

**Cortina Race LLP**

**Members' report and consolidated  
financial statements**

Registration number: OC397893

31<sup>st</sup> March 2016

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## Partnership information

**Members** Alchemy Special Opportunities Fund III L.P.  
ASO Lux 3 S.A.R.L

**Partnership number** OC397893

**Registered office** 21 Palmer Street  
London  
SW1H 0AD

**Auditor** KPMG LLP  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

**Bankers** Barclays Bank  
1-3 Haymarket Towers  
Humberstone Gate  
Leicester  
LE1 1WA

**Solicitors** Marfarlanes LLP  
20 Cursitor Street  
London  
EC4A 1LT

## Members report

The members present their report and financial statements of the Partnership for the period from incorporation on 3<sup>rd</sup> February 2015 to 31<sup>st</sup> March 2016. This is the first period of accounts and first period of audit.

### Registered office

As set out in note 1, Cortina Race LLP is incorporated in the UK as a limited liability partnership under the Limited Liability Partnerships Act 2000 and is referred to in these financial statements as 'the partnership'.

The partnership's registered office is 21 Palmer Street, London, SW1H 0AD.

### Principal activities

The partnership's principal activity during the year was the provision of residential and nursing care for the elderly and the investment in residential and nursing care home properties.

### Designated members

The designated members (as defined in the Limited Liability Agreement) of the partnership during the year were:

Alchemy Special Opportunities III L.P.  
ASO Lux 3 S.A.R.L

### Policy regarding members' drawings and repayment of members' capital

The LLP agreement states that the profit and losses for the financial years shall, unless otherwise determined by Alchemy Special Opportunities III L.P. be allocated to the Alchemy Special Opportunities III L.P. capital account. Any losses will be allocated between the members in such proportions as Alchemy Special Opportunities III L.P. determine. No members are entitled to any remuneration for acting in the business or management of the LLP.

Any positive balances on a Member's capital account may be withdrawn by such member at their discretion.

### Statement as to disclosure of information to the Auditor

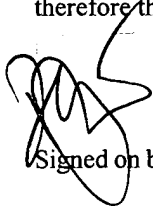
The members who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the members have confirmed that they have taken all the relevant steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

### Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the partnership is to be proposed at the forthcoming Annual General Meeting.

### Strategic report

Under the Limited Liability Partnership act, there is no statutory requirement to prepare a strategic report and therefore the members have chosen to take this exemption.



Paul Guilbert

Signed on behalf of the members

21 Palmer Street  
London  
SW1H 0AD  
3<sup>rd</sup> November 2016

## **Statement of members' responsibilities in respect of the Members' Report and the financial statements**

The members are responsible for preparing the Members' Report and the group and LLP financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare group and LLP financial statements for each financial year. Under that law the members have elected to prepare both the group and LLP financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Regulation 8 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 the members 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 group and the LLP and of the profit or loss of the group for that period.

In preparing each of the group and LLP financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 group and the LLP will continue in business.

Under Regulation 6 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008, the members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that its financial statement comply with those regulations. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



## KPMG LLP

1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA  
United Kingdom

### **Independent auditor's report to the members of Cortina Race LLP**

We have audited the group and LLP financial statements ("the financial statements") of Cortina Race LLP for the year ended 31 March 2016 set out on pages 8 to 29. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the members of the limited liability partnership (LLP), as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by Regulation 39 of the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the LLP's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the LLP and the LLP's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of members and auditor**

As explained more fully in the Members' Responsibilities Statement set out on page 5, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements:

1. give a true and fair view of the state of affairs of the group and of the LLP as at 31 March 2016 and of the profit of the group for the period then ended;
2. have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
3. have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008

## **Independent auditor's report to the members of Cortina Race LLP *(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 as applied to limited liability partnerships requires us to report to you if, in our opinion:

4. adequate accounting records have not been kept by the LLP, or returns adequate for our audit have not been received from branches not visited by us; or
5. the LLP's individual financial statements are not in agreement with the accounting records and returns; or
6. we have not received all the information and explanations we require for our audit

