

**Barchester Assisted Living Properties (Southgate) Limited**

**Annual report and financial statements**

Registered number 03425314

31 December 2013

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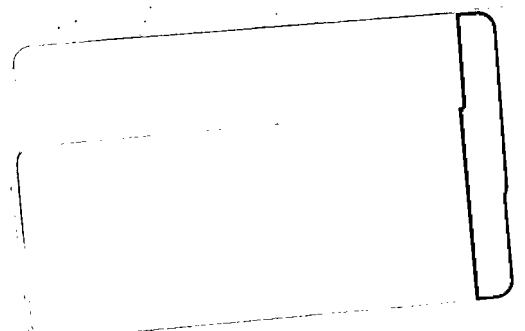
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## Company information

<b>Directors</b>	David Duncan Jon Hather
<b>Secretary</b>	Ian Portal
<b>Auditor</b>	KPMG LLP 100 Temple Street Bristol BS1 6AG
<b>Solicitors</b>	Berwin Leighton Paisner Adelaide House London Bridge London EC4R 9HA
<b>Bankers</b>	The Royal Bank of Scotland plc London Corporate Services 2½ Devonshire Square London EC2M 4XJ
<b>Registered number</b>	03425314
<b>Registered office</b>	Suite 201, Second floor Design Centre East Chelsea Harbour London SW10 0XF

## Strategic report

The directors present their Strategic Report and Directors' Report for the year ended 31 December 2013.

### Principal activity

The principal activity of Barchester Assisted Living Properties (Southgate) Limited ("the Company") is the sale of sheltered housing to the frail and elderly on long leases. The company refer to the assets on long leases as Close Care Units (CCU). Care and property services are provided by other group companies.

### Business review

The results for the year are set out in the profit and loss account on page 7. The directors are satisfied with the Company's result. The Company operates under the Barchester Healthcare Limited Group brand ("Group" or "Barchester"). Barchester commands a leading position in the UK long term care sector and is the UK's fourth largest provider. The business provides in excess of 11,700 registered beds, spread across its portfolio of over 200 high quality homes with a national footprint across the UK, the largest proportion located within London and the South East and the remainder evenly spread throughout the UK. The Group has a significant number of private pay residents.

The measures that the Board use to monitor the group's progress against its objectives are:

- Quality of care, the health and wellbeing of our residents;
- Occupancy rates;
- Fee levels;
- EBITDA and EBITDA per bed;
- Margin;
- Staff and agency cost;

The Group's strategy is one of continued growth through extension of existing facilities, acquisitions of nursing homes of a suitable quality and development of newly built care homes. Barchester is especially focused on the private pay market and also on residents with specialist care needs.

The directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future. The directors therefore believe that it is appropriate to prepare the financial statements on a going concern basis. Please refer to note 1 for further detail.

### Future Prospects

The directors expect the general level of activity in the healthcare sector, and hence the demand for sheltered housing to increase.

### Key risks and uncertainties

The Board of Directors has a well established process for identifying business risks, evaluating controls and establishing and executing action plans.

The Group supports its current operations and future growth from a combination of internally generated profits and externally raised funds.

The business is supported by strong future demand based on the demographics of the UK population. The long term growth in older population and rising affluence continue to offer opportunities for investment in the sector. The directors continue to believe these projections still hold true despite the current economic situation.

By order of the board



**Ian Portal**  
Company Secretary

Design Centre East  
Suite 201, Second floor  
Chelsea Harbour  
London  
SW10 0XF  
18 June 2014

## Directors' report

### Dividends

No dividends were paid during the year (2012: £nil).

### Directors and directors' interests

The directors who held office during the year were (the directors holding office at the year end are shown on page 1):

David Duncan

Jon Hather

Michael Parsons (Resigned 8th October)

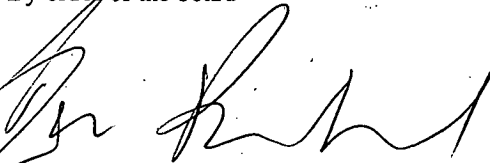
### Disclosure of information to auditor

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 he ought to have taken as a director to make himself 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



**Ian Portal**  
Company Secretary

Design Centre East  
Suite 201, Second floor  
Chelsea Harbour  
London  
SW10 0XF  
18 June 2014

## **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).

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; 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.



