

CLEARWATER CARE (GROUP) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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CLEARWATER CARE (GROUP) LIMITED

COMPANY INFORMATION

Directors	P J Arden M Ward
Registered number	05077107
Registered office	Jonen Building High Road Thornwood Commen Epping Essex CM16 6LP
Independent auditors	Smith Cooper Limited Chartered Accountants & Statutory Auditors St Helens House King Street Derby DE1 3EE
Bankers	Bank of Ireland Bow Bells House London EC4M 9BE

CLEARWATER CARE (GROUP) LIMITED

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CLEARWATER CARE (GROUP) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

Business review

The company's principal activity during the period was that of a management company. The principal activity of the subsidiary trading companies, Clearwater Care (Hackney) Limited is the provision of care to adults with learning difficulties.

Despite strong levels of occupancy across the group of circa 90%, profitability was impacted by a number of industry wide factors; in particular the tightening of labour markets and the new national living wage. Temporary labour costs were high in the period and since the year end significant improvements have been made particularly in recruiting full time staff.

After the year end we have closed our Brightlands care service. A sale has been agreed on the property.

Principal risks and uncertainties

The management of the business and the execution and the execution of the Group's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the Group are considered to relate to the continued provision of adequate funding and the on going compliance with legislation and interpretation of that legislation by referring authorities and the regulatory bodies

The Group reviews trading performance including monitoring cash flow on a regular basis to ensure that the loans across the group remain recoverable and to ensure that the bank borrowings continue to be serviced in accordance with the banking covenants. The business is in a highly regulated market where homes are liable to spot inspection by the Care Quality Commission. The business has a comprehensive set of policies and procedures to ensure that it manages the operational risk to the business, furthermore it carries out its own inspections to ensure that policies and procedures are being adhered to.

The Group has borrowed money to acquire its subsidiary undertakings. The loans from both the bank and from holders of the Clearwater Specialist Care Partners Limited loan notes exposes the Group to a number of financial risks, which are described in more detail below.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk and credit risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The Group's policy throughout the period has been to achieve this objective through management's day to day involvement in business decisions rather than through setting maximum or minimum liquidity ratios. Debtors are regularly reviewed to ensure that liquidity is maintained.

Interest rate risk

The Group finances its operations through bank funding, loan notes and retained profits. The interest rate exposure of the financial assets and liabilities of the Group as at 31 March is shown in the balance sheet. The balance sheet includes trade debtors and creditors which do not attract interest and are therefore not subject to interest rate risk.

Credit risk

The Group's principal financial assets are cash and trade debtors. The credit risk associated with debtors is limited as they are usually local authorities. Debtors are regularly reviewed to ensure that payment schedules from local authorities are being adhered to.

CLEARWATER CARE (GROUP) LIMITED

**STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2016
Other key performance indicators**

As part of the management accounts, the Directors use Key Performance Indicators (KPI's) to assist in the understanding of the development and performance of the Group. The main KPI used in the business is the overall occupancy.

This report was approved by the board on 27th October 2016 and signed on its behalf.


P J Arden
Director

CLEARWATER CARE (GROUP) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

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 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 financial statements and then apply them consistently;
- make judgments 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 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.

Principal activity

the Company's principal activity is holding company.

Directors

The directors who served during the year were:

P J Arden
M Ward

Financial instruments

The Company's policy on financial instruments is covered within the Strategic Report.

Disclosure of information to auditors

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

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that 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 auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

CLEARWATER CARE (GROUP) LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016**

Auditors

Under section 487(2) of the Companies Act 2006, Smith Cooper Limited will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on *27th October 2016* and signed on its behalf.



P J Arden
Director

CLEARWATER CARE (GROUP) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CLEARWATER CARE (GROUP) LIMITED

We have audited the financial statements of Clearwater Care (Group) Limited for the year ended 31 March 2016, set out on pages 7 to 12. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the 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'.

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 Auditors' 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 Auditors

As explained more fully in the Directors' responsibilities statement on page 3, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit or loss 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 the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those accounts. 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.

CLEARWATER CARE (GROUP) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CLEARWATER CARE (GROUP) 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.