**Johnathan Pass      (Senior Statutory Auditor)**

For and on behalf of  
**KPMG LLP**  
**Statutory Auditor**  
Chartered Accountants  
1 Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

10<sup>th</sup> November 2016

## Consolidated profit and loss account

for the period from incorporation on 3<sup>rd</sup> February 2015 to 31<sup>st</sup> March 2016

	Note	Continuing activities	Dis-continued activities	Total
		£	£	2016 £
Turnover	4	48,437,057	60,052,018	108,489,075
Cost of sales		(29,247,777)	(44,643,281)	(73,891,058)
<b>Gross profit</b>		<b>19,189,280</b>	<b>15,408,737</b>	<b>34,598,017</b>
Administrative expenses		(20,355,257)	(15,375,997)	(35,731,254)
<b>Operating (loss)/profit</b>		<b>(1,165,977)</b>	<b>32,740</b>	<b>(1,133,237)</b>
Interest payable and similar charges	8	(3,223,145)	(32,867)	(3,256,012)
Other interest receivable and similar income	7	2,312,308	127	2,312,435
Profit on disposal of fixed assets		4,299,842	-	4,299,842
<b>Profit before taxation and members' remuneration and profit shares</b>	5	<b>2,223,028</b>	<b>-</b>	<b>2,223,028</b>
<b>Taxation on profit</b>	9	<b>(486,608)</b>	<b>-</b>	<b>(486,608)</b>
<b>Profit after taxation and before members' remuneration and profit shares</b>		<b>1,736,420</b>	<b>-</b>	<b>1,736,420</b>
Members remuneration charged as an expense		-	-	-
<b>Profit for the financial period available for discretionary division among members</b>		<b>1,736,420</b>	<b>-</b>	<b>1,736,420</b>

The notes on pages 14 to 29 form an integral part of these financial statements.

## Consolidated statement of comprehensive income

for the period from incorporation on 3<sup>rd</sup> February 2015 to 31<sup>st</sup> March 2016

	2016 £
Profit for the period available for discretionary division among members	1,736,420
Other comprehensive income	-
<b>Total comprehensive income for the period</b>	<b>1,736,420</b>
Total comprehensive income for the financial period attributable to:	
Owners of the parent	1,761,480
Non-controlling interest	(25,060)



## Consolidated balance sheet

as at 31 March 2016

	Note	2016 £
<b>Fixed assets</b>		
Intangible assets	10	8,475,630
Tangible assets	11	34,409,589
Investment property	12	14,717,804
		<hr/> 57,603,023
<b>Current assets</b>		
Debtors (including due after more than one year £3,288,247)	14	49,116,280
Cash at bank and in hand		9,237,904
		<hr/> 58,354,184
Creditors: amounts falling due within one year	15	(42,054,846)
		<hr/>
<b>Net current assets</b>		16,299,338
<b>Total assets less current liabilities</b>		73,902,361
Creditors: amounts falling due after more than one year	16	(36,801,948)
Provisions for liabilities		
Deferred tax	18	(22,812)
Other provisions	19	(200,000)
		<hr/>
<b>Net assets attributable to members</b>		36,877,601
		<hr/> <hr/>
<b>Represented by:</b>		
<b>Loans and other debts due to members within one year</b>		
Members' capital classified as a liability		-
<b>Members other interests</b>		
Members' capital classified as equity	20	34,800,626
Members' other interests – other reserves classified as equity	20	1,761,480
Non-controlling interest		315,495
		<hr/>
<b>Total members' interest</b>		36,877,601
		<hr/> <hr/>

The notes on pages 14 to 29 form an integral part of these financial statements

These financial statements were approved by the members on 3<sup>rd</sup> November 2016 and were signed on its behalf by:



