going concern**

In accordance with the Financial Reporting Council's 'Going Concern and Liquidity Risk: Guidance for Directors of UK Companies 2009' the directors of all groups are now required to provide disclosures regarding the adoption of the going concern basis of accounting.

Details of the group's business activities, performance and position can be found in the Strategic Report on page 2 and Directors' Report on page 3 of these financial statements. This also includes disclosures regarding risks and uncertainties, including an assessment of credit risk and liquidity risk.

The group has adequate financial resources available. The forecasts for the year ending 31 March 2017 and the management accounts prepared for the post year end period confirmed this to be the case up to the date the financial statements were approved. The directors therefore have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

##### **Judgements**

The directors consider that there are no key areas of judgement or estimation uncertainty to be disclosed in these financial statements.

##### **Revenue recognition**

Turnover represents amounts receivable during the year for the provision of care services. Where the amount received relates to a period which covers the balance sheet date, it is apportioned over the period to which it relates.



## **SONNET CARE HOMES HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **2 Accounting policies (continued)**

##### **Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

##### **Property, plant and equipment**

Tangible assets is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

##### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than freehold land and buildings over their estimated useful lives, as follows.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Freehold land and buildings	Nil
Leasehold land and buildings	Over term of the lease
Office equipment	5 years straight line
Motor vehicles	3-5 years straight line

No depreciation is provided on freehold land and buildings as it is the company's policy to maintain these assets so that they keep their previously assessed standard of performance. As the useful economic lives of these assets are of such length and the residual values are such that they are not materially different from the carrying amount any depreciation would not be material.

##### **Business combinations**

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

## SONNET CARE HOMES HOLDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 2 Accounting policies (continued)

##### Goodwill

Positive goodwill is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary, associate or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

##### Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

##### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Trademarks, patents and licenses	5 years straight line

##### Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

##### Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

## **SONNET CARE HOMES HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **2 Accounting policies (continued)**

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## **SONNET CARE HOMES HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **2 Accounting policies (continued)**

##### **Financial instruments**

###### **Classification**

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability on the balance sheet. The corresponding dividends relating to the liability component are charged as interest expenses in the profit and loss account.

###### **Recognition and measurement**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

###### **Impairment**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

###### **Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGUs') of which the goodwill is a part. Any impairment loss in respect of a 'CGU' is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

###### **Financial assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

## SONNET CARE HOMES HOLDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 2 Accounting policies (continued)

##### Derivative financial instruments and hedging

###### Derivatives

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship

###### Hedging

The Group designates certain derivatives as hedging instruments in cash flow hedges.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge the Group determines and documents causes for hedge ineffectiveness.

Note 18 sets out details of the fair values of the derivative instruments used for hedging purposes.

###### Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss or when the hedging relationship ends.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

#### 3 Revenue

The total turnover of the group for the period has been derived from rendering of services of its principal activity wholly undertaken in the United Kingdom.

#### 4 Operating loss

Arrived at after charging/(crediting)

	2016	2015
	£	£
Depreciation expense	71,396	71,136
Amortisation expense and impairment of goodwill	447,343	5,050,287
Operating lease expense - other assets	4,473	3,678
Profit on disposal of tangible assets	(548)	(4,668)

# SONNET CARE HOMES HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 5 Exceptional items

	2016 £	2015 £
Non-recurring service improvement costs	-	662,107
Rebranding costs	-	9,749
Recruitment fees	-	121,000
Insurance claim income	(57,402)	-
Restructuring staff costs	29,672	-
	<u>(27,730)</u>	<u>792,856</u>

### 6 Auditors' remuneration

	2016 £	2015 £
Audit of these financial statements	<u>25,800</u>	<u>23,760</u>
<b>Other fees to auditors</b>		
All other non-audit services	<u>4,942</u>	<u>8,238</u>

### 7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2016 £	2015 £
Wages and salaries	2,765,931	3,000,003
Social security costs	234,803	227,506
Pension costs, defined contribution scheme	20,947	-
Other employee expense	<u>13,660</u>	<u>8,716</u>
	<u>3,035,341</u>	<u>3,236,225</u>

