

Roundwood (Finance) Limited
Annual report and financial statements
for the 18 month period ended 30 June 2014

Registered number: 05699641



Roundwood (Finance) Limited

Annual report and financial statements for the period ended 30 June 2014

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Roundwood (Finance) Limited

Directors' report for the 18 month period ended 30 June 2014

The directors present their annual report together with the audited financial statements for the 18 month period ended 30 June 2014. The company's registered number is 05699641.

Principal activity

The principal activity of the company is the provision of financing to other UK companies who are ultimately owned by Erbium Capital Partners LP.

Results and dividends

The results for the company show a loss of £20,890,000 (2012: £11,904,000). The directors cannot recommend the payment of a dividend (2012: £nil).

Principal risks and uncertainties (including financial risk management)

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risk and uncertainty affecting the company is considered to relate to the operating performance of the fellow subsidiary companies of Erbium Capital Partners LP that funds have been loaned to as underperformance within these entities could result in an inability to repay the loans as and when they fall due. This is monitored regularly by the board.

The company has both interest bearing assets and interest bearing liabilities. The company has a policy of ensuring that interest bearing assets and liabilities have exactly the same terms to ensure certainty of future cash flows and manage interest rate risk. Interest bearing assets are loans made to group entities. The interest bearing liabilities comprise debt ultimately owed to the ultimate parent company. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Going concern

In considering the appropriateness of adopting the going concern basis of accounting the directors have assessed the cash flows of the business for a period of at least twelve months from the date of approval of the financial statements.

All interest payable is rolled up into the respective principal balances. Therefore the only remaining costs of the company are general administrative expenses. As at the date of approval of these financial statements the company had received an undertaking from ultimate parent company that it would continue to pay these costs, and not seek reimbursement, for a period of at least twelve months from the date of approval of these financial statements.

In addition, the ultimate parent company has confirmed that they will not seek repayment in cash for the loan notes in issue, prior to 31 December 2016, unless the company can repay this debt without affecting its ability to settle any other external obligations as and when they fall due.

The directors are therefore satisfied that the company has the resources to meet its obligations as and when they fall due for a period of at least twelve months from the balance sheet date. For this reason, they continue to adopt the going concern basis in the preparation of the financial statements.

Roundwood (Finance) Limited

Directors' report for the 18 month period ended 30 June 2014 (continued)

Directors

The directors who held office during the period and up to the date of approval of this report were:

Keith Browne
Edward Joseph Irwin

Registered office

The registered office of the company is:

Suite 304, Third Floor, Design Centre East
Chelsea Harbour
London
SW10 0XF

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 prepared 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 then apply them consistently; and
- make judgements and accounting estimates that are reasonable and prudent.

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.

Statement of disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved, the following applies:

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- He has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

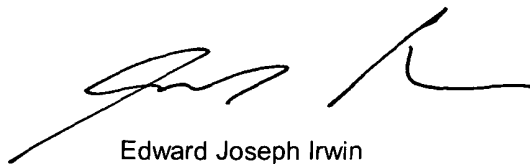
This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board



Keith Browne
Director

14 September 2015



Edward Joseph Irwin
Director

14 September 2015

Independent auditors' report to the members of Roundwood (Finance) Limited

Report on the financial statements

Our opinion

In our opinion, Roundwood (Finance) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its loss for the 18 month period (the "period") 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.

What we have audited

The financial statements comprise:

- the balance sheet as at 30 June 2014;
- the profit and loss account for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies' exemption in preparing the directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Roundwood (Finance) Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities 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 express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves


We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report and financial statements 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.



Jonathan Gilpin (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands
23 September 2015

Roundwood (Finance) Limited

Profit and loss account for the period ended 30 June 2014

	Note	18 month period ended 30 June 2014 £'000	Year ended 31 December 2012 £'000
Administrative expenses		(18)	(85)
Other operating income		97	-
Operating profit/ (loss)	2	79	(85)
Interest receivable and similar income	4	37	520
Interest payable and similar charges	5	(21,006)	(12,339)
Loss on ordinary activities before taxation		(20,890)	(11,904)
Tax on loss on ordinary activities	6	-	-
Loss for the financial period / year	11	(20,890)	(11,904)

All of the above results arose from continuing operations.

