

Registered number: 5550888

**Sunrise Operations Cardiff Limited**

**Directors' Report and Financial Statements  
For the Year Ended 30 June 2020**

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## **Sunrise Operations Cardiff Limited**

### **Company Information**

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<b>Directors</b>	C Roberts J Myers
<b>Company secretary</b>	CSC Corporate Services (UK) Ltd
<b>Registered number</b>	5550888
<b>Registered office</b>	10th Floor 5 Churchill Place London E14 5HU
<b>Independent auditors</b>	Ernst & Young LLP, Statutory Auditor 1 More London Place London SE1 2AF

## **Sunrise Operations Cardiff Limited**

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## **Sunrise Operations Cardiff Limited**

### **Directors' Report For the Year Ended 30 June 2020**

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The directors present their report and the financial statements for the year ended 30 June 2020.

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Results and dividends**

The loss for the year, after taxation, amounted to £652,051 (2019 - loss £1,760,188).

The directors do not recommend the payment of a dividend for the year.

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements were as follows:

C Roberts  
J Skiver (resigned 11 December 2020)  
J Myers (appointed 11 December 2020)

#### **Future developments**

The directors decided to consolidate the trade of this Company into Sunrise UK Operations Limited, a group Company. This has taken longer than initially expected due to the complication that the Company operates in Wales which is under a different regulatory body to Sunrise UK Operations Limited operating in the UK and regulated by the CQC. It was previously disclosed as expected to be consolidated in 2018, however, this was not possible due to unforeseen complexities due to the different regulators. It is still intended that the trade of this Company will be consolidated, and the revised estimated date to be around 2022.

**Directors' Report (continued)  
For the Year Ended 30 June 2020**

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**Going concern**

The financial statements have not been prepared on a going concern basis. Instead they have been prepared on a basis other than going concern reflecting the assumption that the transfer of the Company's operations to a group company and then the Company ceasing to trade will happen in the future. The directors have considered the future outlook of the transfer for an amount of consideration, calculated at arm's length, which will be due to the Company for the transfer of operations when this happens. Therefore, no impairment has been made to the value of the assets of the Company. The directors have also considered the future operating results, cash flows and facilities available.

The immediate impact of Covid-19 has seen the government-imposed restrictions in the number of visitors allowed into the homes and consequently a reduced number of presentations "Show Rounds" of potential residents, meaning that move in numbers have reduced in the short term. The Company has taken steps to reduce outgoings and to safeguard its team members to enable it to continue to provide the best care to its residents and protection for its team members by investing heavily in PPE for all who need it. Some non-essential Capital expenditure projects have been deferred and the Company is taking a prudent and vigilant approach on all expenditure to offset any revenue shortfall due to the limited move in opportunities.

The Company has incurred a loss after tax of £652,051 for the current year (2019 – £1,760,188) and has net current liabilities of £3,176,903 at the year end (2019 – £1,884,776) and net liabilities of £2,250,892 (2019 - £1,598,841) and relies upon the ongoing support of fellow subsidiaries, from which the company benefits from intercompany funding.

In light of the impact Covid-19 is expected to have on the cashflows and operations of the Company, the Company's ultimate parent undertaking Welltower Inc. has confirmed that they will continue to support the Company in order to allow it to satisfy its financial obligations in the normal course of business at least through to 30 June 2022. The Directors are satisfied that the ultimate parent undertaking Welltower Inc. has the ability to provide this support, should it be required and that there is no material risk that the Parent will be unable to provide financial support within a period of at least 12 months from the date of approval of the financial statements. Welltower is forecast to have sufficient liquidity through the going concern period even under its most downside forecast scenario and before any further mitigating actions it may take. During the quarter, Welltower sold 2 million shares of common stock under its ATM and DRIP programs, through both cash settle and forward sale agreements, at an initial weighted average price of \$83.94 per share, generating gross proceeds of approximately \$171 million. The sale of these shares and settlement of previously outstanding forward sales resulted in total gross proceeds of approximately \$603 million which were used to reduce borrowings under the unsecured revolving credit facility.

As of February 8, 2021, Welltower completed \$106 million in pro rata dispositions year-to-date at a yield of 5.7%, including the third tranche of the Invesco joint venture consisting of two OM buildings with \$37 million in pro rata proceeds. In addition, the Board of Directors of Welltower has authorized a share repurchase program whereby Welltower may repurchase up to \$1 billion of common stock through December 31, 2021. Under this authorization, Welltower is not required to purchase shares, but may choose to do so in the open market or through private transactions at times and amounts based on our evaluation of market conditions and other factors. On December 31, 2020, Welltower had \$2.0 billion of cash and cash equivalents and \$3.0 billion of available borrowing capacity under its unsecured revolving credit facility, exclusive of the \$1 billion term loan closed on April 1, 2020.

