

Registration number: 02295559

CW Residential Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2016

Kreston Reeves LLP
Chartered Accountants
A2 Yeoman Gate
Yeoman Way
Worthing
West Sussex
BN13 3QZ



CW Residential Limited

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CW Residential Limited

Company Information

Chairman	G D Pearce
Directors	G D Pearce J C Turnbull K M Rose
Registered office	150 Aldersgate Street London EC1A 4AB
Auditor	Kreston Reeves LLP Chartered Accountants A2 Yeoman Gate Yeoman Way Worthing West Sussex BN13 3QZ

CW Residential Limited

Chairman's Statement for the Year ended 31 December 2015

Dear Shareholder,

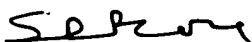
The group's audited accounts for the 12 month period ended 31 December 2016 are enclosed. Included with the accounts is a notice of the annual general meeting to be held at 25 Moorgate, London EC2R 6AY at 11am on 13 July 2017.

Rhymecare Limited, the group's main operating company, has seen operating profits before tax decline by 7% from £393,000 to £366,000. This has reflected increases in wage costs and a decline in occupancy in December. Trading has remained difficult in the first quarter of 2017 but is on an improving trend.

In early 2016 Rhymecare Limited received planning permission for the construction of a 32 bed dementia unit on land it owns adjacent to its existing home in Pulborough, West Sussex. Since then it has successfully sought amendments to the permission to improve its viability and we continue to work closely with the management of Rhymecare Limited to determine the best way to capitalise on this opportunity.

The fair value of the company's freehold land and buildings was revalued on 31 December 2016 by an independent valuer as set out in note 12 to the accounts. Incorporating this valuation, net assets per share rose by 6% to 153 pence at the balance sheet date.

Yours sincerely,



.....
Gareth Pearce
Chairman

CW Residential Limited

Strategic Report for the Year Ended 31 December 2016

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

Fair review of the business

The trading results of the year are shown on page 9 of the financial statements.

The consolidated profit for the year after taxation amounted to £187,435 (2015 - £194,947). The directors did not declare an interim dividend (2015 - £nil). The directors do not propose the payment of a final dividend.

The company's key financial and other performance indicators during the year were as follows:

	Unit	2016	2015
Turnover	£	2,448,421	2,349,796
Profit before tax	£	254,958	253,847
Gross profit	£	806,794	792,189
Gross profit %		33	34

Principal risks and uncertainties

The principal current assets of the business, other than stock and properties held for sale, are cash or assets that are convertible to cash within a short period of time. Therefore, the principal financial instruments employed by the group are cash and investments. The directors monitor the working capital cycle to ensure there are sufficient cash resources to meet the group's current and future needs.

The group's income consists of:

- care fees for the provision of residual and nursing services;
- rent and service charges receivable, based on rental agreements with tenants which are managed by an external property manager; and
- proceeds from sales of development and investment properties, which are in accordance with contractual agreements and are received prior to title passing to purchasers. The receipt of funds prior to the title passing to purchasers reduces the credit risk to the group.

The residential care and nursing home business carried on by Rhymecare Ltd is also exposed to internal and external risks, the main ones being:

Fee levels:

The level of funding from both NHS and the local authorities is under review and although recent legal decisions may restrict the right of authorities to withdraw or reduce funding for existing clients, the extent of and range of the review is likely to restrict funds available for future clients. Rhymecare Ltd will continue to look for clients who can personally fund their care.

Labour shortage and increased wage demand:

There remains a shortage of available labour that is given emphasis by the reduction of foreign labour being allowed to enter the market. Rhymecare Ltd maintains a high profile in the local employment market and uses agency staff associated with Rhymecare Ltd to supplement its own resources.

CW Residential Limited

Strategic Report for the Year Ended 31 December 2016

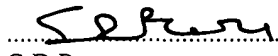
Objectives and policies

The company's fundamental strategic objective is to return capital to the shareholders when this can be done in a way that maximises shareholder value.

Investments:

The company's controlling interest in Rhymecare Ltd remains its principal asset. Rhymecare Ltd reported an decrease of 4% in profit before tax to £355,200 (2015 - £369,227). Rhymecare Ltd's senior management own nearly all of the equity not owned by the group. We continue to work closely with them to seek opportunities to maximise shareholder value.

