

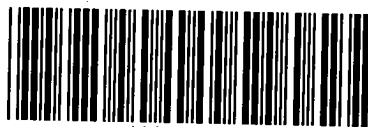
Evedale Care Home Limited

**Directors' report and financial
statements**

Registered number 03424776

31 December 2013

TUESDAY



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Directors' report

The directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2013.

Principal activity and business review

During the year the company ceased to trade. The directors anticipate that in future years the only income will be from interest received.

Business review

The directors are satisfied with the results for the year.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. With this in mind, the directors have formally considered and concluded that the preparation of the financial statements on a going concern basis is appropriate. Further details are shown in the "Basis of preparation" section of note 1 to the financial statements.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (2012: £nil).

Directors

The directors during the year under review were:

P Calveley (resigned 4 November 2013)
D J Kay
M C Royston (appointed 13 December 2013)
I Smith (appointed 4 November 2013)
B R Taberner

Details of ultimate ownership

The ultimate parent undertaking is Terra Firma Holdings Limited, an entity incorporated in Guernsey.

Disclosure of information to auditor

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

Auditor

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

By order of the board


D J Kay
Director

Norcliffe House
Station Road
Wilmslow
Cheshire
SK9 1BU

29 September 2014

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

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 UK 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 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 accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

KPMG LLP

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Evedale Care Home Limited

We have audited the financial statements of Evedale Care Home Limited for the year ended 31 December 2013 set out on pages 5 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 2, 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 to express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report 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 Evedale Care Home 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; or
- the directors were not entitled to take advantage of the small companies exemption in not preparing a strategic report.

Nicola Quayle

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

29 September 2014

Profit and loss account
for the year ended 31 December 2013

	<i>Note</i>	2013 £000	2012 £000
Operating result		-	-
Exceptional expenses	5	-	(1,363)
Interest receivable from group undertakings	6	27	25
Interest payable and similar charges	7	(43)	(43)
Loss on ordinary activities before taxation	2	(16)	(1,381)
Tax on loss on ordinary activities	8	-	-
Loss on ordinary activities after taxation	13	(16)	(1,381)

The company has no recognised gains or losses in the current or prior period other than those reported above.

All amounts relate to continuing operations.

The financial statements include the notes on pages 8 to 13.

Balance sheet
at 31 December 2013

	<i>Note</i>	2013	2012
		£000	£000
Current assets			
Debtors	9	2,272	2,213
Creditors: amounts falling due within one year	10	<u>(1,456)</u>	<u>(1,381)</u>
Net current assets		816	832
Total assets less current liabilities		816	832
Creditors: amounts falling due after more than one year	11	(425)	(425)
Net assets		391	407
Capital and reserves			
Called up share capital	12	162	162
Share premium account	13	728	728
Other reserves	13	11	11
Profit and loss account	13	<u>(510)</u>	<u>(494)</u>
Shareholder's funds		391	407

The financial statements include the notes on pages 8 to 13.

These financial statements were approved by the board of directors on 29 September 2014 and were signed on its behalf by:

B. R. Taberner

B R Taberner
Director

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

	2013 £000	2012 £000
Opening shareholder's funds	407	1,788
Retained loss for the year	(16)	(1,381)
Closing shareholder's funds	391	407

The financial statements include the notes on pages 8 to 13.

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 financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost accounting rules and within the requirements of the Companies Act 2006.

Going concern

The company, together with its intermediate parent company Elli Investments Limited and fellow subsidiary undertakings (collectively the "Elli Investments group"), is party to a number of financing arrangements under which the company has provided guarantees. In July 2012, the Elli Investments group issued £350 million of senior secured notes which pay interest at 8.75%, and which are due for repayment in 2019, and £175 million of senior notes which pay interest at 12.25%, and which are due for repayment in 2020. In addition to the external debt, the group owes £270.7 million to related undertakings which accrues interest at 15% on a compounding basis and which is due for repayment in 2022. The group also has access to a £40 million revolving credit facility which is available until 2018. £15 million of this facility was drawn down at the year end and was repaid by the end of February 2014.

During the first quarter of 2014 Terra Firma provided an additional £50 million of equity which will be used by the Elli Investments group to fund both its capital expenditure programme and the increased costs associated with the group's strategic segmentation plan (see the consolidated financial statements of Elli Investments Limited for further detail).

The directors of Elli Investments Limited have prepared trading and cash flow forecasts for the Elli Investments group, including Evedale Care Home Limited, to September 2015 which, after adjustment for sensitivity analysis to incorporate the impact of reasonably foreseeable changes in trading and cash flow performance, and taking into account resources available to the group, show that it has sufficient funding and covenant headroom within its current financing arrangements.

Based on these forecasts, the directors of Evedale Care Home Limited have a reasonable expectation that the 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.