Given the continued parental support, the Directors of the Company deem it appropriate to prepare the financial statements on other than going concern basis.

## Sunrise Operations Cardiff Limited

### Directors' Report (continued) For the Year Ended 30 June 2020

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

#### Auditors

The auditors, Ernst & Young LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

#### Small companies note

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

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

  
Jason Myers (Mar 25, 2021 11:43 GMT)

J Myers  
Director

Date: 25 March 2021

## **Independent Auditors' Report to the Members of Sunrise Operations Cardiff Limited**

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### **Opinion**

We have audited the financial statements of Sunrise Operations Cardiff Limited (the 'Company') for the year ended 30 June 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter – financial statements prepared on a basis other than going concern**

We draw attention to note 1.4 to the financial statements which explains that the directors intend to liquidate the Company and therefore do not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a basis other than going concern as described in note 1.4.

Our opinion is not modified in respect of this matter.

### **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Independent Auditors' Report to the Members of Sunrise Operations Cardiff Limited (continued)**

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

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

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

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.



**Independent Auditors' Report to the Members of Sunrise Operations Cardiff Limited (continued)**

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**Use of our report**

This report is made solely to the Company's members 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 for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

James Hilditch (Senior Statutory Auditor)  
for and on behalf of  
**Ernst & Young LLP, Statutory Auditor**  
London

25 March 2021

**Sunrise Operations Cardiff Limited**

**Statement of Comprehensive Income  
For the Year Ended 30 June 2020**

	Note	2020 £	2019 £
Turnover	3	3,586,905	3,824,014
Cost of sales		(2,206,382)	(2,813,449)
<b>Gross profit</b>		<b>1,380,523</b>	<b>1,010,565</b>
Administrative expenses		(2,670,170)	(2,771,728)
<b>Operating loss</b>	4	<b>(1,289,647)</b>	<b>(1,761,163)</b>
Interest receivable and similar income	7	970	975
<b>Loss before tax</b>		<b>(1,288,677)</b>	<b>(1,760,188)</b>
Taxation	8	636,626	-
<b>Loss for the financial year</b>		<b>(652,051)</b>	<b>(1,760,188)</b>
<b>Total comprehensive loss for the year</b>		<b>(652,051)</b>	<b>(1,760,188)</b>

All amounts relate to continuing activities.

**Sunrise Operations Cardiff Limited**  
**Registered number:5550888**

**Statement of Financial Position**  
**As at 30 June 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	9	926,011	285,935
<b>Current assets</b>			
Stocks		5,997	6,065
Debtors: Amounts falling due within one year	10	1,015,127	1,181,529
Debtors: Amounts falling due after more than one year	12	636,626	-
Cash at bank and in hand		223,985	91,314
		<u>1,881,735</u>	<u>1,278,908</u>
Creditors: amounts falling due within one year	11	<u>(5,058,638)</u>	<u>(3,163,684)</u>
<b>Net current liabilities</b>		<u>(3,176,903)</u>	<u>(1,884,776)</u>
<b>Net liabilities</b>		<u>(2,250,892)</u>	<u>(1,598,841)</u>
<b>Capital and reserves</b>			
Called up share capital	14	6,204,139	6,204,139
Share premium account	13	3,177,527	3,177,527
Profit and loss account	13	<u>(11,632,558)</u>	<u>(10,980,507)</u>
		<u>(2,250,892)</u>	<u>(1,598,841)</u>

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

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 March 2021.

*Jason Myers*  
 Jason Myers (Mar 25, 2021 11:43 GMT)  
**J Myers**  
 Director

**Sunrise Operations Cardiff Limited**

**Statement of Changes in Equity  
For the Year Ended 30 June 2020**

	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 July 2018</b>	<b>6,204,139</b>	<b>3,177,527</b>	<b>(9,220,319)</b>	<b>161,347</b>
Total comprehensive loss for the year	-	-	(1,760,188)	(1,760,188)
<b>At 1 July 2019</b>	<b>6,204,139</b>	<b>3,177,527</b>	<b>(10,980,507)</b>	<b>(1,598,841)</b>
Total comprehensive loss for the year	-	-	(652,051)	(652,051)
<b>At 30 June 2020</b>	<b>6,204,139</b>	<b>3,177,527</b>	<b>(11,632,558)</b>	<b>(2,250,892)</b>

The notes on pages 10 to 22 form part of these financial statements.