**KPMG LLP**  
100 Temple Street  
Bristol  
BS1 6AG  
United Kingdom

## **Independent auditor's report to the members of Barchester Assisted Living Properties (Southgate) Limited**

We have audited the financial statements of Barchester Assisted Living Properties (Southgate) Limited for the year ended 31 December 2013 set out on pages 7 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement 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 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 web-site at [www.frc.org.uk/auditscopeukprivate](http://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 December 2013 and of its profit 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.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

**Independent auditor's report to the members of Barchester Assisted Living Properties (Southgate) 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.



**Nicholas Hall**  
**(Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
Bristol  
BS1 6AG

23 June 2014



**Profit and loss account**  
*for the year ended 31 December 2013*

	<i>Note</i>	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>
<b>Turnover</b>	<i>1</i>	<b>1,010</b>	<b>840</b>
Cost of services		<b>(981)</b>	<b>(685)</b>
<b>Gross and Operating profit</b>		<b>29</b>	<b>155</b>
<b>Profit on ordinary activities before taxation</b>	<i>2</i>	<b>29</b>	<b>155</b>
Taxation on profit on ordinary activities	<i>4</i>	<b>-</b>	<b>-</b>
<b>Profit for the financial year</b>	<i>10</i>	<b>29</b>	<b>155</b>

All items derive from continuing operations.

There were no recognised gains and losses other than those shown in the profit and loss account for the current and preceding financial years.

The notes on pages 9 to 13 form part of these financial statements.

**Reconciliation of movements in shareholder's funds**  
*for the year ended 31 December 2013*

	<b>2013</b> <b>£000</b>	<b>2012</b> <b>£000</b>
<b>Profit for the financial year</b>	<b>29</b>	<b>155</b>
<b>Retained profit</b>	<b>29</b>	<b>155</b>
Opening shareholder's funds	<b>361</b>	<b>206</b>
<b>Closing shareholder's funds</b>	<b>390</b>	<b>361</b>

The notes on pages 9 to 13 form part of these financial statements.

**Balance sheet**  
*at 31 December 2013*

	<i>Note</i>	<b>2013</b> £000	£000	<b>2012</b> £000	£000
<b>Fixed assets</b>					
Tangible assets	5		10		10
<b>Current assets</b>					
Stock	6	208			
Debtors	7	2,940		3,121	
		<u>3,148</u>		<u>3,121</u>	
<b>Creditors: amounts falling due within one year</b>	8	<b>(2,768)</b>		<b>(2,770)</b>	
<b>Net current assets</b>			<b>380</b>		<b>351</b>
<b>Net assets</b>			<b>390</b>		<b>361</b>
<b>Capital and reserves</b>					
Called up share capital	9				
Profit and loss account	10		390		361
<b>Shareholder's funds</b>			<b>390</b>		<b>361</b>

The notes from pages 9 to 13 form a part of the financial statements.

These financial statements were approved by the board of directors on 18 June 2014 and were signed on its behalf by:



**David Duncan**  
*Director*  
Company Number: 03425314

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements except as noted below.

#### Basis of preparation

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

The Company is exempt from the requirement of FRS 1 (revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Grove Limited and its cash flows are included within the consolidated cash flow statement of that company.

As the Company is a wholly owned subsidiary of Grove Limited the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties). The consolidated financial statements of Grove Limited, within which the Company is included, can be obtained from the address in note 13.

#### Going Concern

The company has net assets together with long term support from Group. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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

Group companies have confirmed that amounts owed to group undertakings will not be demanded within the next year.

#### Tangible fixed assets and depreciation

No depreciation is provided on freehold land.

#### Turnover

Turnover relates to the income received from the sale of close care units, and arises entirely in the United Kingdom.

Where a lease is granted in respect of property, revenue is recognised where the risks and rewards of ownership are transferred to the lessee.

#### Stocks

Stocks are stated at the lower of cost and net realisable value.

