

COMPANY REGISTRATION NUMBER: 09593918

Indigo Care Services Limited
Directors' Report and Financial Statements
31 March 2017

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Indigo Care Services Limited

Financial Statements

Year ended 31 March 2017

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Indigo Care Services Limited

Officers and Professional Advisers

The board of directors

T A Brookes
D Johnson
L Lee

Registered office

The Hamlet
Hornbeam Park
Harrogate
North Yorkshire
HG2 8RE

Auditor

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

Bankers

National Westminster Bank plc
8 Market Place
Huddersfield
HD1 2AL

Solicitors

Pinsent Masons LLP
1 Park Row
Leeds
LS1 5AB

Indigo Care Services Limited

Strategic Report

Year ended 31 March 2017

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

The company operates care homes as a tenant under leases with landlords external to the Cortina Race LLP group (the "Group").

The company operates 31 freehold care homes with average occupancy in the year of 77%.

Fee pressure exerted by local authorities continues to have a downward impact on margins. The average local authority increase in fees in their 2016-17 settlements was less than 2% at a time when cost inflation is increasing by up to 5%. To mitigate the impact of low local authority fees, the company continues to focus on improving the percentage of residents who pay privately for their care.

Market conditions continue to be challenging with wage inflation increasing ahead of fee inflation making it difficult to attract and retain good quality staff.

The Management Development Programme was launched in May 2016. This programme has been developed to ensure new home managers are trained in the values and competence required to manage a successful home.

The key drivers of the business are:

	Year to 31 Mar 2017	Comments
Available beds	1,351	During the year, 21 homes were acquired from Loxley Healthcare Limited (subsidiary undertaking). The key metrics are not comparable with 2016 when only one home was operated by the company.
Occupancy	77%	
Private occupancy	17%	
Revenue	£27.96m	
Average weekly fee	£551	

Definitions and method of calculation

Occupancy percentage is defined as the average occupied beds divided by the average available beds for the year.

Available beds are the average number of beds available for occupation during the year.

Where a bedroom is registered as a double room with the Care Quality Commission ("CQC"), this is counted as one room in the available beds calculation since typically double rooms are only used as single occupancy.

The compliance risk is primarily non-compliance with regulatory standards as set out by the industry regulator, CQC. The company is committed to maintaining an open dialogue with CQC and has dedicated operational resources at Group level which have the responsibility for developing policy and implementing best practice consistency across the Group to ensure policy compliance. A compliance team, who are independent to the operational team, perform regular audits of the homes in conjunction with CQC regulations and local authority framework standards. Additionally, the company continues to forge strong links with local authorities to keep up to date with current issues and promote our services as a first class provider of residential and dementia care for the elderly.

The company has experienced a heightened regulatory environment and awareness following the increasing public and media scrutiny in relation to care homes.

The implementation of the National Living Wage ("NLW") has had a significant impact on margins since local authorities fail to pay an appropriate fee for care.

Indigo Care Services Limited

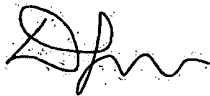
Strategic Report *(continued)*

Year ended 31 March 2017

The loss for the year amounted to £1,863,159 (2016: profit of £490,087). The company had net liabilities at the year end of £1,372,971 (2016: net assets £490,188).

The company will face pressure on margins following the increase in the NLW of 5.5% per annum. The long term future of the company is dependent on local authority fee increases to mitigate the impact of NLW.

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



D Johnson
Director

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

Indigo Care Services Limited

Directors' Report

Year ended 31 March 2017

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

Directors

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

PC Mancey (resigned 20 June 2017)
D Johnson
P Tomlinson (resigned 1 August 2017)

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

Going concern

The company's latest cash flow forecasts, taking into account the current operating environment and material risks and uncertainties to trading, indicate that along with continuing shareholder support, the group has sufficient liquidity to continue trading as a going concern.

The directors have considered the requirements of FRS 102 which states that an entity is a going concern unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

The directors have also considered ISA 570 and concluded that the fact that the shareholder support may not be legally enforceable should the need for it arise, together with the risk of not substantially achieving forecasts, gives rise to a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern; therefore they may be unable to continue to realise their assets and discharge their liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue to meet its trading liabilities as and when they fall due. The directors therefore believe that it is appropriate to prepare these financial statements on a going concern basis.

Dividends

The directors do not recommend the payment of a dividend.

