

brighterkind (AM) Limited
Annual report and financial statements

Registered number 08913501
31 December 2017

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Strategic report

Background and ownership structure

brighterkind (AM) Limited is a non-trading company within the FSHC Group Holdings Limited group of companies.

As at 31 December 2017, the directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate parent entity.

Financial results

The Company made a result before taxation of £nil (2016: result of £nil).

Principal activity

brighterkind (AM) Limited is a non-trading company. Notwithstanding the fact that the Company does not trade, the financial statements have been prepared on a going concern basis.

Business review and KPIs

The results of the Company are consolidated in the group headed by FSHC Group Holdings Limited, the consolidated financial statements of which contain a detailed business review and KPIs relating the group. Copies of these financial statements can be obtained from the Four Seasons Health Care website.

Principal risks and uncertainties

The FSHC Group Holdings Limited group has management structures and policies and procedures which are designed to enable the achievement of business objectives while controlling the risks associated with the environment in which it operates. The group has a risk management process in place which is designed to identify, manage and mitigate business risk. The Company operates within this group structure.

The material risks affecting the Company and other group companies and the means by which they are managed are as follows:

Financial risks

- *Reduction in the demand for our services*

Mitigation: the Company continues to invest in its assets and staff in order to provide an attractive and competitive proposition.

- *Liquidity risk*

Mitigation: liquidity is managed centrally within the group. Performance is monitored by strong financial and management accounting through the finance function, monthly tracking of long-term business plans and short term budgets against actual performance in line with obligations under financing agreements.

Strategic report *(continued)*

Principal risks and uncertainties *(continued)*

Operational risks

- *Reputational risk*

Mitigation: in order to mitigate this risk as far as possible, the Company has implemented rigorous clinical governance, carries out substantial employee training, employee inductions and employee reference procedures, including a criminal background check for all front line staff.

- *Regulatory risk*

Mitigation: the Company devotes a considerable amount of time to the management of regulatory matters. Compliance with the on-going requirements of these licences and changes arising from the evolving regulatory environment mean that significant attention has been, and will continue to be, dedicated to regulatory compliance.

- *Shared management and corporate services*

The Company shares brighterkind management resources and certain corporate services with Elli Investments Limited. Elli Investments Limited is currently in negotiations with stakeholders to agree a sustainable capital structure for the longer term.

Mitigation: all shared management and services could be set up on a standalone basis in a reasonable period of time and at a reasonable cost with minimal operational impact on the Company.

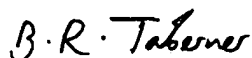
Employment policies

The Company aims to provide equal opportunities regardless of sex, race, religion or belief, sexual orientation, disability or ethnic origin, recognising that the continued success of the group depends upon its ability to attract, motivate and retain people of the highest calibre. Further details can be found in the financial statements of FSHC Group Holdings Limited.

Environmental policy

The FSHC Group Holdings Limited group has an environmental commitment which includes compliance with existing environmental regulations, minimising the consumption of resources, a policy of "reduce, reuse and recycle" and providing awareness amongst staff of the environmental impact of travel.

By order of the board



B R Taberner
Director

Norcliffe House
Station Road
Wilmslow
Cheshire
SK9 1BU

21 August 2018

Directors' report

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2017.

Results and dividends

The results for the year are shown in the profit and loss account on page 7. The directors do not recommend the payment of a dividend (2016: £nil).

Directors

The directors who held office were as follows:

R N Barr
R S Macaskill (appointed 20 November 2017)
G L Newman (appointed 20 November 2017)
M C Royston
B R Taberner
L D Woods (resigned 18 May 2018)

Going concern and liquidity management

At the time of approving the financial statements, the directors have a reasonable expectation that the Company and the brighterkind (CB) group have adequate resources to continue to meet their liabilities as and when they fall due for the 12 months after the date of approval of these accounts. With this in mind, the directors have formally considered and concluded that the preparation of the financial statements on a going concern basis is appropriate. Further details are shown in the "Going concern" section of note 1 to the financial statements.