Approved by the Board on 25/5/17 and signed on its behalf by:


.....
G D Pearce
Chairman

CW Residential Limited

Directors' Report for the Year Ended 31 December 2016

The directors present their report and the for the year ended 31 December 2016.

Principal activity

The principal activity of the Group is that of the operation of residential care and nursing homes.

Directors of the group

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

G D Pearce - Chairman

J C Turnbull

K M Rose

Disclosure of information to the auditor

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

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Kreston Reeves LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 25/5/17 and signed on its behalf by:



.....
G D Pearce
Chairman

CW Residential Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CW Residential Limited

Independent Auditor's Report to the Members of CW Residential Limited

We have audited the financial statements of CW Residential Limited for the year ended 31 December 2016, set out on pages 9 to 31. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 Statement of Directors' Responsibilities (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 (APB's) Ethical Standards for Auditors to the financial statements.

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 the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

CW Residential Limited

Independent Auditor's Report to the Members of CW Residential Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

(Kreston Reeves LLP)

Stephen Kirkham FCA (Senior Statutory Auditor)
For and on behalf of Kreston Reeves LLP, Statutory Auditor

A2 Yeoman Gate
Yeoman Way
Worthing
West Sussex
BN13 3QZ

Date: *30 May 2017*

CW Residential Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Revenue	3	2,448,421	2,349,796
Cost of sales		<u>(1,641,627)</u>	<u>(1,557,607)</u>
Gross profit		806,794	792,189
Administrative expenses		<u>(540,242)</u>	<u>(515,398)</u>
Operating profit	5	<u>266,552</u>	<u>276,791</u>
Other interest receivable and similar income	6	12,829	922
Interest payable and similar charges	7	<u>(24,423)</u>	<u>(23,866)</u>
		<u>(11,594)</u>	<u>(22,944)</u>
Profit before tax		254,958	253,847
Taxation	11	<u>(67,523)</u>	<u>(58,900)</u>
Profit for the financial year		<u>187,435</u>	<u>194,947</u>
Profit attributable to:			
Owners of the company		90,158	93,812
Minority interests		<u>97,277</u>	<u>101,135</u>
		<u>187,435</u>	<u>194,947</u>

The notes on pages 18 to 31 form an integral part of these financial statements.

CW Residential Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Profit for the year		187,435	194,947
Surplus on property, plant and equipment revaluation		<u>236,250</u>	<u>106,051</u>
Total comprehensive income for the year		<u><u>423,685</u></u>	<u><u>300,998</u></u>
Total comprehensive income attributable to:			
Owners of the company		243,484	162,639
Minority interests		<u>180,201</u>	<u>138,359</u>
		<u><u>423,685</u></u>	<u><u>300,998</u></u>

The notes on pages 18 to 31 form an integral part of these financial statements.

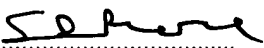
CW Residential Limited

(Registration number: 02295559)

Consolidated Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Tangible assets	12	6,300,000	5,850,000
Investment property	13	<u>85,000</u>	<u>85,000</u>
		<u>6,385,000</u>	<u>5,935,000</u>
Current assets			
Stocks	15	5,000	5,000
Debtors	16	100,069	115,577
Cash at bank and in hand		<u>1,190,519</u>	<u>1,295,009</u>
		1,295,588	1,415,586
Creditors: Amounts falling due within one year	18	<u>(487,310)</u>	<u>(496,344)</u>
Net current assets		<u>808,278</u>	<u>919,242</u>
Total assets less current liabilities		7,193,278	6,854,242
Creditors: Amounts falling due after more than one year	18	<u>(736,977)</u>	<u>(821,626)</u>
Net assets		<u>6,456,301</u>	<u>6,032,616</u>
Capital and reserves			
Called up share capital		137,654	137,654
Share premium reserve		535,207	535,207
Capital redemption reserve		802,211	802,211
Revaluation reserve		2,428,189	2,274,863
Profit and loss account		<u>297,804</u>	<u>207,646</u>
Equity attributable to owners of the company		4,201,065	3,957,581
Minority interests		<u>2,255,236</u>	<u>2,075,035</u>
Total equity		<u>6,456,301</u>	<u>6,032,616</u>

Approved and authorised for issue by the Board on 25/5/17 and signed on its behalf by:



G D Pearce

Chairman

The notes on pages 18 to 31 form an integral part of these financial statements.