Employment of disabled persons

The Company will employ disabled persons when they appear to be suitable for a particular vacancy and every effort is made to ensure that they are given full and fair consideration when such vacancies arise. During employment the Company seeks to work with disabled employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

Employee involvement

The Company encourages the involvement of its employees in its management through weekly cascades, regular team talk newsletters and periodic employee surveys which have the responsibility for the dissemination of information of particular concern to employees and for receiving their views.

Indigo Care Services Limited

Directors' Report *(continued)*

Year ended 31 March 2017

Financial instruments

The Company's principal financial instruments comprise sterling cash and bank deposits together with trade debtors and trade creditors arising directly from operations.

The credit risk attributable to trade debtors is minimal as a large proportion of fees are paid by local authorities and the incidence of bad debt on private fee payers has been minimal. The Company has a robust process of debt collection to pursue any accounts where debts fall overdue.

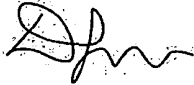
Auditor

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

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

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

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



D Johnson
Director

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

Indigo Care Services Limited

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

Year ended 31 March 2017

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 judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Indigo Care Services Limited

We have audited the financial statements of Indigo Care Services Limited for the year ended 31 March 2017 set out on pages 9 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Material uncertainty related to going concern

We draw attention to note 3 to the financial statements which indicates that there are material uncertainties relating to the company's ability to continue as a going concern.

The company is dependent on continuing shareholder support and its ability to substantially achieve its trading forecasts. These events and conditions represent a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Opinion on other matters prescribed by the Companies Act 2006

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

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

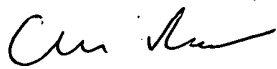
- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Independent Auditor's Report to the Members of Indigo Care Services 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.



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

11 May 2018.

Indigo Care Services Limited
Statement of Comprehensive Income
Year ended 31 March 2017

		Year to 31 Mar 17	Period from 15 May 15 to 31 Mar 16
	Note	£	£
Turnover	4	27,960,617	1,296,092
Cost of sales		(22,845,751)	(485,430)
Gross profit		5,114,866	810,662
Administrative expenses		(6,971,354)	(303,104)
Operating (loss)/profit	5	(1,856,488)	507,558
Interest payable and similar expenses	8	(19,540)	(3,103)
(Loss)/profit before taxation		(1,876,028)	504,455
Tax on (loss)/profit on ordinary activities	9	12,869	(14,268)
(Loss)/profit for the financial year/period and total comprehensive income		<u>(1,863,159)</u>	<u>490,187</u>

All the activities of the company are from continuing operations.

The notes on pages 12 to 20 form part of these financial statements.

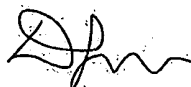
Indigo Care Services Limited

Balance Sheet

31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	4,784,086	99,380
Investments	11	435,602	435,602
		<u>5,219,688</u>	<u>534,982</u>
Current assets			
Stocks	12	25,996	—
Debtors	13	6,246,194	2,054,480
Cash at bank and in hand		863,257	37,741
		<u>7,135,447</u>	<u>2,092,221</u>
Creditors: amounts falling due within one year	14	(13,728,106)	(2,128,544)
Net current liabilities		<u>(6,592,659)</u>	<u>(36,323)</u>
Total assets less current liabilities		<u>(1,372,971)</u>	<u>498,659</u>
Provisions	15	—	(8,471)
Net (liabilities)/assets		<u>(1,372,971)</u>	<u>490,188</u>
Capital and reserves			
Called up share capital	18	1	1
Profit and loss account	19	(1,372,972)	490,187
Shareholders' (deficit)/funds		<u>(1,372,971)</u>	<u>490,188</u>

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



D Johnson
Director

Company registration number: 09593918

The notes on pages 12 to 20 form part of these financial statements.

Indigo Care Services Limited

Statement of Changes in Equity

Year ended 31 March 2017

	Called up share capital £	Profit and loss account £	Total £
At 15 May 2015	–	–	–
Profit for the period	–	490,187	490,187
Total comprehensive income for the year	–	490,187	490,187
Issue of shares	1	–	1
Total investments by and distributions to owners	1	–	1
At 31 March 2016	1	490,187	490,188
Loss for the year	–	(1,863,159)	(1,863,159)
Total comprehensive income for the year	–	(1,863,159)	(1,863,159)
At 31 March 2017	1	(1,372,972)	(1,372,971)

The notes on pages 12 to 20 form part of these financial statements.