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

	2016 No.	2015 No.
Administration and support	12	12
Care staff	<u>160</u>	<u>177</u>
	<u>172</u>	<u>189</u>

# SONNET CARE HOMES HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration (including benefits in kind)	265,000	319,150
Contributions paid to money purchase schemes	20,856	-
	<u>285,856</u>	<u>319,150</u>

In respect of the highest paid director:

	2016 £	2015 £
Remuneration	150,000	121,098
Company contributions to money purchase pension schemes	14,740	28,962
	<u>164,740</u>	<u>150,060</u>

### 9 Other interest receivable and similar income

	2016 £	2015 £
Other interest receivable	<u>55</u>	<u>651</u>

### 10 Interest payable and similar charges

	2016 £	2015 £
Interest on bank borrowings	218,168	86,709
Other interest payable	2,603,259	2,605,276
Finance costs adjacent to interest	226,415	94,000
	<u>3,047,842</u>	<u>2,785,985</u>

# SONNET CARE HOMES HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 11 Income tax

Tax charged/(credited) in the profit and loss account

	2016 £	2015 £
<b>Current taxation</b>		
UK corporation tax	-	(71,414)
UK corporation tax adjustment to prior periods	<u>(2,271)</u>	<u>3,954</u>
	(2,271)	(67,460)
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>(148,132)</u>	<u>(174,444)</u>
Tax receipt in the income statement	<u>(150,403)</u>	<u>(241,904)</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2015 - the same as the standard rate of corporation tax in the UK) of 20% (2015 - 21%).

The differences are reconciled below:

	2016 £	2015 £
Loss before tax	<u>(3,560,054)</u>	<u>(8,719,621)</u>
Corporation tax at standard rate	(712,011)	(1,831,120)
Effect of revenues exempt from taxation	-	(2,966)
Effect of expense not deductible in determining taxable profit (tax loss)	456,052	1,465,302
Effect of tax losses utilised in the year	(110,060)	-
Deferred tax expense (credit) relating to changes in tax rates or laws	3,566	(174,444)
Increase (decrease) in UK and foreign current tax from adjustment for prior periods	-	(5,759)
Tax increase (decrease) from effect of capital allowances and depreciation	-	(38,766)
Tax increase (decrease) from effect of unrelieved tax losses carried forward	214,321	341,895
Other tax effects for reconciliation between accounting profit and tax expense (income)	<u>(2,271)</u>	<u>3,954</u>
Total tax credit	<u>(150,403)</u>	<u>(241,904)</u>



# **SONNET CARE HOMES HOLDCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

### **11 Income tax (continued)**

#### **Deferred tax**

##### **Group**

Deferred tax assets and liabilities

**2016**

**Asset  
£**

Difference between accumulated depreciation and amortisation and capital allowances

(319,405)

Short term timing differences

2,571

Tax losses available

348,930

32,096

**Liability  
£**

**2015**

Difference between accumulated depreciation and amortisation and capital allowances

324,465

Short term timing differences

(430)

Tax losses available

(207,999)

116,036

##### **Company**

Deferred tax assets and liabilities

**2016**

**Asset  
£**

Short term timing differences

2,184

Tax losses available

67,176

69,360

**Asset  
£**

**2015**

Short term timing differences

-

Tax losses available

44,128

44,128

**SONNET CARE HOMES HOLDCO LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

**12 Intangible assets**

**Group**

	<b>Goodwill £</b>	<b>Trademarks, patents and licenses £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2015	13,164,566	-	13,164,566
Additions acquired separately	-	85,547	85,547
At 31 March 2016	13,164,566	85,547	13,250,113
<b>Amortisation</b>			
At 1 April 2015	5,302,758	-	5,302,758
Amortisation charge	421,994	25,349	447,343
At 31 March 2016	5,724,752	25,349	5,750,101
<b>Carrying amount</b>			
At 31 March 2016	7,439,814	60,198	7,500,012
At 31 March 2015	7,861,808	-	7,861,808

**Company**

	<b>Trademarks, patents and licenses £</b>
<b>Cost</b>	
Additions acquired separately and at 31 March 2016	85,547
<b>Amortisation</b>	
Amortisation charge and at 31 March 2016	25,349
<b>Carrying amount</b>	
At 31 March 2016	60,198
At 31 March 2015	-