Janet Morgan (Senior statutory auditor)
for and on behalf of
Smith Cooper Limited
Chartered Accountants & Statutory Auditors
St Helens House
King Street
Derby
DE1 3EE
Date: 27th October 2016

CLEARWATER CARE (GROUP) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2016**

Profit for the year

The Company has not traded during the year or the preceding financial year. During these periods, the Company received no income and incurred no expenditure and therefore made neither profit or loss.

**BALANCE SHEET
AS AT 31 MARCH 2016**

	Note	£	2016 £	2015 £
Fixed assets				
Investments	6		1	1
Current assets				
Debtors	7	305,064	305,064	
Total assets less current liabilities			305,065	305,065
Net assets			305,065	305,065
Capital and reserves				
Called up share capital	8		10,000	10,000
Profit and loss account	9		295,065	295,065
			305,065	305,065

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

27th October 2016



P J Arden
Director

The notes on pages 9 to 12 form part of these financial statements.

CLEARWATER CARE (GROUP) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	10,000	295,065	305,065
	<hr/>	<hr/>	<hr/>
At 31 March 2016	10,000	295,065	305,065
	<hr/>	<hr/>	<hr/>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2014	10,000	295,065	305,065
	<hr/>	<hr/>	<hr/>
At 31 March 2015	10,000	295,065	305,065
	<hr/>	<hr/>	<hr/>

The notes on pages 9 to 12 form part of these financial statements.

CLEARWATER CARE (GROUP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. General information

The Company is a limited company and is incorporated in England and Wales and details of its registered office are set out in 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 and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company has taken advantage of exemption included within FRS 102 not to prepare a cash flow statement where the company is a subsidiary of a parent undertaking which prepares consolidated financial statements which include a cashflow statement and are publically available. Details of the parent undertaking are included in note 11.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The Company's functional and presentational currency is GBP.

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).

2.2 Going concern

After reviewing the Company's budgets, the directors have a reasonable expectation that the Company had adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

2.3 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

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. There are no key areas of judgment or estimates.

4. Auditors' remuneration

The audit costs for the years ended 31 March 2016 and 2015 have been borne by Clearwater Care (Hackney) Limited, a subsidiary undertaking.

CLEARWATER CARE (GROUP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

5. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2015 - £NIL).

6. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2015	1
	<hr/>
At 31 March 2016	1
	<hr/>
	<hr/>
At 31 March 2016	-
	<hr/>
Net book value	
At 31 March 2016	1
	<hr/>
At 31 March 2015	1
	<hr/>

CLEARWATER CARE (GROUP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

6. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Clearwater Care (Hackney) Limited	England & Wales	Ordinary	100 %	Provision of care services
Greenfield Close Residential Home Limited	England & Wales	Ordinary	100 %	Dormant
TLCare UK Limited	England & Wales	Ordinary	100 %	Provision of care services

The aggregate of the share capital and reserves as at 31 March 2016 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Clearwater Care (Hackney) Limited	(1,123,245)	(1,612,955)
Greenfield Close Residential Home Limited	200	-
TLCare UK Limited	154,669	511
	<u>(968,376)</u>	<u>(1,612,444)</u>

7. Debtors

	2016 £	2015 £
Due after more than one year		
Amounts owed by group undertakings	295,064	295,064
	<u>295,064</u>	<u>295,064</u>
Due within one year		
Called up share capital not paid	10,000	10,000
	<u>305,064</u>	<u>305,064</u>

CLEARWATER CARE (GROUP) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

8. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

9. Reserves

Profit and loss account

The profit and loss account consists of the Company's accumulated losses.

10. Related party transactions

The Company has taken advantage of the exemption available within the FRS102 not to disclose details of any transactions between itself and its fellow group undertakings on the basis that it is a subsidiary undertaking where 100% of the voting rights are controlled within the group whose consolidated financial statements are publicly available.

11. Controlling party

Clearwater Specialist Care Enterprise Limited is the immediate parent company. The directors consider that the ultimate parent undertaking of this company is Clearwater Specialist Care Group Limited, incorporated in England & Wales.

Clearwater Specialist Care Group Limited is the only parent undertaking to prepare consolidated financial statements. Copies of the group financial statements can be obtained from that company's registered office.

12. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.