Indigo Care Services Limited

Notes to the Financial Statements

Year ended 31 March 2017

1. General information

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

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

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

Going concern

Current status

During the year ended 31 March 2017, Indigo Care Services Limited incurred a loss before taxation of £1,876,028 and as at 31 March 2017 the company had net current liabilities of £6,592,659.

Subsequent to the year end the directors have undertaken a process to stem loss making activities, improve underlying trading performance and create a stable platform for growth. However, the operational environment presents a number of challenges which could contribute to the company/group failing to achieve its operational and cash flow forecasts and as such, the company remains reliant upon the funding support of its ultimate shareholder, Alchemy Special Opportunities Fund III LP ('Alchemy').

Material risks and uncertainties – shareholder support

Alchemy has provided a written letter of support stating that it is its intention to provide financial support to the Cortina Race LLP group for at least 12 months from the date at which the financial statements are signed, based on the information currently available to it.

This letter of support is not a legally binding commitment and so cannot be guaranteed. Without this support, the company would not be able to continue to trade.

Material risks and uncertainties – trading

Whilst the group's trading and cash flow forecasts have been prepared using current trading assumptions, the operating environment presents a number of challenges which could contribute to the group failing to achieve its operational and cash flow forecasts. These risks and uncertainties include but are not limited to: achieving forecast levels of occupancy and the level of usage of more expensive agency staff.

Conclusion

The directors have considered the requirements of FRS 102 which states that an entity is a going concern unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Indigo Care Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Going concern *(continued)*

The directors have also considered ISA 570 and concluded that, in relation to the company, the fact that the shareholder support may not be legally enforceable should the need for it arise, together with the risk of not substantially achieving forecasts, gives rise to a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern; therefore they may be unable to continue to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue to meet its trading liabilities as and when they fall due. The directors therefore believe that it is appropriate to prepare these financial statements on a going concern basis.

Disclosure exemptions

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

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

Judgements and key sources of estimation uncertainty

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

Revenue recognition

Revenue is recognised at the point in which services are supplied to residents. Where services are performed gradually over time, revenue is recognised as the activity progresses by reference to the value of the services provided and the number of days occupied.

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

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Indigo Care Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Income tax *(continued)*

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

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

Depreciation

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

Fixtures and fittings	- 20% straight line
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Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Stocks

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

Provisions

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

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

Indigo Care Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Defined contribution pension plans

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

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

4. Turnover

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

5. Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	Year to 31 Mar 17 £	Period from 15 May 15 to 31 Mar 16 £
Depreciation of tangible assets	598,336	6,457
Loss on disposal of tangible assets	10,610	—
Fees payable for the audit of the financial statements	18,000	18,000
Operating leases - land & buildings	<u>2,081,575</u>	<u>133,720</u>

6. Staff costs

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

	2017 No.	2016 No.
Number of care staff	<u>803</u>	<u>191</u>

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

	Year to 31 Mar 17 £	Period from 15 May 15 to 31 Mar 16 £
Wages and salaries	16,281,025	280,958
Social security costs	1,028,950	31,358
Other pension costs	<u>121,507</u>	<u>2,413</u>
	<u>17,431,482</u>	<u>314,729</u>

Indigo Care Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

7. Directors' remuneration

No directors' remuneration is receivable by the directors for their services to this company in the current year or previous period. Directors' remuneration is borne by fellow group companies and £216,508 (2016: £11,213) has been allocated for the directors' time to the company based on number of beds across the group.

8. Interest payable and similar expenses

	Year to 31 Mar 17	Period from 15 May 15 to 31 Mar 16
	£	£
Other interest payable	19,540	3,103

9. Tax on (loss)/profit on ordinary activities

Major components of tax (income)/expense

	Year to 31 Mar 17	Period from 15 May 15 to 31 Mar 16
	£	£
Current tax:		
UK current tax expense	–	5,797
Adjustments in respect of prior periods	(4,398)	–
Total current tax	(4,398)	5,797
Deferred tax:		
Origination and reversal of timing differences	(8,001)	8,471
Impact of change in tax rate	(470)	–
Total deferred tax	(8,471)	8,471
Tax on (loss)/profit on ordinary activities	(12,869)	14,268

Factors affecting tax credit/charge for the year/period

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

	Year to 31 Mar 17	Period from 15 May 15 to 31 Mar 16
	£	£
(Loss)/profit on ordinary activities before taxation	(1,876,028)	504,455
(Loss)/profit on ordinary activities by rate of tax	(375,206)	100,891
Effect of expenses not deductible for tax purposes	1,621	35,515
Group relief claimed	–	(121,197)
Deferred tax rate changes	–	(941)
Deferred tax not recognised	360,716	–
Tax on (loss)/profit	(12,869)	14,268

Indigo Care Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

9. Tax on (loss)/profit on ordinary activities (continued)

Reductions in the corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020 were substantively enacted on 26 October 2015 and 6 September 2016. Unrecognised deferred tax assets in respect of losses, short term timing differences and fixed asset timing differences amounted to £318,237 (2016: £nil) and have not been recognised in the financial statements as there is uncertainty over the availability or timing of future taxable profits.