Related party transactions

The directors have taken advantage of the exemption in FRS 8, Paragraph 3(c) and as the company is a wholly owned subsidiary of FSHC Group Holdings Limited have not disclosed related party transactions with parent and fellow subsidiary undertakings.

Cash flow statement

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement as at 31 December 2013 it was a wholly owned subsidiary undertaking of FSHC Group Holdings Limited, and its cash flows are included within the consolidated cash flow statement of that company.

Leases

Operating lease rentals are charged to the profit and loss account on a systematic and rational basis over the period of the lease.

Notes (continued)

1 Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible assets are valued at cost less accumulated depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	- straight line basis over 45 years
Equipment and fixtures	- 20% per annum

No depreciation is provided on freehold land.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of tangible fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Notes(continued)

2 Loss on ordinary activities before taxation

The auditor's remuneration of £950 (2012: £950) for audit services was borne by another group undertaking. Amounts paid to the company's auditor in respect of services to the company, other than the audit of the company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

3 Staff numbers and costs

The company had no employees during the current or prior year.

4 Directors' and emoluments

The aggregate emoluments of directors were £nil (2012: £nil).

5 Exceptional items

Exceptional expenses in the prior year relate to the correction of a prior year depreciation charge.

6 Interest receivable from group undertakings

	2013 £000	2012 £000
Interest on intercompany balances	<u>27</u>	<u>25</u>

7 Interest payable and similar charges

	2013 £000	2012 £000
Finance costs on shares classified as liabilities	<u>43</u>	<u>43</u>

Notes(continued)

8 Taxation

Analysis of charge in the year

	2013 £000	2012 £000
Current tax:		
UK corporation tax	-	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Tax charge on loss on ordinary activities	-	-

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2012: *higher*) than the standard rate of corporation tax in the UK (23.25%, 2012: 24.5%) due principally to the availability of current year losses in other group companies. The differences are explained below.

	2013 £000	2012 £000
Loss on ordinary activities before tax	(16)	(1,381)
Current tax on loss at 23.25% (2012: 24.5%)	(4)	(338)
Effects of:		
Expenses not deductible for tax purposes	10	-
Group relief	(6)	338
Total current tax (see above)	-	-

Factors that may affect future current and total tax charge:

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 and reduce the deferred tax liability at 31 December 2013 which has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes(continued)

9 Debtors

	2013 £000	2012 £000
Amounts owed by group undertakings	<u>2,272</u>	<u>2,213</u>

The amounts due from group undertakings are unsecured and repayable on demand. Where applicable, interest is charged at 5%.

10 Creditors: amounts falling due within one year

	2013 £000	2012 £000
Amounts owed to group undertakings	1,308	1,231
Other creditors	148	150
	<u>1,456</u>	<u>1,381</u>

The amounts due to group undertakings are interest free, unsecured and repayable on demand.

11 Creditors: amounts falling due after one year

	2013 £000	2012 £000
Shares reclassified as liabilities – redeemable preference shares	<u>425</u>	<u>425</u>

12 Share capital

	2013 No. of shares	£000	2012 No. of shares	£000
<i>Issued and allotted</i>				
Ordinary shares of 50p each - fully paid	311,674	156	311,674	156
Ordinary shares of 50p each - unpaid	11,672	6	11,672	6
10% cumulative redeemable preference shares of £1 each	425,000	425	425,000	425
	<u>587</u>	<u>587</u>		
Shares classified as liabilities		425		425
Shares classified in shareholders' funds		162		162
		<u>587</u>		<u>587</u>

The preference shares do not carry any voting rights. On a distribution of assets on winding up or other return of capital, the surplus assets of the company remaining after payment of its liabilities shall be then applied to repay the paid up capital and any arrears of the cumulative dividends. The company has the right to redeem at any time all or any of the preference shares not previously redeemed.

Notes(continued)

13 Reserves

	Share Premium £000	Other reserves £000	Profit and loss account £000
At beginning of year	728	11	(494)
Loss for the financial year	-	-	(16)
At end of year	<u>728</u>	<u>11</u>	<u>(510)</u>

14 Contingent liabilities

The company, together with its parent and fellow subsidiary undertakings is party to a number of financing arrangements. The implications of this are explained more fully in note 1.

15 Ultimate parent company

The company's immediate parent company is FSHC Jersey Developments Limited, a company incorporated in Jersey.

The ultimate parent undertaking is Terra Firma Holdings Limited, an entity incorporated in Guernsey.

The largest group in which the results of the company are consolidated is that headed by FSHC Group Holdings Limited. The consolidated financial statements of this company are available to the public and may be obtained from Morgan Sharpe, Old Bank Chambers, La Grande Rue, St Martins, Guernsey, GY4 6RT.

The smallest group in which the results of the company are consolidated is that headed by Elli Investments Limited. The consolidated financial statements of this company are available to the public and may be obtained from Morgan Sharpe, Old Bank Chambers, La Grande Rue, St Martins, Guernsey, GY4 6RT.