

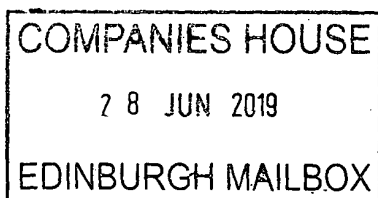
Chorley Lodge Limited

Directors' Report and Financial Statements

Period Ended

31 December 2018

Company Number 11310175



Chorley Lodge Limited

Company Information

Directors	M C Glowasky (appointed 16 April 2018) P A Smith (appointed 16 April 2018)
Registered number	11310175
Registered office	2 Merchants Drive Parkhouse Carlisle Cumbria CA3 0JW
Independent auditor	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX

Chorley Lodge Limited

Directors' Report For the Period Ended 31 December 2018

The directors present their report and the financial statements for the period ended 31 December 2018.

Principal activity

The company's principal activity during the financial year was that of the operation of care homes.

Incorporation and share capital

The company was incorporated on 16 April 2018 and started trading on 15 May 2018. On incorporation, 100 ordinary shares with nominal value of £1 were issued.

Directors

The directors who served during the period were:

M C Glowasky (appointed 16 April 2018)
P A Smith (appointed 16 April 2018)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 8 June 2019 and signed on its behalf.



P A Smith
Director

Chorley Lodge Limited

Directors' Responsibilities Statement For the Period Ended 31 December 2018

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chorley Lodge Limited

Independent Auditor's Report to the Members of Chorley Lodge Limited

Opinion

We have audited the financial statements of Chorley Lodge Limited ("the company") for the period ended 31 December 2018 which comprise the statement of comprehensive income, balance sheet, statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the period 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the directors' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Chorley Lodge Limited

Independent Auditor's Report to the Members of Chorley Lodge Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Chorley Lodge Limited

Independent Auditor's Report to the Members of Chorley Lodge Limited (continued)

Use of our report

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.

Bao LP

10 June 2018

Martin Gill (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Chorley Lodge Limited

Statement of Comprehensive Income For the Period Ended 31 December 2018

	Note	Period Ended 31 December 2018 £
Turnover	4	1,123,404
Cost of sales		(815,327)
Gross profit		308,077
Administrative expenses		(267,516)
Exceptional items	9	(321,436)
Operating loss	5	(280,875)
Loss for the financial period		(280,875)

There was no other comprehensive income for 2018.

The notes on pages 9 to 17 form part of these financial statements.

Chorley Lodge Limited
Registered number: 11310175

Balance Sheet
As at 31 December 2018

	Note	2018 £
Fixed assets		
Tangible assets	10	9,500
		<u>9,500</u>
Current assets		
Debtors: amounts falling due within one year	11	127,351
Cash at bank and in hand	12	18,406
		<u>143,757</u>
Creditors: amounts falling due within one year	13	<u>(434,032)</u>
Net current liabilities		<u>(290,275)</u>
Total assets less current liabilities		<u>(280,775)</u>
Net liabilities		<u><u>(280,775)</u></u>
Capital and reserves		
Called up share capital	14	100
Profit and loss account	15	(280,875)
		<u><u>(280,775)</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

8 June 2019



P A Smith
Director

The notes on pages 9 to 17 form part of these financial statements.

Chorley Lodge Limited

Statement of Changes in Equity For the Period Ended 31 December 2018

	Called up share capital £	Profit and loss account £	Total equity £
Comprehensive income for the period			
Loss for the period	-	(280,875)	(280,875)
Total comprehensive income for the period	-	(280,875)	(280,875)
Shares issued during the period	100	-	100
Total transactions with owners	100	-	100
At 31 December 2018	100	(280,875)	(280,775)

The notes on pages 9 to 17 form part of these financial statements.

Chorley Lodge Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

1. General information

The company's principal activity during the financial year was that of the operation of care homes. The company is a private limited company limited by shares and is incorporated and domiciled in the United Kingdom. The address of the registered office is shown on the Company Information page.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The company's functional and presentational currency is GBP.

The following principal accounting policies have been applied:

2.2 Going concern

At the balance sheet date, the company has net current liabilities of £290,275 and net liabilities of £280,775, including a balance payable to group companies of £287,881.