# **SONNET CARE HOMES HOLDCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

### **13 Property, plant and equipment**

#### **Group**

	<b>Land and buildings £</b>	<b>Furniture, fittings and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2015	10,198,438	1,160,029	34,170	11,392,637
Additions	<u>1,147</u>	<u>124,983</u>	<u>-</u>	<u>126,130</u>
At 31 March 2016	<u>10,199,585</u>	<u>1,285,012</u>	<u>34,170</u>	<u>11,518,767</u>
<b>Depreciation</b>				
At 1 April 2015	1,770,818	983,233	34,170	2,788,221
Charge for the year	<u>65</u>	<u>71,331</u>	<u>-</u>	<u>71,396</u>
At 31 March 2016	<u>1,770,883</u>	<u>1,054,564</u>	<u>34,170</u>	<u>2,859,617</u>
<b>Carrying amount</b>				
At 31 March 2016	<u>8,428,702</u>	<u>230,448</u>	<u>-</u>	<u>8,659,150</u>
At 31 March 2015	<u>8,427,620</u>	<u>176,796</u>	<u>-</u>	<u>8,604,416</u>

Included within the net book value of land and buildings above is £8,428,108 (2015 - £8,426,961) in respect of freehold land and buildings and £594 (2015 - £659) in respect of short leasehold land and buildings.

# **SONNET CARE HOMES HOLDCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

### **14 Investments**

#### **Company**

	2016 £	2015 £
Investments in subsidiaries	<u>455,000</u>	<u>455,000</u>

#### **Subsidiaries**

##### **Cost and net book value**

At 1 April 2015 and at 31 March 2016	<u>455,000</u>
--------------------------------------	----------------

#### **Details of undertakings**

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2016	2015
Subsidiary undertakings				
Sonnet Care Homes Midco Limited	England and Wales	Ordinary	100%	100%
Sonnet Care Homes Finance Limited	England and Wales	Ordinary	100%	100%
Sonnet Care Homes (Essex) Limited	England and Wales	Ordinary	100%	100%

The principal activity of Sonnet Care Homes Midco Limited is that of a dormant company.

The principal activity of Sonnet Care Homes Finance Limited is that of an intermediate parent company. The investment is held indirectly via Sonnet Care Homes Midco Limited.

The principal activity of Sonnet Care Homes (Essex) Limited is the provision of a home for the elderly and providing care for people with dementia. The investment is held indirectly via Sonnet Care Homes Finance Limited.

### **15 Stocks**

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Stocks	<u>5,448</u>	<u>5,339</u>	<u>-</u>	<u>-</u>

# **SONNET CARE HOMES HOLDCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

### **16 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	124,587	77,445	-	-
Amounts owed to group undertakings	-	-	433,997	430,389
Other debtors	75,737	81,623	-	-
Prepayments	62,607	56,852	-	10,200
Deferred tax assets	32,096	-	69,360	44,128
	<u>295,027</u>	<u>215,920</u>	<u>503,357</u>	<u>484,717</u>
Less non-current portion	<u>-</u>	<u>-</u>	<u>(433,997)</u>	<u>(430,389)</u>
Total current trade and other receivables	<u>295,027</u>	<u>215,920</u>	<u>69,360</u>	<u>54,328</u>

#### **Details of non-current trade and other receivables**

#### **Company**

£433,997 (2016 - £430,389) of amounts owed to group undertakings is classified as non current.

### **17 Creditors**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Due within one year</b>					
Loans and borrowings	18	33,715	33,094	-	-
Trade creditors		227,948	188,433	-	-
Social security and other taxes		49,828	57,559	-	-
Other creditors		72,555	81,637	-	-
Accrued expenses		<u>321,048</u>	<u>170,667</u>	<u>183,130</u>	<u>54,739</u>
		<u>705,094</u>	<u>531,390</u>	<u>183,130</u>	<u>54,739</u>
<b>Due after one year</b>					
Loans and borrowings	18	<u>29,020,653</u>	<u>26,415,323</u>	<u>745,442</u>	<u>649,784</u>