**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

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**1. Accounting policies**

**1.1 Authorisation of financial statements and statement of compliance with FRS 102**

The financial statements of Sunrise Operations Cardiff Limited (the "Company") for the year ended 30 June 2020 were authorised for issue by the board of directors on 25 March 2021 and the balance sheet was signed on the board's behalf by J Myers. Sunrise Operations Cardiff Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 102 Reduced Disclosure Framework (FRS 102) and in accordance with applicable accounting standards and legislation.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound (£) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out below.

**1.2 Basis of preparation of financial statements**

The Company transitioned from FRS101 to FRS 102 for all periods presented.

There has been no significant changes to any other recognition and measurement requirements previously applied in accordance with FRS101. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has allowed the Company to delay the adoption of IFRS 16 and not capitalise operating leases. The details of the Company's operating lease for the premises in which it operates is disclosed in note 16.

There have been no other material amendments to the disclosure requirements previously applied in accordance with FRS101.

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

**1.3 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Welltower Inc. as at 31 December 2020 and these financial statements may be obtained from the corporate headquarters at 4500 Dorr Street, Toledo, Ohio 43615-4040 or from the corporate website, [www.welltower.com](http://www.welltower.com).

**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

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**1. Accounting policies (continued)**

**1.4 Basis other than going concern**

The financial statements have not been prepared on a going concern basis. Instead they have been prepared on a basis other than going concern reflecting the assumption that the transfer of the Company's operations to a group company and then the Company ceasing to trade will happen in the future. The directors have considered the future outlook of the transfer for an amount of consideration, calculated at arm's length, which will be due to the Company for the transfer of operations when this happens. Therefore, no impairment has been made to the value of the assets of the Company. The directors have also considered the future operating results, cash flows and facilities available.

The immediate impact of Covid-19 has seen the government-imposed restrictions in the number of visitors allowed into the homes and consequently a reduced number of presentations "Show Rounds" of potential residents, meaning that move in numbers have reduced in the short term. The Company has taken steps to reduce outgoings and to safeguard its team members to enable it to continue to provide the best care to its residents and protection for its team members by investing heavily in PPE for all who need it. Some non-essential Capital expenditure projects have been deferred and the Company is taking a prudent and vigilant approach on all expenditure to offset any revenue shortfall due to the limited move in opportunities.

The Company has incurred a loss after tax of £652,051 for the current year (2019 – £1,760,188) and has net current liabilities of £3,176,903 at the year end (2019 – £1,884,776) and net liabilities of £2,250,892 (2019 - £1,598,841) and relies upon the ongoing support of fellow subsidiaries, from which the company benefits from intercompany funding.

In light of the impact Covid-19 is expected to have on the cashflows and operations of the Company, the Company's ultimate parent undertaking Welltower Inc. has confirmed that they will continue to support the Company in order to allow it to satisfy its financial obligations in the normal course of business at least through to 30 June 2021. The Directors are satisfied that the ultimate parent undertaking Welltower Inc. has the ability to provide this support, should it be required and that there is no material risk that the Parent will be unable to provide financial support within a period of at least 12 months from the date of approval of the financial statements. Welltower is forecast to have sufficient liquidity through the going concern period even under its most downside forecast scenario and before any further mitigating actions it may take. During the quarter, Welltower sold 2 million shares of common stock under its ATM and DRIP programs, through both cash settle and forward sale agreements, at an initial weighted average price of \$83.94 per share, generating gross proceeds of approximately \$171 million. The sale of these shares and settlement of previously outstanding forward sales resulted in total gross proceeds of approximately \$603 million which were used to reduce borrowings under the unsecured revolving credit facility.

As of February 8, 2021, Welltower completed \$106 million in pro rata dispositions year-to-date at a yield of 5.7%, including the third tranche of the Invesco joint venture consisting of two OM buildings with \$37 million in pro rata proceeds. In addition, the Board of Directors of Welltower has authorized a share repurchase program whereby Welltower may repurchase up to \$1 billion of common stock through December 31, 2021. Under this authorization, Welltower is not required to purchase shares, but may choose to do so in the open market or through private transactions at times and amounts based on our evaluation of market conditions and other factors. On December 31, 2020, Welltower had \$2.0 billion of cash and cash equivalents and \$3.0 billion of available borrowing capacity under its unsecured revolving credit facility, exclusive of the \$1 billion term loan closed on April 1, 2020.