The directors have obtained a letter of support from the company's ultimate parent undertaking and are satisfied that, with this financial support, the company can continue to trade and meet its obligations as they fall due for a period of at least twelve months from the date of the approval of these financial statements. Accordingly, these financial statements are prepared on a going concern basis and do not include any adjustments should the financial support of group companies be withdrawn.

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Chorley Lodge Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

2. Accounting policies (continued)

2.4 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.5 Taxation

Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.6 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Chorley Lodge Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

2. Accounting policies (continued)

2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	20%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Chorley Lodge Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

2. Accounting policies (continued)

2.11 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments in applying the entity's accounting policies

Trade debtors

The bad debt provision is considered via a review of the debtors' listing, with debts provided for on a specific basis. Factors include customer payment history and ageing.

Key accounting estimates and assumptions

No key accounting estimates and assumptions have been made in applying the entity's accounting policies.

4. Turnover

All turnover arose within the United Kingdom and was attributable to the company's main activity.

Chorley Lodge Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

5. Operating loss

The operating loss is stated after charging:

	Period Ended 31 December 2018 £
Depreciation of tangible fixed assets	500
Pension costs	3,339
	<u> </u>

The company's audit fee of £5,000 is paid by another group company.

6. Employees

The average monthly number of employees, including directors, during the period was 60.

7. Directors' remuneration

Neither of the two directors who served during the period received any remuneration from the company.

8. Taxation

	Period Ended 31 December 2018 £
Total current tax	<u> </u>
Deferred tax	<u> </u>
Total deferred tax	<u> </u>
Taxation on profit on ordinary activities	<u> </u>

Chorley Lodge Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

8. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	Period Ended 31 December 2018 £
Loss on ordinary activities before tax	(280,875)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(53,366)
Effects of:	
Non-tax deductible expenditure	4,505
Capital allowances for period in excess of depreciation	(571)
Tax losses surrendered via group relief	49,432
Total tax charge for the period	-

9. Exceptional items

	2018 £
Net income/(expenditure) incurred on behalf of the previous operators of the home (in administration)	(43,551)
Exceptional repair costs	(277,885)
	(321,436)

Chorley Lodge Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

10. Tangible fixed assets

	Fixtures and fittings £
Cost or valuation	
Additions	10,000
At 31 December 2018	<u>10,000</u>
Depreciation	
Charge for the period on owned assets	500
At 31 December 2018	<u>500</u>
Net book value	
At 31 December 2018	<u><u>9,500</u></u>

11. Debtors

	2018 £
Trade debtors	7,138
Amounts owed by group undertakings	80,247
Called up share capital not paid	100
Prepayments and accrued income	39,866
	<u><u>127,351</u></u>

12. Cash and cash equivalents

	2018 £
Cash at bank and in hand	16,406
	<u><u>16,406</u></u>

Chorley Lodge Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

13. Creditors: Amounts falling due within one year

	2018 £
Trade creditors	37,266
Amounts owed to group undertakings	287,881
Other taxation and social security	8,385
Other creditors	918
Accruals and deferred income	99,582
	<u>434,032</u>

14. Share capital

	2018 £
Allotted, called up and unpaid	
100 Ordinary Shares of £1 each	<u>100</u>

On incorporation, 100 ordinary shares with nominal value of £1 each were issued.

15. Reserves

Profit and loss account

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

16. Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund for the period amounted to £3,339.

17. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A of FRS 102 from the requirement to disclose related party transactions on the grounds that all related party transactions with other companies are wholly owned by the group.

Chorley Lodge Limited

Notes to the Financial Statements For the Period Ended 31 December 2018

18. Controlling party

The company's immediate parent company is Hollyblue Healthcare (Chorley & Norton Lees) Limited, a company incorporated in the UK. Copies of the parent company's financial statements can be obtained from Companies House.

The ultimate parent undertaking and controlling party is Monarch Master Funding Limited, a company incorporated in the Cayman Islands. The directors are of the opinion that there is no single ultimate controlling party of Monarch Master Funding Limited.

19. Accounting period

The company was incorporated on 16 April 2018. These financial statements cover the nine month period from this date until 31 December 2018.