Paul Guilbert

Member

**Partnership balance sheet**  
*as at 31 March 2016*

	<i>Note</i>	2016 £
<b>Fixed assets</b>		
Investments	13	26,939,078
		<hr/> 26,939,078
<b>Current assets</b>		
Debtors	14	38,466,005
Cash at bank and in hand		2,334,905
		<hr/> 40,800,910
Creditors: amounts falling due within one year	15	(29,848,507)
		<hr/>
<b>Net current assets</b>		10,952,403
<b>Total assets less current liabilities</b>		37,891,481
		<hr/>
<b>Net assets attributable to members</b>		37,891,481
		<hr/> <hr/>
<b>Represented by:</b>		
<b>Loans and other debts due to members within one year</b>		
Members' capital classified as a liability		-
		<hr/>
<b>Members other interests</b>		
Members' capital classified as equity	20	34,800,626
Members' other interests – other reserves classified as equity	20	3,090,855
		<hr/>
<b>Total Members' Interests</b>		37,891,481
		<hr/> <hr/>

The notes on pages 14 to 29 form an integral part of these financial statements

These financial statements were approved by the members on 3<sup>rd</sup> November 2016 and were signed on its behalf by:

Member  PAUL GUILBERT

Cortina Race LLP  
Members' report and consolidated financial statements  
31st March 2016

**Consolidated statement of changes in equity**

*As at 31 March 2016*

	Members' capital classified as equity £	Members' other interests £	Amount attributable to the owners of the members' £	Non- controlling Interest £	Total £
<b>Balance at 3<sup>rd</sup> February 2015</b>	-	-	-	-	-
<b>Total comprehensive income for the period</b>					
Profit for the period	-	1,761,480	1,761,480	(25,060)	1,736,420
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	1,761,480	1,761,480	(25,060)	1,736,420
<b>Transactions recorded directly in equity</b>					
Capital introduced	34,800,626	-	34,800,626	340,555	35,141,181
<b>Balance at 31<sup>st</sup> March 2016</b>	<b>34,800,626</b>	<b>1,761,480</b>	<b>36,562,106</b>	<b>315,495</b>	<b>36,877,601</b>

## Partnership statement of changes in equity

*As at 31 March 2016*

	Members' capital classified as equity £	Members' other interests £	Total £
<b>Balance at 3<sup>rd</sup> February 2015</b>	-	-	-
<b>Total comprehensive income for the period</b>			
Profit for the period	-	3,090,855	3,090,855
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	-	3,090,855	3,090,855
<b>Transactions recorded directly in equity</b>			
Capital introduced	34,800,626	-	34,800,626
<b>Balance at 31<sup>st</sup> March 2016</b>	<b>34,800,626</b>	<b>3,090,855</b>	<b>37,891,481</b>

## Consolidated cash flow statement

*For the period from incorporation on 3<sup>rd</sup> February 2015 to 31<sup>st</sup> March 2016*

	<b>2016</b>
	<b>£</b>
<b>Cash flows from operating activities</b>	
Operating loss for the period	(1,133,237)
Adjustments for:	
Depreciation and amortisation	2,023,487
Members' profit shares	-
Increase in trade and other receivables	(2,312,234)
Increase in trade and other payables	4,555,492
Increase in provisions	222,812
	<hr/> 3,356,320
Taxation	110,132
Financial income	1,630,898
Financial expense	(2,525,368)
	<hr/>
<b>Net cash generated from operating activities before transactions with members</b>	<b>2,571,982</b>
Members' remuneration	-
	<hr/>
<b>Net cash generated from operating activities</b>	<b>2,571,982</b>
	<hr/>
<b>Cash flows from investing activities</b>	
Proceeds from sale of investment properties	16,787,616
Purchase of tangible assets	(2,142,803)
Purchase of intangible assets	(10,662,175)
Purchase of investment properties	(58,843,292)
	<hr/>
<b>Cash generated from investing activities</b>	<b>(54,860,654)</b>
	<hr/>
<b>Cash flows from financing activities</b>	
Capital introduced	35,141,181
Proceeds from new loans	67,463,411
Loans issued	(34,103,632)
Repayment of borrowings	(12,540,571)
Receipt of loan repayments	5,566,187
	<hr/>
<b>Cash generated from financing activities</b>	<b>61,526,576</b>
	<hr/>
<b>Net increase in cash and cash equivalents</b>	<b>9,237,904</b>
	<hr/>
<b>Cash and cash equivalents at end of period</b>	<b>9,237,904</b>
	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Entity Information

Cortina Race LLP (the "Partnership") is a Limited Liability Partnership and incorporated and domiciled in the United Kingdom.