10. Tangible assets

	Fixtures and fittings £
Cost	
At 1 April 2016	105,837
Additions	5,399,251
Disposals	(135,516)
At 31 March 2017	5,369,572
Depreciation	
At 1 April 2016	6,457
Charge for the year	598,336
Disposals	(19,307)
At 31 March 2017	585,486
Carrying amount	
At 31 March 2017	4,784,086
At 31 March 2016	99,380

11. Investments

	Shares in group undertakings £
Cost and carrying amount	
At 1 Apr 2016 and 31 Mar 2017	435,602

Subsidiaries, associates and other investments

	Percentage of Class of share shares held
Subsidiary undertakings	
Cherry Health Care Limited	Ordinary 100
Loxley Health Care Limited	Ordinary 100

The registered address of all subsidiaries is The Hamlet, Hornbeam Park, Harrogate, HG2 8RE.

Indigo Care Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

11. Investments *(continued)*

The results and capital and reserves for the year are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2017	2016	2017	2016
	£	£	£	£
Subsidiary undertakings				
Cherry Health Care Limited	123	(34)	157	1,456
Loxley Health Care Limited	<u>(1,431)</u>	<u>(91)</u>	<u>(1,340)</u>	<u>(59)</u>

12. Stocks

	2017	2016
	£	£
Consumables	<u>25,996</u>	<u>—</u>

13. Debtors

	2017	2016
	£	£
Trade debtors	2,122,734	278,123
Amounts owed by group undertakings	3,073,904	1,752,855
Called up share capital not paid	—	1
Prepayments and accrued income	1,045,158	23,501
Corporation tax repayable	<u>4,398</u>	<u>—</u>
	<u>6,246,194</u>	<u>2,054,480</u>

14. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	2,513,577	1,132,487
Amounts owed to group undertakings	7,099,234	671,860
Accruals and deferred income	1,852,928	14,397
Corporation tax	—	5,797
Social security and other taxes	2,255,137	300,744
Other creditors	<u>7,230</u>	<u>3,259</u>
	<u>13,728,106</u>	<u>2,128,544</u>

15. Provisions

	Deferred tax (note 16)
	£
At 1 April 2016	8,471
Charge against provision	<u>(8,471)</u>
At 31 March 2017	—

Indigo Care Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

16. Deferred tax

The deferred tax included in the balance sheet is as follows:

	2017	2016
	£	£
Accelerated capital allowances (note 15)	<u>–</u>	<u>8,471</u>

17. Employee benefits

Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £121,507 (2016: £2,413).

The company operates a defined contribution scheme whose assets are held separately from those of the company in an independently administered fund. Contributions totalling £67,511 (2016: £2,413) were payable to the fund at the year end.

18. Called up share capital

Issued, called up and fully paid

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

19. Reserves

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

20. Operating leases

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

	2017	2016
	£	£
Not later than 1 year	3,581,006	436,500
Later than 1 year and not later than 5 years	15,167,257	2,676,000
Later than 5 years	<u>102,428,380</u>	<u>–</u>
	<u>121,176,643</u>	<u>3,112,500</u>

21. Contingent liabilities

The company has guaranteed any sums due to The Royal Bank of Scotland plc by Orchard Care Homes.com Holdings Limited. At the year end, Orchard Care Homes.com Holdings Ltd had a £2.0m overdraft facility with The Royal Bank of Scotland plc, of which £1.1m was drawn.

Indigo Care Services Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

22. Related party transactions

During the year the company entered into the following transactions with related parties:

	Transaction value		Balance owed by/(owed to)	
	2017	2016	2017	2016
	£	£	£	£
Entities with control, joint control or significant influence	–	–	(34,570)	–
Other related parties	(2,081,575)	–	(4,127,812)	(69,408)
	<u>(2,081,575)</u>	<u>–</u>	<u>(4,162,382)</u>	<u>(69,408)</u>

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

23. Controlling party

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

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