Given the continued parental support, the Directors of the Company deem it appropriate to prepare the financial statements on other than going concern basis.

**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

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**1. Accounting policies (continued)**

**1.5 Revenue recognition**

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

**Rendering of services**

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

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

**1.6 Tangible fixed assets**

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Work in progress (WIP) represents expenditure on capital projects that have not yet been completed. On completion of a project the accumulated costs are added to the fixed asset register and depreciated.

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

The estimated useful lives range as follows:

Leasehold land and building improvements	- 5 - 15 years
Fixtures, fittings and equipment	- 5 - 10 years

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

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

**1. Accounting policies (continued)**

**1.7 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 July 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**1.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.



**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

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**1. Accounting policies (continued)**

**1.9 Financial Instruments**

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

**Financial assets**

The company classifies all of its financial assets as loans and receivables.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

**Cash at bank and in hand**

Cash and short term deposits in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

**Financial Liabilities**

The company classifies all of its financial liabilities as liabilities at amortised cost.

Financial liabilities at amortised cost are initially recognised at fair value plus any attributable transaction costs. Subsequent to initial recognition financial liabilities are measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

**1. Accounting policies (continued)**

**1.10 Pensions**

**Defined contribution pension plan**

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**1.11 Interest income**

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**1.12 Taxation**

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 Company operates and generates income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Statement of Financial Position date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

**Operating lease commitments**

The Company has entered into commercial property leases and obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of Financial Position.

**Taxation**

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

**3. Turnover**

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Operating residential and nursing care facilities	<b>3,586,905</b>	3,824,014

All turnover arose within the United Kingdom.

**4. Operating loss**

The operating loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets	<b>92,993</b>	88,806
Defined contribution pension cost	<b>52,385</b>	42,166
Land and building leases charges	<b>1,475,797</b>	1,475,797
Equipment lease charges	<b>15,338</b>	16,149
Subcontract labour	<b>475</b>	292,107
Management fees	<b>210,047</b>	227,515
Other administration expenses	<b>842,476</b>	915,421

## Sunrise Operations Cardiff Limited

### Notes to the Financial Statements For the Year Ended 30 June 2020

#### 5. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Company's auditor	20,057	19,500

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

#### 6. Staff costs and directors remuneration

	2020 £	2019 £
Wages and salaries	1,867,449	2,155,464
Social security costs	144,646	176,630
Cost of defined contribution scheme	52,385	42,166
	2,064,480	2,374,260

The average monthly number of employees, including the directors, during the year was as follows:

	2020 No.	2019 No.
Admin & other staff	38	41
Care assistants	68	86
	106	127

During the year, no director received any emoluments (30 June 2019 - £nil).

C Roberts and J Skiver received remuneration from HCN UK Management Services Limited, a related company, as employees of that company. They received no remuneration for their services as directors of Sunrise Operations Cardiff Limited.

#### 7. Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	970	975

Notes to the Financial Statements  
For the Year Ended 30 June 2020

8. Taxation

	2020 £	2019 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	(636,626)	-
<b>Total deferred tax</b>	(636,626)	-
<b>Taxation on loss on ordinary activities</b>	(636,626)	-

**Factors affecting tax (credit)/charge for the year**

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Loss on ordinary activities before tax	(1,288,677)	(1,760,188)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(244,849)	(334,436)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	5,415	4,649
Changes in unrecognised deferred tax assets	(397,192)	295,073
Effect of difference between current and deferred tax rates	-	34,714
<b>Total tax (credit)/charge for the year</b>	(636,626)	-

**Deferred Tax**

At 30 June 2020, the company recognised a deferred tax asset of £636,626 (30 June 2019 - £nil) calculated at 19%, relating to post April 2017 trading tax losses carried forward of £3,155,202 (2019 - £1,893,083) and other short term timing differences, of £195,460 (2019 - £197,704), which will be surrendered against the group relief claimed by the group companies.

At 30 June 2020, the company has an unrecognised deferred tax asset of approximately £1,135,012 (2019 - £1,370,971) calculated at 19% (2019 - 17%), relating to trading tax losses carried forward, and in the prior year tax losses and other short term timing differences of £5,973,749 (2019 £8,064,536). In accordance with the company's accounting policy this amount has not been recognised in the financial statements due to uncertainty surrounding the timing of future taxable profits available for offset.