The registered head office is 21 Palmer Street, London, SW1H0AD.

### 2 Accounting policies

#### *Basis of accounting*

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships, issued in July 2014.

This is the period of incorporation and as such no conversion to FRS 102 was required, and no comparatives have been presented.

The financial statements are presented in Sterling (£).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

#### *Measurement convention*

The financial statements are prepared on the historical cost basis except the following assets and liabilities that are stated at their fair value: investment property and investments in associates.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the partnership and its subsidiary undertakings made up to the 31<sup>st</sup> March 2016. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss from the date that control commences until the date that control ceases. Control is established when the partnership has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities.

Where a group company is party to a joint venture which is not an entity that company accounts directly for its part of the income and expenditure, assets, liabilities and cash flows. Such arrangements are reported in the consolidated financial statements on the same basis.

Under Section 408 of the Companies Act 2006 the partnership is exempt from the requirement to present its own profit and loss account.

The individual accounts of Cortina Race LLP have also adopted the following disclosure exemptions:

- The requirement to present a statement of cash flows and related notes

In the parent financial statements, investments in subsidiaries are carried at cost less impairment

#### *Discontinued operations*

Discontinued operations are components of the group that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation or were subsidiaries acquired exclusively with a view to resale.

They are included in the profit and loss account in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

## Notes (continued)

### 2 Accounting policies (Continued)

#### *Going concern*

The members have prepared cash flow forecasts which show the partnership having adequate resources to continue in operational existence for the foreseeable future. The members have therefore continued to adopt the going concern basis of accounting in preparing the financial statements. The current bank financing is due to expire in 2017 and is expected to be renewed.

#### *Investments in subsidiaries*

Investments in subsidiaries are carried at cost less impairment.

#### *Basic Financial Instruments*

##### *Trade and other debtors/creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are recognised at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

##### *Investments in ordinary shares*

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Subsequent measurement is at cost less impairment in the profit or loss.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Partnership's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### *Taxation*

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

## Notes (continued)

### 2 Accounting policies (Continued)

#### *Tangible fixed assets*

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the profit and loss accounts on a straight-line basis over the estimated useful life of each asset. The depreciation rates are as follows:

Fixtures, fitting and equipment 20% straight line

Land and buildings 2% straight line

The partnership assesses at each reporting date whether tangible fixed assets are impaired. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the partnership expects to consume an asset's future economic benefits.

#### *Investment property*

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition investment properties whose fair values can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in fair value are recognised in the profit or loss in the period that they arise and no depreciation is provided in respect of investment properties applying the fair value model.

#### *Business combinations*

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the group recognises goodwill at the acquisition date as:

- The fair value of the consideration transferred (excluding contingent consideration); plus
- The fair value of the equity instruments issued; plus
- Directly attributable transaction costs; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

#### *Intangible assets, goodwill and negative goodwill*

##### *Goodwill*

Goodwill is stated at costs less any accumulated amortisation and accumulated impairment losses.

##### *Negative goodwill*

Negative goodwill arising on business combinations in respect of recent acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss accounts in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of the non-monetary assets acquired shall be recognised in the profit or loss in the periods expected to benefit.

Amortisation is charged to the profit or loss accounts on a straight line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available to use. The estimated useful lives are as follows:

Business acquisitions 5 years



## **Notes (continued)**

### **2 Accounting policies (Continued)**

#### ***Operating leases***

Payments made under operating leases are recognised in the profit and loss account on a straight-line over the term of the lease. Lease incentives received are recognised in the profit and loss over the term of the lease as an integral part of the total expense.

#### ***Accounting estimates and judgements***

Estimates and judgements are regularly evaluated and are based on experience and future expectations. The estimates and judgements which could yield a significant risk on the financial statements are documented below.