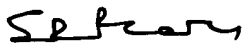
CW Residential Limited

(Registration number: 02295559)
Balance Sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Investment property	13	85,000	85,000
Investments	14	<u>2,273,228</u>	<u>2,273,228</u>
		<u>2,358,228</u>	<u>2,358,228</u>
Current assets			
Debtors	16	7,388	2,026
Cash at bank and in hand		<u>219,537</u>	<u>293,284</u>
		226,925	295,310
Creditors: Amounts falling due within one year	18	<u>(83,721)</u>	<u>(48,498)</u>
Net current assets		<u>143,204</u>	<u>246,812</u>
Net assets		<u>2,501,432</u>	<u>2,605,040</u>
Capital and reserves			
Called up share capital		137,654	137,654
Share premium reserve		535,207	535,207
Capital redemption reserve		802,211	802,211
Revaluation reserve		59,251	59,251
Profit and loss account		<u>967,109</u>	<u>1,070,717</u>
Total equity		<u>2,501,432</u>	<u>2,605,040</u>

The company made a loss after tax for the financial year of £103,608 (2015 - loss of £75,613).

Approved and authorised by the Board on 25/5/17 and signed on its behalf by:



G D Pearce
Chairman

CW Residential Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2016
Equity attributable to the parent company

	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total £	Non- controlling interests £	Total equity £
At 1 January 2016	137,654	535,207	802,211	2,274,863	207,646	3,957,581	2,075,035	6,032,616
Profit for the year	-	-	-	-	90,158	90,158	97,277	187,435
Other comprehensive income	-	-	-	153,326	-	153,326	82,924	236,250
Total comprehensive income	-	-	-	153,326	90,158	243,484	180,201	423,685
At 31 December 2016	137,654	535,207	802,211	2,428,189	297,804	4,201,065	2,255,236	6,456,301

The notes on pages 18 to 31 form an integral part of these financial statements.
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CW Residential Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2016
Equity attributable to the parent company

	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total £	Non- controlling interests £	Total equity £
At 1 January 2015	1,376,539	535,207	802,211	2,441,972	(138,230)	5,017,699	1,936,676	6,954,375
Profit for the year	-	-	-	-	93,812	93,812	101,135	194,947
Other comprehensive income	-	-	-	68,827	-	68,827	37,224	106,051
Total comprehensive income	-	-	-	68,827	93,812	162,639	138,359	300,998
Dividends written back	-	-	-	-	16,128	16,128	-	16,128
Capital reduction	(1,238,885)	-	-	-	-	(1,238,885)	-	(1,238,885)
Transfers	-	-	-	(235,936)	235,936	-	-	-
At 31 December 2015	137,654	535,207	802,211	2,274,863	207,646	3,957,581	2,075,035	6,032,616

The notes on pages 18 to 31 form an integral part of these financial statements.
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CW Residential Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2016	137,654	535,207	802,211	59,251	1,070,717	2,605,040
Loss for the year	-	-	-	-	(103,608)	(103,608)
Total comprehensive income	-	-	-	-	(103,608)	(103,608)
At 31 December 2016	137,654	535,207	802,211	59,251	967,109	2,501,432

The notes on pages 18 to 31 form an integral part of these financial statements.
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CW Residential Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

	Share capital £	Share premium £	Capital redemption reserve £	Revaluation reserve £	Profit and loss account £	Total £
At 1 January 2015	1,376,539	535,207	802,211	105,299	1,084,154	3,903,410
Loss for the year	-	-	-	-	(75,613)	(75,613)
Total comprehensive income	-	-	-	-	(75,613)	(75,613)
Dividends written back	-	-	-	-	16,128	16,128
Capital reduction	(1,238,885)	-	-	-	-	(1,238,885)
Transfers	-	-	-	(46,048)	46,048	-
At 31 December 2015	137,654	535,207	802,211	59,251	1,070,717	2,605,040