Close care units are classified as assets held for resale and are stated at the lower of cost and net realisable value. Costs are expenditure incurred in acquiring the close care units and bringing them to their existing condition. Net realisable value is the estimated selling price less the estimated costs of completion and selling expenses

## Notes (continued)

### 1 Accounting Policies (continued)

#### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### 2 Profit on ordinary activities before taxation

The remuneration of the auditor in the current year was borne by another Group Company. The amount above is management's best estimate of the proportion relating to this company. An estimate of the fee in relation to the company is £4,000 (2012:£4,000)

### 3 Remuneration of directors

The Company had no employees other than directors (2012:nil). The directors received no emoluments for services to the Company during the year (2012 :£nil) The directors received remuneration for services to Barchester Healthcare Limited of which Barchester Assisted Living Properties (Southgate) Limited is a subsidiary undertaking, however, the proportion attributable to their services to Barchester Assisted Living Properties (Southgate) Limited is not separately identifiable.

**Notes (continued)**

**4 Tax on profit on ordinary activities**

	2013 £000	2012 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	-

*Factors affecting the tax charge for the current year*

The current tax charge for the year is lower (2012: lower) than the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below.

	2013 £000	2012 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	29	155
Current tax at 23.25% (2012: : 24.5%)	38	38
<i>Effects of:</i>		
Group relief	(39)	(39)
Transfer pricing adjustment	1	1
Total current tax charge (see above)	-	-

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2013 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

## Notes (continued)

### 5 Tangible Fixed assets

	Freehold land and buildings £000
<b>Cost</b>	
At beginning of year and end of year	10
<b>Depreciation</b>	
At beginning of year and end of the year	-
<b>Net book value</b>	
At 31 December 2013	10
At 31 December 2012	10

Included in the above is £10,000 of land, which is not depreciated (2012: 10,000).

### 6 Stock

	2013 £000	2012 £000
Assets held for resale	208	-
	<u>208</u>	<u>-</u>

Stock comprises close care units which have been developed by the company and are held for resale.

### 7 Debtors

	2013 £000	2012 £000
<b>Due within one year:</b>		
Amounts owed by group undertakings	2,940	3,121
	<u>2,940</u>	<u>3,121</u>

Amounts due from group undertakings stated above are legally due on demand and thus recoverable within one year. It is not expected that the demand would be made or that these amounts will be recovered in the next year.

### 8 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to group undertakings	2,768	2,768
Other creditors	-	2
	<u>2,768</u>	<u>2,770</u>

The amounts due to group undertakings are legally due on demand and are thus payable within one year, although it is not expected that these amounts will be payable in the next year.

**Notes (continued)**

**9 Called up share capital**

	2013 £000	2012 £000
Allotted, called up and fully paid 2 ordinary shares of £1 each	2	2

**10 Reserves**

	Total £000
At the beginning of the year	361
Profit for the year	29
<b>At end of year</b>	<b>390</b>

**11 Contingent liabilities**

The Company has sold retirement apartments under arrangements which entitle the purchaser to require repurchase of the apartments, in certain circumstances, at the higher of a discount to the cost or a discount to the market value. As at 31 December 2013 the total repurchase commitment notified to the company was £434,250 (2012: £nil) and the total potential obligation is estimated at £3,414,604 (2012: £3,947,850). The directors do not estimate any impairment of the recoverable value of the underlying properties and consequently are of the opinion that no loss should accrue to the Company in the event that the repurchase commitment crystallises.

**12 Related Party Disclosures**

The Company is controlled by Barchester Healthcare Limited, by which it is 100% owned. The ultimate controlling party is Grove Limited which is the Company's ultimate parent undertaking.

The Company has taken advantage of the exemption conferred by FRS 8 and does not disclose transactions with its related parties.

**13 Immediate and ultimate parent undertaking**

The Company is a wholly owned subsidiary undertaking of Barchester Healthcare Homes Limited, a company incorporated in England and Wales.

The Company's ultimate parent undertaking is Grove Limited, a company incorporated and registered in Jersey.

The smallest group in which the results of the Company are consolidated is that headed by Barchester Healthcare Limited. The largest group in which the results of the Company are consolidated is that headed by Grove Limited. The consolidated accounts of Grove Limited are available to the public and may be obtained from [www.jerseyfsc.org](http://www.jerseyfsc.org).