There is no difference between the above results and those calculated on a historical cost basis.

The company has no recognised gains or losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 7 to 13 form an integral part of these financial statements.

Roundwood (Finance) Limited

Balance sheet as at 30 June 2014

	Note	30 June 2014 £'000	31 December 2012 £'000
Current assets			
Debtors: amounts falling due in less than one year	7	-	73
Debtors: amounts falling due after more than one year	7	-	3,747
Cash at bank or in hand		-	44
			3,864
Creditors: amounts falling due in less than one year	8	(111,586)	(90,789)
Net current liabilities		(111,586)	(86,925)
Creditors: amounts falling due after more than one year	9	-	(3,771)
Net liabilities		(111,586)	(90,696)
Capital and reserves			
Called-up share capital	10	-	-
Profit and loss account	11	(111,586)	(90,696)
Total shareholders' deficit	12	(111,586)	(90,696)

The financial statements on pages 5 to 13 were approved by the board of directors on ^{14 September} August 2015 and signed on its behalf by:



Keith Browne
Director

14 September 2015



Edward Joseph Irwin
Director

14 September 2015

Roundwood (Finance) Limited

Notes to the financial statements for the 18 month period ended 30 June 2014

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, on the going concern basis of accounting, in accordance with applicable accounting standards in the United Kingdom (UK GAAP) and the requirements of the Companies Act 2006. The policies have been applied consistently.

The company has taken the exemption under Financial Reporting Standard 1 'Cash flow statement (Revised)' not to prepare a cash flow statement on the basis it qualifies as a small company under the Companies Act 2006.

Going concern

In considering the appropriateness of adopting the going concern basis of accounting the directors have assessed the cash flows of the business for a period of at least twelve months from the date of approval of the financial statements.

All interest payable is rolled up into the respective principal balances. Therefore the only remaining costs of the company are general administrative expenses. As at the date of approval of these financial statements the company had received an undertaking from ultimate parent company that it would continue to pay these costs, and not seek reimbursement, for a period of at least twelve months from the date of approval of these financial statements. In addition, the ultimate parent company has confirmed that they will not seek repayment in cash for the loan notes in issue, prior to 31 December 2016, unless the company can repay this debt without affecting its ability to settle any other external obligations as and when they fall due.

The directors are therefore satisfied that the company has the resources to meet its obligations as and when they fall due for a period of at least twelve months from the balance sheet date. For this reason, they continue to adopt the going concern basis in the preparation of the financial statements.

Taxation

The tax payable is based on the taxable profit for the year. Taxable profit differs from the profit reported in the profit and loss account because it excludes items of income and expense that are taxable or deductible in other years and it also excludes items which are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided in full on timing differences that 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 enacted or substantially enacted taxes and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations different from those in which they are included in financial statements. Deferred tax assets are only 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.

Financial instruments

Interest receivable and payable is recognised on an accruals basis. Where loans are impaired no further interest income is recognised until the loan impairment has been reversed in full.

Capital instruments that include a rate of return and have contractual or contingent obligations requiring repayment or settlement are classified as liabilities and included in debt. Where the ability to capitalise accrued interest is contained in the relevant borrowing agreement, amounts which are capitalised are included in the relevant principal balance. Issue costs are not included within these accounts as they were borne by a fellow subsidiary of the ultimate parent company and not recharged.

Roundwood (Finance) Limited

Notes to the financial statements for the 18 month period ended 30 June 2014 (continued)

2. Operating loss

Fees payable to the company's auditor for the audit of the company's financial statements amounted to £8,000 (2012: £11,000). There were no non-audit services provided in the current period or prior year. Other operating income in 2014 of £97,000 related to the company being released of its obligation to repay balances to a fellow company in the Erbium Capital Partners LP group (note 14).

3. Directors and employees

The directors received no emoluments during the period in respect of their services to the company (2012: £nil). The company had no employees during the current period or prior year other than the directors.