The notes on pages 18 to 31 form an integral part of these financial statements.
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CW Residential Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Profit for the year		187,435	194,947
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	5	46,000	44,242
Profit on disposal of tangible assets	4	-	(11,480)
Loss from disposals of investments	4	-	2,708
Finance income	6	(12,829)	(922)
Finance costs	7	24,423	23,866
Corporation tax		67,523	58,900
		<u>312,552</u>	<u>312,261</u>
Working capital adjustments			
Decrease/(increase) in trade debtors	16	15,508	(31,369)
Increase in trade creditors	18	11,479	24,926
		<u>339,539</u>	<u>305,818</u>
Cash generated from operations			
Income taxes paid		(83,248)	(124,078)
Net cash flow from operating activities		<u>256,291</u>	<u>181,740</u>
Cash flows from investing activities			
Interest received		12,829	922
Acquisitions of tangible assets		(259,750)	(263,191)
Proceeds from sale of tangible assets		-	499,242
		<u>(246,921)</u>	<u>236,973</u>
Net cash flows from investing activities			
Cash flows from financing activities			
Interest paid	7	(24,423)	(23,866)
Proceeds from bank borrowing draw downs		-	81,428
Repayment of bank borrowing		(83,795)	-
Capital reduction		-	(1,238,885)
		<u>(108,218)</u>	<u>(1,181,323)</u>
Net cash flows from financing activities			
Net decrease in cash and cash equivalents		(98,848)	(762,610)
Cash and cash equivalents at 1 January		1,248,768	2,011,378
Cash and cash equivalents at 31 December		<u>1,149,920</u>	<u>1,248,768</u>

The notes on pages 18 to 31 form an integral part of these financial statements.

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

150 Aldersgate Street

London

EC1A 4AB

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

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

Basis of preparation

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

These financial statements have been prepared using a presentational currency of pound sterling, rounded to the nearest pound.

Basis of consolidation

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

No profit and loss account is presented for the company as permitted by Section 408 of the Companies Act 2006. Its loss for the financial year was £103,608 (2015 - £75,613).

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

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

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

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

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

Going concern

The financial statements have been prepared on a going concern basis.

Revenue recognition

Turnover represents the total amount receivable by the group for services provided in the ordinary course of business and the fair value of the right to consideration in exchange for the performance of its contractual obligations, net of value added tax.

Rental income on investment properties is accounted for on a straight-line basis on the lease term on on-going leases.

Tax

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

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

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's financial statements. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation

Freehold property is revalued annually. Any increase arising on the revaluation is credited to the revaluation reserve. Following revaluation, the company provides depreciation on a basis so as to write off that part of the valuation considered to relate to buildings over their effective commercial life.

The rate of depreciation used is 2% per annum.

The carrying values of the properties are reviewed for impairment when there is indication that they may be impaired.

Investment property

Investment property is carried at fair value, derived from the current market prices for comparable real estate determined annually by external valuers. The valuers use observable market prices, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in profit or loss.

Business combinations

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

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Investments

Current asset investments are held at fair value.

Cash and cash equivalents

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

Debtors

Trade debtors are amounts due from residents from services provided in the ordinary course of business.

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

Creditors

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

Borrowings

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

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

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

Leases

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

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

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

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Defined contribution pension obligation

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

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

Financial instruments

Classification

Financial instruments are classified and accounted for according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments.

Recognition and measurement

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the group is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

3 Revenue

The analysis of the group's revenue for the year from continuing operations is as follows:

	2016 £	2015 £
Fees receivable	2,433,346	2,335,439
Other income	15,075	14,357
	<u>2,448,421</u>	<u>2,349,796</u>

4 Other gains and losses

The analysis of the group's other gains and losses for the year is as follows:

	2016 £	2015 £
Gain on disposal of property, plant and equipment	-	11,480
Loss from disposals of investments	-	(2,708)
	<u>-</u>	<u>8,772</u>

5 Operating profit

Arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation expense	46,000	44,242
Profit on disposal of property, plant and equipment	<u>-</u>	<u>(11,480)</u>

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

6 Other interest receivable and similar income

	2016 £	2015 £
Interest income on investments	-	516
Interest income on bank deposits	12,496	406
Other finance income	333	-
	<u>12,829</u>	<u>922</u>