*Property valuations* – The group has an extensive investment property portfolio. Fluctuations in the open market value of the portfolio can have a significant impact on the balance sheet and profit and loss of the group.

### **3 Acquisition and disposals of businesses**

On 6<sup>th</sup> February 2015, the Group acquired all of the ordinary share capital and voting rights of Indigo Care Holding Limited, Indigo Asset Holding Limited, Indigo Property Holding 1 Limited and Indigo Property Holding 2 Limited. The companies purchased are property holding companies incorporated in Jersey. The companies purchased were newly incorporated companies and as such no existing assets and liabilities were acquired.

On the 23<sup>rd</sup> June 2015, a subsidiary company Plum Bidco, purchased 100% of the share capital and voting rights of Orchard Care Homes.Com Holding Limited. On the 7<sup>th</sup> July 2015, Indigo Care Services purchased 100% of the share capital and voting right of Loxley Health Care Limited and Cherry Health Care Limited.

During the period, the group sold its entire share capital in Orchard Care Homes.Com (3) Limited and Adiemus Care Limited following the expiry of the management contract to operate the Larchwood portfolio. The consideration received was £2 and created a profit on disposal of £197,053.

## Notes (continued)

### 3 Acquisition and disposals of businesses (Continued)

#### Effect of acquisition

The acquisitions had the following effect on the Group's assets and liabilities.

	Plum Bidco Acquisition			Indigo Care Service Acquisition		
	Book values	Fair value adjustments	Recognised values on acquisition	Book values	Fair value adjustments	Recognised values on acquisition
	£	£	£	£	£	£
<b>Acquiree's net assets at the acquisition date:</b>						
Tangible fixed assets	1,123,229	-	1,123,229	357,371	-	357,371
Trade and other debtors	8,585,289	-	8,585,289	190,642	-	190,642
Cash	248,399	-	248,399	460,300	-	460,300
Trade and other creditors	(8,413,573)	-	(8,413,573)	(3,228,018)	2,511,705	(716,313)
	<u>1,543,344</u>	<u>-</u>	<u>1,543,344</u>	<u>(2,219,705)</u>	<u>2,511,705</u>	<u>292,000</u>
<b>Total cost of business combination:</b>						
Consideration paid:						
Initial cash price paid			10,556,000			2
Costs directly attributable			814,872			
			<u>11,370,872</u>			<u>2</u>
Goodwill/(Negative goodwill) on acquisition			<u>9,827,528</u>			<u>(291,998)</u>

The expected useful life of positive goodwill is 5 years. In the case of negative goodwill, this will be recognised in full in the current year profit and loss. The fair value adjustments relate to alignment of group accounting policies and removing of existing intercompany balances for which the liability was not transferred.

### 4 Turnover

	2016 £
Provision of care services	103,397,599
Property rental	5,091,476
	<u>108,489,075</u>

All turnover related to the sale of goods or rendering of services in the UK.

## Notes (continued)

### 5 Profit for the financial period available for division among members

	2016 £
<b>Profit on ordinary activities before taxation</b>	
This is stated after charging:	
Depreciation	963,587
Amortisation of positive goodwill	1,351,898
Recognition of negative goodwill	(291,998)
Auditor's remuneration for statutory audit	244,000
Auditor's remuneration for tax services	50,000
Operating lease rentals – land and buildings	9,898,582
Operating lease rentals - other	58,777
Profit on disposal of discontinued operations	197,053
	<hr/>

### 6 Members and employees

Staff costs during the year were as follows:

	2016 £
Wages and salaries	30,663,108
Social security costs	1,807,136
Pension cost	159,913
	<hr/>
	32,630,157
	<hr/> <hr/>

The average number of full time equivalent employees of the group during the year was:

	2016 No.
Members with remuneration	-
Administration	144
Care staff	1,984
Maintenance	8
	<hr/>
Total	2,136
	<hr/> <hr/>

## Notes (continued)

### 6 Members and employees (Continued)

#### Information in relation to members (number)

	2016 No.
The average number of members during the year was:	
Full members	2

#### Information in relation to members (£000's)

	2016 £
Paid under terms of LLP agreement	
Interest of capital	-
Remuneration	-

### 7 Other interest receivable

	2016 £
Bank Interest	2,949
Loan Interest	2,309,486
	<hr/> 2,312,435 <hr/>

### 8 Other interest payable

	2016 £
Bank Interest	566,462
Loan Interest	2,689,550
	<hr/> 3,256,012 <hr/>

## Notes (continued)

### 9 Taxation

	2016 £
<i>Current tax</i>	
Current tax on income for the period	682,614
Adjustments in respect of prior periods in acquired companies	(226,335)
	<hr/>
<b>Total current tax</b>	<b>456,279</b>
	<hr/>
<i>Deferred tax (see note 18)</i>	
Origination and reversal of timing differences	30,329
	<hr/>
<b>Total deferred tax</b>	<b>30,329</b>
	<hr/>
<b>Total tax expense</b>	<b>486,608</b>
	<hr/> <hr/>

#### Reconciliation of effective tax rate

The tax charge assessed for the period is lower than the applicable rate of corporation tax in the UK of 20%. The differences are explained below:

Profit on ordinary activities before tax	2,223,028
	<hr/>
Tax on profit on ordinary activities at standard CT rate of 20%	444,606
<i>Effects of:</i>	
Permanently disallowable items	548,050
Deferred tax not recognised	(8,593)
Closing DT difference	(2,102)
Adjustments in respect of prior periods in acquired companies	(221,333)
Share of JV loss	(274,020)
	<hr/>
<b>Total tax charge for the period</b>	<b>486,608</b>
	<hr/> <hr/>

## Notes (continued)

### 10 Intangible assets and goodwill

#### Group

	Goodwill £	Total £
<b>Cost</b>		
Acquisitions through business combinations	9,535,530	9,535,530
	<hr/>	<hr/>
Balance at 31 <sup>st</sup> March 2016	9,535,530	9,535,530
	<hr/>	<hr/>
<b>Amortisation and impairment</b>		
Amortisation for the period	1,351,898	1,351,898
Recognition of negative goodwill	(291,998)	(291,998)
	<hr/>	<hr/>
Balance at 31 <sup>st</sup> March 2016	1,059,900	1,059,900
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 <sup>st</sup> March 2016	8,475,630	8,475,630
	<hr/>	<hr/>

#### *Amortisation and impairment charge*

The amortisation, impairment charge and impairment reversals are recognised in the following line items in the profit and loss account:

	2016 £
Administrative expenses	1,059,900
	<hr/>
	1,059,900
	<hr/>

Negative goodwill arising on the acquisition of Cherry Health Care Limited and Loxley Health Care Limited in 2016 was in excess of the fair value of the non-monetary assets acquired. The resulting negative goodwill has been recognised in the Group's balance sheet at 7<sup>th</sup> July 2015. The negative goodwill related to current assets and as such the negative goodwill had been fully recognised in this financial year.

## Notes (continued)

### 11 Tangible fixed assets

#### Group

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
Brought forward	-	-	-	-
Acquisitions through business combinations	3,363	1,434,729	42,508	1,480,600
Additions	31,756,358	2,142,803	-	33,899,161
Disposals	-	-	(7,408)	(7,408)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> March 2016	31,759,721	3,577,532	35,100	35,372,353
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
Brought forward	-	-	-	-
Charge for the year	233,027	717,238	13,322	963,587
Disposals	-	-	(823)	(823)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> March 2016	233,027	717,238	12,499	962,764
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 <sup>st</sup> March 2016	31,526,694	2,860,294	22,601	34,409,589
	<hr/>	<hr/>	<hr/>	<hr/>

### 12 Investment property

#### Group

	2016 £
Additions	58,843,292
Disposals	(44,125,488)
	<hr/>
Balance at 31 <sup>st</sup> March 2016	14,717,804
	<hr/>

## Notes (continued)

### 13 Fixed asset investments

#### Partnership

	Shares in group undertakings £
Additions	26,939,078
At 31 <sup>st</sup> March 2016	26,939,078