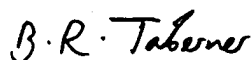
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



B R Taberner
Director

Norcliffe House
Station Road
Wilmslow
Cheshire
SK9 1BU

21 August 2018

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG LLP
1 St Peter's Square
Manchester
United Kingdom
M2 3AE

Independent auditor's report to the members of brighterkind (AM) Limited

Opinion

We have audited the financial statements of brighterkind (AM) Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of brighterkind (AM) Limited

(continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.


Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Rachel Fleming (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE

21 August 2018

Profit and loss account and other comprehensive income
for the year ended 31 December 2017

During the current and preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently, no profit and loss account and other statement of comprehensive income have been prepared.

Balance sheet
at 31 December 2017

	Note	2017 £000	2016 £000
Fixed assets			
Tangible assets	4	3,357	3,348
Creditors: amounts falling due within one year	5	(57)	(48)
Net current liabilities		(57)	(48)
Total assets less current liabilities		3,300	3,300
Net assets		3,300	3,300
Capital and reserves			
Called up share capital	6	3,300	3,300
Profit and loss account		-	-
Shareholder's funds		3,300	3,300

The financial statements include the notes on pages 9 to 13.

These financial statements were approved by the board of directors on 21 August 2018 and were signed on its behalf by:

B. R. Taberner

B R Taberner
Director

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	3,300	-	3,300
Total comprehensive income for the period			
Result for the period	-	-	-
Other comprehensive income	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2016	3,300	-	3,300
	<u><u>3,300</u></u>	<u><u>-</u></u>	<u><u>3,300</u></u>

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2017	3,300	-	3,300
Total comprehensive income for the period			
Result for the period	-	-	-
Other comprehensive income	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 December 2017	3,300	-	3,300
	<u><u>3,300</u></u>	<u><u>-</u></u>	<u><u>3,300</u></u>

The financial statements include the notes on pages 9 to 13.

Notes (forming part of the financial statements)

1 Accounting policies

brighterkind (AM) Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in England in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's intermediate parent undertaking, FSHC Group Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of FSHC Group Holdings Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Estera Administration (Guernsey) Limited, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT.

In these financial statements the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 9.

Measurement convention

The financial statements are prepared on the historical cost basis.

The accounting reference date for the Company is 31 December 2017 (2016: 31 December 2016). The Company has opted to adopt the "seven day rule". The seven-day rule provides that a particular financial year need not end on the accounting reference date itself but on a date within not more than seven days of the date as the directors may determine. On this basis, the accounting period is for the 53 weeks ended 31 December 2017, with the comparative period being the 52 weeks ended 25 December 2016.

Going concern

The Company is in a net current liability position due to an intercompany balance due to another group entity. That entity has confirmed that they will not recall the liability for at least 12 months from the date of approval of the financial statements. Therefore the directors believe that it is appropriate to prepare these accounts on a going concern basis.

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets are impaired. Land is not depreciated.

2 Expenses and auditor's remuneration

The auditor's remuneration of £2,000 (2016: £600) for audit services was borne by another group undertaking. Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

3 Directors' remuneration

	2017 £000	2016 £000
Directors' remuneration	11	11
Pension costs	-	-
	<u>11</u>	<u>11</u>

The remuneration above relates to each director's qualifying services to the Company and any subsidiaries, and was paid by another group undertaking during the current and prior year.

The total remuneration, including bonus payments, in respect of this company and any subsidiaries of the highest paid director was £5,000 (2016: £5,399), and includes pension contributions of £nil (2016: £nil).

Pension contributions arise in respect of two (2016: two) directors. There were no outstanding pension contributions at the year end (2016: £nil).

Notes (continued)

4 Tangible fixed assets

	Freehold land £000
<i>Cost</i>	
Balance at 1 January 2017	3,348
Addition	9
Balance at 31 December 2017	<u>3,357</u>
<i>Depreciation</i>	
Balance at 1 January 2017 and 31 December 2017	<u>-</u>
<i>Net book value</i>	
At 1 January 2017	<u>3,348</u>
At 31 December 2017	<u>3,357</u>

5 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Amounts due to group undertakings	<u>57</u>	<u>48</u>

The amounts due to group undertakings are unsecured and repayable on demand. No interest is charged.