7 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and borrowings	24,338	23,830
Interest expense on other finance liabilities	85	36
	<u>24,423</u>	<u>23,866</u>

8 Staff costs

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

	2016 £	2015 £
Wages and salaries	1,249,005	1,200,405
Social security costs	93,339	83,799
Pension costs, defined contribution scheme	37,102	30,693
Other employee expense	28,000	-
	<u>1,407,446</u>	<u>1,314,897</u>

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

	2016 No.	2015 No.
Production	68	67
Administration and support	7	7
	<u>75</u>	<u>74</u>

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	<u>65,500</u>	<u>66,333</u>

10 Auditors' remuneration

	2016 £	2015 £
Audit of these financial statements	<u>14,953</u>	<u>23,220</u>
Other fees to auditors		
All other non-audit services	<u>10,425</u>	<u>11,149</u>

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

11 Taxation

Tax charged/(credited) in the income statement

	2016 £	2015 £
Current taxation		
UK corporation tax	81,707	96,109
UK corporation tax adjustment to prior periods	<u>(14,184)</u>	<u>(37,209)</u>
	<u>67,523</u>	<u>58,900</u>

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

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	<u>254,958</u>	<u>253,847</u>
Corporation tax at standard rate	60,191	50,769
Increase (decrease) from effect of different UK tax rates on some earnings	-	(1,027)
Effect of expense not deductible in determining taxable profit (tax loss)	5,760	2,230
Effect of tax losses utilised	20,049	(60,297)
Adjustment in respect of previous years	(14,184)	(37,107)
Tax increase (decrease) from effect of capital allowances and depreciation	(4,316)	5,296
Chargeable gains	-	84,643
Other timing differences	<u>23</u>	<u>14,393</u>
Total tax charge	<u>67,523</u>	<u>58,900</u>

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

12 Tangible assets

Group

	Freehold land and buildings £	Total £
Cost or valuation		
At 1 January 2016	5,850,000	5,850,000
Revaluations	190,250	190,250
Additions	259,750	259,750
At 31 December 2016	<u>6,300,000</u>	<u>6,300,000</u>
Depreciation		
Charge for the year	46,000	46,000
Adjustment on revaluation	<u>(46,000)</u>	<u>(46,000)</u>
At 31 December 2016	<u>-</u>	<u>-</u>
Carrying amount		
At 31 December 2016	<u>6,300,000</u>	<u>6,300,000</u>
At 31 December 2015	<u>5,850,000</u>	<u>5,850,000</u>

Included within the net book value of land and buildings above is £6,300,000 (2015 - £5,850,000) in respect of freehold land and buildings.

Revaluation

The fair value of the company's freehold land and buildings was revalued on 31 December 2016 by an independent valuer, Henry Harris BSc (Hons) MRICS, a RICS Registered Valuer, who is also a Director of Lambert Smith Hampton.

The basis of this valuation was that of a multiple of sustainable EBITDA after adjustment for internally generated goodwill.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £3,748,868 (2015 - £3,535,118).

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

13 Investment properties

Group

	2016 £
At 1 January 2016 and 31 December 2016	<u>85,000</u>

Company

	2016 £
At 1 January 2016 and 31 December 2016	<u>85,000</u>

Group and company

The investment properties class of fixed assets was revalued on 31 December 2014 by Thomas Brown Ltd, a company which is external to the Group. The basis of this valuation was the market value of the freehold held by the company as at 31 December 2014. The directors do not consider the market value of the freehold to have changed significantly as at 31 December 2016. This class of assets has a current value of £85,000 (2015: £85,000) and a carrying amount at historical cost of £25,749 (2015: £25,749). The depreciation on this historical cost is £1,545 (2015: £1,545).

14 Investments

Company

	2016 £	2015 £
Investments in subsidiaries	<u>2,273,228</u>	<u>2,273,228</u>

Subsidiaries

Cost

At 1 January 2016 and 31 December 2016	<u>2,273,228</u>
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Carrying amount

At 31 December 2016	<u>2,273,228</u>
At 31 December 2015	<u>2,273,228</u>

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

Details of undertakings

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

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2016	2015
Subsidiary undertakings				
Rhymecare Limited	England and Wales	Ordinary shares	64.9%	64.9%
Rhymecare Holdings Limited	England and Wales	Ordinary shares	64.9%	64.9%
CW Properties Limited	England and Wales	Ordinary shares	100%	100%

The principal activity of Rhymecare Limited is the operation of residential care and nursing homes.