# **SONNET CARE HOMES HOLDCO LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

### **18 Loans and borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Non-current loans and borrowings</b>				
Bank borrowings	5,776,088	5,809,439	-	-
Other borrowings	23,244,565	20,605,884	745,442	649,784
	<u>29,020,653</u>	<u>26,415,323</u>	<u>745,442</u>	<u>649,784</u>

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Current loans and borrowings</b>				
Bank borrowings	<u>33,715</u>	<u>33,094</u>	<u>-</u>	<u>-</u>

#### **Group**

#### **Bank borrowings**

The bank loans and loan notes are secured by a debenture over the assets and undertakings of each company in the group

Total bank loans outstanding of £5,809,803 (2015 - £5,842,533) (after deducting £253,197 (2015 - £323,667) of costs associated with the raising of this finance which are being released to the profit and loss account over the term of the debt in accordance with FRS4, Capital Instruments; i.e. total bank debt was £6,063,000 (2015 - £6,166,200) at 31 March 2016) are repayable in quarterly instalments, the amount of which have been agreed with the bank as a lump sum plus a fixed percentage of the capital amount outstanding. The final repayment date is on 6 November 2019. Interest is levied at a rate of 3% over LIBOR per annum, subject to the group's compliance with banking covenants.

The group has entered into an interest rate cap agreement with its bankers in respect of £4,200,000 of the bank loan. The interest rate applicable to the hedged loan is a 2.5% cap on LIBOR.

#### **Other borrowings**

Other borrowings includes other loans of £20,643,106 (2015 - £18,887,415) and accrued loan note interest of £2,601,459 (2015 - £1,718,469).

Included in the analysis of loan notes is £20,643,106 (2015 - £18,887,415) (after deducting £106,803 (2015 - £142,249) of costs associated with the raising of this finance which are being released to the profit and loss account over the term of the debt in accordance with FRS 4, Capital instruments; i.e total loan notes were £20,749,909 (2015 - £19,029,664) at 31 March 2016) which is repayable in full on 11 November 2020. Interest is charged on the loan notes at a rate of 12.5% per annum.

## SONNET CARE HOMES HOLDCO LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

#### 19 Obligations under leases and hire purchase contracts

##### Group

##### Operating leases

The total of future minimum lease payments is as follows:

	2016 £	2015 £
Not later than one year	1,267	3,366
Later than one year and not later than five years	2,218	-
	<u>3,485</u>	<u>3,366</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £4,473 (2015 - £3,678).

#### 20 Share capital

##### Allotted, called up and fully paid shares

	No.	2016 £	No.	2015 £
A Ordinary of £0.01 each	400,000	4,000	400,000	4,000
B Ordinary of £0.02 each	<u>77,500</u>	<u>1,550</u>	<u>77,500</u>	<u>1,550</u>
	<u>477,500</u>	<u>5,550</u>	<u>477,500</u>	<u>5,550</u>

The A ordinary shares and B ordinary shares rank pari passu in relation to distribution on a return of capital (including winding up the company), redemption and dividends.

The A ordinary shares carry one vote per share at a general meeting and the B ordinary shares carry 1.2 votes per share at a general meeting.

## **SONNET CARE HOMES HOLDCO LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016**

#### **21 Pension and other schemes**

##### **Defined contribution pension scheme**

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £20,947 (2015 - £Nil).

Contributions totalling £3,824 (2015 - £24,503) were payable to the scheme at the end of the year and are included in creditors.

#### **22 Related party transactions**

##### **Group**

During the year the group made the following related party transactions:

During the year, £2,603,235 (2015 - £1,718,469) of loan note interest was accrued at a rate of 12.5% per annum on the loan notes owed to the company's ultimate controlling party, August Equity LLP, a connected party of August Equity Partners III GP Limited. During the year, the group also accrued monitoring fees of £120,000 (2015 - £45,000) to August Equity LLP.

#### **23 Parent and ultimate parent undertaking**

The ultimate controlling party is August Equity Partners III GP Limited, a company registered in Scotland, by virtue of its majority investment holding in the company. August Equity Partners III GP Limited is controlled by funds managed by August Equity LLP.

#### **24 Transition to FRS 102**

There are no transitional adjustments as a result of the company and the group adopting FRS102 for the first time.