6 Share capital

	2017 No. of shares	2017 £000	2016 No. of shares	2016 £000
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	<u>3,300,001</u>	<u>3,300</u>	<u>3,300,001</u>	<u>3,300</u>
Shares classified as shareholder's funds	<u>3,300,001</u>	<u>3,300</u>	<u>3,300,001</u>	<u>3,300</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

7 Related parties

The directors have taken advantage of the exemption in FRS 102 Chapter 33.1A and, as the Company is a wholly owned subsidiary of FSHC Group Holdings Limited, have not disclosed related party transactions with parent and fellow subsidiary undertakings.

Notes (continued)

8 Ultimate parent

The Company's immediate parent company is brighterkind (PC) Limited a company incorporated in the United Kingdom. Its registered address is Norcliffe House, Station Road, Wilmslow, SK9 1BU.

As at 31 December 2017, the ultimate parent undertaking is Terra Firma Holdings Limited, an entity incorporated in Guernsey.

The largest group in which the results of the Company are consolidated is that headed by FSHC Group Holdings Limited. The consolidated financial statements of this company will be available to the public and may be obtained from its registered address at Estera Administration (Guernsey) Limited, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT.

The smallest group in which the results of the Company are consolidated is that headed by Elli Investments Limited. The consolidated financial statements of this company are available to the public and may be obtained from its registered office at Estera Administration (Guernsey) Limited, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT.

9 Accounting estimates and judgements

Key sources of estimation uncertainty

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Impairment of tangible fixed assets

The directors have reviewed the carrying value of the Company's tangible fixed assets and assessed whether there is any indication that assets may be impaired. There are a number of key judgements in determining the appropriate method to identify assets to be considered for impairment and to estimate the value of the impairment.

Freehold assets

Freehold assets include land and buildings and their associated fixtures and equipment. Equipment and fixtures utilised by freehold sites are considered for impairment in conjunction with the freehold land and buildings in which they are utilised.

The assessment is based on those assets with significant negative movements in actual or expected performance. The directors have also considered whether for any previously impaired assets there is an indication that the reason for the impairment has ceased to apply. For assets with an indication of impairment, or an indication of a reversal of a previous impairment, the carrying value of assets is compared to the estimated recoverable amount.

The fair value less cost to sell is based on the profits method which multiplies a "fair maintainable trade", being an estimate of the cash flows/profits that could be achieved by a reasonably efficient operator from the asset, by an appropriate multiple which takes account of an individual asset's circumstances including its quality, location and market factors. The directors based their assessment of fair maintainable trade and multiples on those in a valuation previously provided by a third party valuer in accordance with RICS valuation. Whilst the multiples utilised in the directors' valuation were not adjusted from the original third party valuation, sensitivity analysis was performed for properties identified for impairment, and for properties where a potential reversal of impairment was identified. This sensitivity analysis indicated that the director's review of the carrying value of the Company's tangible fixed assets was not significantly sensitive to any reasonable change in multiples.

Notes *(continued)*

9 Accounting estimates and judgements *(continued)*

Freehold assets *(continued)*

The directors believe that the inherent difficulties in reliably calculating a value in use for each property asset given the level of volatility that can occur in individual home performance, mean that the fair value less cost to sell is a more appropriate approach. They have therefore assumed, in accordance with paragraph 27.13 of FRS 102, that for freehold and long leasehold properties that there is no reason to believe that an asset's value in use materially exceeds its fair value less cost to sell and have therefore used the latter as its recoverable amount.

Recoverability of amounts owed by related undertakings

An estimate is made in respect of the recoverability of amounts owed by related undertakings. In making this assessment, the directors have considered the ability of the relevant group undertakings to pay the amount owed. Due to the complex group structure this requires consideration of the way in which all intercompany balances would be settled and the asset value available to settle those balances.