The principal activity of Rhymecare Holdings Limited is as the holding company of the subsidiary Rhymecare Limited.

The principal activity of CW Properties Limited is the development, ownership and letting of residential properties.

The profit for the financial period of Rhymecare Limited was £277,143 and the aggregate amount of capital and reserves at the end of the period was £6,272,307.

The profit for the financial period of Rhymecare Holdings Limited was £- and the aggregate amount of capital and reserves at the end of the period was £697,210.

The loss for the financial period of CW Properties Limited was £8,300 and the aggregate amount of capital and reserves at the end of the period was £(425,315).

15 Stocks

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Food inventories	5,000	5,000	-	-

16 Debtors

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	42,968	41,913	-	43
Other debtors	57,101	73,664	7,388	1,983
Total current trade and other debtors	100,069	115,577	7,388	2,026

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

17. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Cash at bank	220,678	294,425	219,537	293,284
Short-term deposits	969,841	1,000,584	-	-
	<u>1,190,519</u>	<u>1,295,009</u>	<u>219,537</u>	<u>293,284</u>
Bank overdrafts	(40,599)	(46,241)	-	-
Cash and cash equivalents in statement of cash flows	<u>1,149,920</u>	<u>1,248,768</u>	<u>219,537</u>	<u>293,284</u>

18 Creditors

		Group		Company	
	Note	2016	2015	2016	2015
		£	£	£	£
Due within one year					
Loans and borrowings	21	125,094	129,881	-	-
Trade creditors		50,427	37,460	-	-
Amounts due to related parties		2,140	2,595	2,140	2,595
Social security and other taxes		27,099	23,741	-	-
Outstanding defined contribution pension costs		1,796	-	-	-
Other payables		63,085	35,693	59,854	13,499
Accrued expenses		122,735	156,315	8,500	19,177
Corporation tax liability	11	81,707	97,432	-	-
Unclaimed dividends payable		13,227	13,227	13,227	13,227
		<u>487,310</u>	<u>496,344</u>	<u>83,721</u>	<u>48,498</u>
Due after one year					
Loans and borrowings	21	<u>736,977</u>	<u>821,626</u>	<u>-</u>	<u>-</u>

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

19 Pension and other schemes

Defined contribution pension scheme

Rhymecare Limited operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by Rhymecare Limited to the scheme and amounted to £37,102 (2015 - £30,693).

Contributions totalling £(1,796) (2015 - £Nil) were payable to the scheme at the end of the year and are included in creditors.

20 Share capital

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £0.05 each	<u>2,753,078</u>	<u>137,653.90</u>	<u>2,753,078</u>	<u>137,653.90</u>

CW Residential Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

21 Loans and borrowings

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Non-current loans and borrowings				
Bank borrowings	<u>736,977</u>	<u>821,626</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Current loans and borrowings				
Bank borrowings	84,495	83,640	-	-
Bank overdrafts	<u>40,599</u>	<u>46,241</u>	<u>-</u>	<u>-</u>
	<u>125,094</u>	<u>129,881</u>	<u>-</u>	<u>-</u>

Group

The bank loans and borrowings are with Lloyds TSB and are secured by a first legal charge over the freehold land and buildings together with an unlimited debenture and an unlimited all monies guarantee from Rhymecare Holdings Limited. The interest chargeable is on the net balance at rates between 1.75% and 3.60% over the bank base rate. The bank loan final instalment dates are May 2024, June 2027 and September 2027.

22 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2016	2015
	£	£
Not later than one year	1,357	1,357
Later than one year and not later than five years	<u>3,053</u>	<u>4,410</u>
	<u>4,410</u>	<u>5,767</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,357 (2015 - £1,018).

23 Dividends

The directors are not proposing the payment of an interim or final dividend (2015 - £Nil).

24 Key management personnel

Key management personnel are deemed to be the Directors of the company, and total remuneration has been disclosed in note 9.