The partnership has the following investments in subsidiaries (\* indirectly held):

	Country of incorporation	Principle activity	Class of shares held	Ownership %
Indigo Care Holdings Limited	Jersey	Holding company	Ordinary	98.3%
Indigo Asset Holding Limited	Jersey	Property Investment	Ordinary	100%
Indigo Property Holding 1 Limited	Jersey	Property Investment	Ordinary	100%
Indigo Property Holding 2 Limited	Jersey	Property Investment	Ordinary	100%
Indigo Trustee 1 Limited *	Jersey	Trustee Company	Ordinary	100%
Indigo Trustee 2 Limited*	Jersey	Trustee Company	Ordinary	100%
Indigo Property 1 Unit Trust *	Jersey	Property Investment	Ordinary	100%
Indigo Property 2 Unit Trust *	Jersey	Property Investment	Ordinary	100%
Indigo Care 1 Limited *	Jersey	Property Investment	Ordinary	100%
Indigo Care 2 Limited *	Jersey	Property Investment	Ordinary	100%
Indigo Care 3 Limited *	Jersey	Property Investment	Ordinary	100%
Indigo Care 4 Limited *	Jersey	Property Investment	Ordinary	100%
Indigo Care 5 Limited *	Jersey	Property Investment	Ordinary	100%
Plum Bidco Limited *	UK	Holding company	Ordinary	100%
Indigo Care Services Limited *	UK	Provision of elderly care	Ordinary	100%
Cherry Health Care Limited *	UK	Provision of elderly care	Ordinary	100%
Loxley Health Care Limited *	UK	Provision of elderly care	Ordinary	100%
Orchard Care Homes.com Holdings Limited *	UK	Holding company	Ordinary	100%
Tri-Care Limited *	UK	Provision of elderly care	Ordinary	100%
Orchard Care Homes.com Limited *	UK	Provision of elderly care	Ordinary	100%
Orchard Care Homes.com (2) Limited *	UK	Provision of elderly care	Ordinary	100%
Orchard Care Homes.com (4) Limited *	UK	Provision of elderly care	Ordinary	100%
Orchard Care Home.com (5) Limited *	UK	Provision of elderly care	Ordinary	100%
Orchard Care Homes.com (6) Limited *	UK	Provision of elderly care	Ordinary	100%
Orchard Care Homes.com (7) Limited *	UK	Provision of elderly care	Ordinary	100%
Orchard Care Homes.com (8) Limited *	UK	Provision of elderly care	Ordinary	100%
Lifestyle Care Management Limited *	UK	Provision of elderly care	Ordinary	100%



## Notes (continued)

### 14 Debtors

	Group 2016 £	Partnership 2016 £
Trade debtors	5,176,001	-
Amounts owed by group undertakings	-	1,119,397
Other debtors	40,921,410	37,346,608
Prepayments and accrued income	3,018,869	-
	<u>49,116,280</u>	<u>38,466,005</u>
Due within one year	45,828,033	38,466,005
Due after more than one year	3,288,247	-
	<u>49,116,280</u>	<u>38,466,005</u>

Other debtors include the principal sum of £36,665,072 in borrowings lent to a member company and are repayable on demand.

### 15 Creditors: Amounts falling due within one year

	Group 2016 £	Partnership 2016 £
Trade creditors	4,548,295	-
Amounts owed to group undertakings	-	2,640,566
Other creditors	394,831	82,728
Other taxation and social security	2,100,880	-
Accruals and deferred income	7,372,030	52,816
Corporation tax	566,413	-
Bank facility	27,072,397	27,072,397
	<u>42,054,846</u>	<u>29,848,507</u>

### 16 Creditors: Amounts falling due after more than one year

	Group 2016 £
Borrowings	36,801,948
	<u>36,801,948</u>

The borrowings are due to a member company and are due to mature in 2026.