4. Interest receivable and similar income

	18 month period ended 30 June 2014 £'000	Year ended 31 December 2012 £'000
Interest receivable: Loans to group undertakings (note 14)	37	520

5. Interest payable and similar charges

	18 month period ended 30 June 2014 £'000	Year ended 31 December 2012 £'000
Interest payable: Loans to group undertakings (note 14)	21,006	12,339

Roundwood (Finance) Limited

Notes to the financial statements for the 18 month period ended 30 June 2014 (continued)

6. Taxation

	18 month period ended 30 June 2014 £'000	Year ended 31 December 2012 £'000
Current tax	-	-

The current tax charge for the period is higher than (2012: higher than) the standard rate of

Current tax reconciliation:

	£'000	£'000
Loss on ordinary activities before taxation	(20,890)	(11,904)
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 22.5% (2012: 24.5%)	(4,700)	(2,916)

Effects of:

Expenses not deductible for taxation purposes	4,696	2,895
Losses carried forward	4	21
Current tax	-	-

corporation tax in the UK of 22.5% (2012: 24.5%). The differences are explained below:

Deferred tax

The company has unrecognised deferred tax assets in relation to trading losses of £22,000 (2012: £21,000) which are not recognised as the directors of the company do not envisage there being sufficient future trading profits of a similar nature from which to recover this asset.

Roundwood (Finance) Limited

Notes to the financial statements for the 18 month period ended 30 June 2014 (continued)

7. Debtors

	30 June 2014	31 December 2012
	£'000	£'000
Amounts due from group undertakings (note 14)	-	3,820

The maturity and the terms attached to the amounts due from group undertakings are included in note 14.

Prior to 1 July 2012, a provision was made against the debt from CB Care Limited to write the loan notes down to their recoverable amount, considered to be £nil. The directors have reviewed this assessment and consider that this impairment provision is still appropriate as the counter party is insolvent and no further monies are expected to be received. Accordingly they have also ceased to recognise any interest receivable from this date.

8. Creditors: amounts falling due in less than one year

	30 June 2014	31 December 2012
	£'000	£'000
Amounts due to group undertakings (note 14)	-	37
Accruals and deferred income	-	61
Loans with group undertakings, including accrued interest (note 14)	111,586	90,691
	111,586	90,789

9. Creditors: amounts falling due after more than one year

	30 June 2014	31 December 2012
	£'000	£'000
Loans with group undertakings, including accrued interest (note 14)	-	3,771

Loans from group undertakings are repayable within twelve months however, as included in note 1, the company received confirmation, post year end, that a demand for repayment of the amounts owed would not be made within the next twelve months unless the company can settle these debts without affecting its ability to meet any of its other external obligations as and when they fall due.

10. Called up share capital

	30 June 2014	31 December 2012
	£	£
Issued and fully paid:		
1 Ordinary share of £1 each	1	1

Roundwood (Finance) Limited

Notes to the financial statements for the 18 month period ended 30 June 2014 (continued)

11. Profit and loss account	£'000
At 1 January 2013	(90,696)
Loss for the financial period	(20,890)
At 30 June 2014	(111,586)

12. Reconciliation of movements in total shareholders' funds

	18 month period ended 30 June 2014 £'000	Year ended 31 December 2012 £'000
Loss for the financial period / year	(20,890)	(11,904)
Opening shareholders' deficit	(90,696)	(78,792)
Closing shareholders' deficit	(111,586)	(90,696)

13. Ultimate parent undertaking

The immediate and ultimate parent undertaking is Erbium Capital Partners LP, a limited partnership registered in Jersey, by virtue of their ownership of the entire share capital of the company.

There is no individual ultimate controlling party.

Roundwood (Finance) Limited

Notes to the financial statements for the 18 month period ended 30 June 2014 (continued)

14. Related party transactions and financial instrument disclosures

Roundwood (Finance) Limited is owned by Erbium Capital Partners LP which also indirectly held investments in Wellness Foods Limited and CB Care Limited.