Notes to the Financial Statements  
For the Year Ended 30 June 2020

8. Taxation (continued)

In March 2020, an increase in the future corporation tax rate applicable from 1 April 2020 to 19% was announced, and this rate change was subsequently enacted in July 2020. The company's recognised and unrecognised deferred tax assets at 30 June 2020 are calculated using this rate. In March 2021, a further corporation tax rate increase to 25% was announced, which will take effect from 1 April 2023. The company's recognised and unrecognised deferred tax assets will be re-measured once this higher rate has been substantively enacted.

9. Tangible fixed assets

	Leasehold land and building improvements £	Fixtures, fittings and equipment £	Work in progress £	Total £
<b>Cost or valuation</b>				
At 1 July 2019	169,682	329,682	41,527	540,891
Additions	30,515	64,177	639,936	734,628
Disposals	-	(7,797)	-	(7,797)
Transfers between classes	-	9,127	(9,127)	-
At 30 June 2020	200,197	395,189	672,336	1,267,722
<b>Depreciation</b>				
At 1 July 2019	95,222	159,734	-	254,956
Charge for the year on owned assets	30,770	62,223	-	92,993
Disposals	-	(6,238)	-	(6,238)
At 30 June 2020	125,992	215,719	-	341,711
<b>Net book value</b>				
At 30 June 2020	74,205	179,470	672,336	926,011
At 30 June 2019	74,460	169,948	41,527	285,935

**Sunrise Operations Cardiff Limited**

**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

**10. Debtors: Amounts falling due within one year**

	2020 £	2019 £
Trade debtors	65,847	61,085
Amounts owed by group companies	910,000	1,053,462
Amounts owed by joint ventures and associated undertakings	11,384	-
Prepayments and accrued income	27,896	66,982
	<u>1,015,127</u>	<u>1,181,529</u>

Trade debtors are stated after provisions for impairment of £1,393 (2019 - £6,698).

**11. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	31,305	54,716
Amounts owed to group undertakings	4,635,338	2,658,525
Amounts owed to associates	50,281	56,910
Other taxation and social security	44,833	48,918
Other creditors	10,040	12,314
Accruals and deferred income	286,841	332,301
	<u>5,058,638</u>	<u>3,163,684</u>

**12. Deferred taxation**

	2020 £
At beginning of year	-
Credited to Statement of Comprehensive Income	636,626
<b>At end of year</b>	<u><b>636,626</b></u>

The deferred tax asset is made up as follows:

	2020 £	2019 £
Tax losses carried forward and other timing differences	<u>636,626</u>	<u>-</u>

Notes to the Financial Statements  
For the Year Ended 30 June 2020

13. Reserves

**Retained earnings reserve**

The retained earnings reserve comprises the cumulative net gains and losses recognised in the statement of comprehensive income.

**Share premium reserve**

The share premium reserve comprises the cumulative additional consideration paid for shares above the nominal share value.

14. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
6,204,139 (2019 - 6,204,139) Ordinary shares of £1.00 each	<b>6,204,139</b>	6,204,139

15. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £52,385 (2019 - £42,166). Contributions totaling £9,088 (2019 - £9,220) were payable to the fund at the reporting date.

16. Commitments under operating leases

The Company has a 25 year operating lease for the premises it operates, entered into in April 2007. Rent charged under the lease was reviewed and revised on 4 August 2020 and will be reviewed every 3 years thereafter. The revised rental payments are reflected in the figures reported below. The Company has the option to take a further lease of the premises at the end of the current lease term.

At 30 June 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	409,969	1,475,797
Later than 1 year and not later than 5 years	1,244,180	5,903,187
Later than 5 years	2,100,619	11,442,479
	<b>3,754,768</b>	18,821,463

The premises lease will be transferred to Sunrise UK Operations Ltd at the same time as the operations of the Company are transferred.



**Notes to the Financial Statements  
For the Year Ended 30 June 2020**

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**17. Ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is Dawn Opco Limited. Dawn Opco Limited is itself a wholly owned subsidiary undertaking of Welltower Inc, a company registered and incorporated in the United States of America, which the directors consider to be the ultimate parent undertaking and controlling party.

At the period end, the parent undertaking of the largest and smallest group for which group financial statements were prepared was Welltower Inc, whose group accounts can be obtained from the corporate headquarters at 4500 Dorr Street, Toledo, Ohio 43615-4040 or from the corporate website, [www.welltower.com](http://www.welltower.com).