Amounts due to Erbium Capital Partners LP amounted to £nil (2012: £37,000). During the year Erbium Capital Partners LP released the company from its obligation to repay £97,000 which was owed at 31 December 2012 and therefore the credit has been recognised in the profit and loss account.

During the period the loan notes were listed on the CISX exchange in Jersey. These were issued by Roundwood (Finance) Limited and subscribed for in full by Erbium Capital Partners LP. On 4 March 2014 the debt was delisted.

Full details of the loan notes, classified by the underlying company to which the loans were ultimately made to and including movements in the year, is provided below:

Underlying loan payable counterparty	Rate	Maturity	Total balance including accrued interest 1.1.2013 £'000	Payments during the period (Interest & Capital) £'000	Interest accrued during the period £'000	Total balance including accrued interest 30.06.2014 £'000
Wellness	*	31.12.2016	(2,439)	2,468	(29)	-
Wellness	**	21.12.2016	(1,406)	1,414	(8)	-
CB Care	15%	01.03.2013	(48,175)	-	(11,125)	(59,300)
CB Care	15%	01.03.2013	(42,442)	-	(9,844)	(52,286)
Total Creditors			(94,462)	3,882	(21,006)	(111,586)

Amounts owed by related parties, including movements in the 18 month period were:

Underlying loan receivable counterparty	Rate	Maturity	Total balance including / interest 1.1.2013 £'000	Receipts during the period (Interest & Capital) £'000	Interest accrued during the period £'000	Total balance including unpaid interest 30.06.2014 £'000
Wellness	*	31.12.2016	2,420	(2,449)	29	-
Wellness	**	21.12.2016	1,400	(1,408)	8	-
Total Debtors			3,820	(3,857)	37	-

* 3 month LIBOR + 2.50%.

** 3 month LIBOR + 1.00%.

During 2011 amounts due to the company, in relation to loans made ultimately to CB Care, of £78,797,000 were impaired to £nil. As no amounts are expected to be repaid in relation to these loans interest accruing during the year of £20,387,000 (2012: £11,819,000) has not been recognised as income.

On 27 May 2013 the company transferred its assets and obligations relating to the underlying loans with Wellness at their net book values to Erbium Capital Partners LLP. No gain or loss was recognised as a result of this transaction.

Roundwood (Finance) Limited

Notes to the financial statements for the 18 month period ended 30 June 2014 (continued)

14. Related party transactions and financial instrument disclosures (continued)

Full details of the loan notes, classified by the underlying company to which the loans were ultimately made to and including movements in the year, is provided below:

Underlying loan payable counterparty	Rate	Maturity	Total balance including accrued interest 1.1.2012 £'000	Payments during the year (Interest & Capital) £'000	Interest charged during 2012 £'000	Total balance including accrued interest 31.12.2012 £'000
Wellness	*	31.12.2016	(2,530)	175	(84)	(2,439)
Wellness	**	21.12.2016	(1,406)	27	(27)	(1,406)
CB Care	15%	01.03.2013	(41,891)	-	(6,284)	(48,175)
CB Care	15%	01.03.2013	(36,906)	-	(5,536)	(42,442)
Casterbridge	10%	02.04.2013	(4,277)	4,436	(159)	-
Kedleston	15%	06.05.2013	(2,493)	2,742	(249)	-
Total Creditors			(89,503)	7,380	(12,339)	(94,462)

Amounts owed by related parties, including movements in the year, were:

Underlying loan receivable counterparty	Rate	Maturity	Total balance including impairment /interest 1.1.2012 £'000	Payments during the year (Interest & Capital) £'000	Interest accrued during 2012 £'000	Total balance including unpaid interest 31.12.2012 £'000
Wellness	*	31.12.2016	2,508	(172)	84	2,420
Wellness	**	21.12.2016	1,400	(27)	27	1,400
Casterbridge	10%	02.04.2013	4,277	(4,436)	159	-
Kedleston	15%	06.05.2013	2,493	(2,743)	250	-
Total Debtors			10,678	(7,378)	520	3,820

* 3 month LIBOR + 2.50%.

** 3 month LIBOR + 1.00%.