## Notes (continued)

### 17 Interest-bearing loans and borrowings

#### Group

##### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of Maturity	2016 £
Borrowing	GBP	2.88%	2026	30,401,200
Borrowing	GBP	10%	2026	6,400,748
Bank facility	GBP	LIBOR +1.8%	2017	27,072,397
				<u>63,874,345</u>

#### Partnership

##### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of Maturity	2016 £
Bank facility	GBP	LIBOR +1.8%	2017	27,072,397

### 18 Deferred tax

Deferred tax liabilities are attributable to the following:

Group	Liabilities 2016 £	Total 2016 £
Provision acquired	(7,517)	(7,517)
Accelerated capital allowances	30,329	30,329
	<u>22,812</u>	<u>22,812</u>
Total tax liabilities		

Reductions in the corporation tax rate to 19% from 1<sup>st</sup> April 2017 and 18% from 1<sup>st</sup> April 2020 were substantively enacted on 26<sup>th</sup> October 2015.

## Notes (continued)

### 19 Provisions

#### Group

	Provision 1 £	Total £
Balance at 3 <sup>rd</sup> February 2015	-	-
Provisions made during the year	200,000	200,000
Provisions used during the year	-	-
	<u>200,000</u>	<u>200,000</u>
<b>Balance at 31<sup>st</sup> March 2016</b>	<b>200,000</b>	<b>200,000</b>

The provision is in relation to an on-going claim which is expected to be settled within the next 12 months. The amount provided is based on directors best estimates.

### 20 Members Interests

#### The group

	Members' Capital (classified as equity) £	Equity Other reserves £	Total £	Total Members' Interests £
Balance at 3 <sup>rd</sup> February 2015	-	-	-	-
Profit for the financial period available for discretionary division among members	-	1,761,480	1,761,480	1,761,480
Capital introduced by members	34,800,626	-	34,800,626	34,800,626
	<u>34,800,626</u>	<u>1,761,480</u>	<u>36,562,106</u>	<u>36,562,106</u>
<b>Balance at 31<sup>st</sup> March 2016</b>	<b>34,800,626</b>	<b>1,761,480</b>	<b>36,562,106</b>	<b>36,562,106</b>

#### LLP

	Members' Capital (classified as equity) £	Equity Other reserves £	Total £	Total Members' Interests £
Balance at 3 <sup>rd</sup> February 2015	-	-	-	-
Profit for the financial period available for discretionary division among members	-	3,090,855	3,090,855	3,090,855
Capital introduced by members	34,800,626	-	34,800,626	34,800,626
	<u>34,800,626</u>	<u>3,090,855</u>	<u>37,891,481</u>	<u>37,891,481</u>
<b>Balance at 31<sup>st</sup> March 2016</b>	<b>34,800,626</b>	<b>3,090,855</b>	<b>37,891,481</b>	<b>37,891,481</b>

There are no such restrictions in place to reduce the amounts of members' other interests.

## Notes (continued)

### 20 Members Interests (Continued)

#### Rights, restrictions and preferences

Alchemy Special Opportunities III L.P is entitled to the financial years profits and losses to be allocated to their capital accounts unless otherwise determined. Any losses will be allocated between the members in such proportions as Alchemy Special Opportunities III L.P may determine.

No member is entitled to any remuneration for acting in the business or management of the LLP.

Any positive balances held on a member's capital account may be withdrawn by such member in their discretion from time to time.

In case of winding up, any surplus assets over its liabilities remaining after all monies due to creditors of the LLP including Members in respect of any balances standing to the credit of their Capital Accounts and any other undrawn share of Profits and all expenses of winding up, will be payable to Alchemy Special Opportunities III L.P.

### 21 Related party transactions

#### Group

As permitted by the exemption allowed under FRS 102 Section 33, transactions with wholly owned group member companies are not disclosed.

	Receivable 2016 £	Payable 2016 £
Entities with control	-	-
Other related parties	1,599,300	1,599,300
	<u>1,599,300</u>	<u>1,599,300</u>

#### LLP

As permitted by the exemption allowed under FRS 102 Section 33, transactions with wholly owned group member companies are not disclosed.

	Receivable 2016 £	Payable 2016 £
Entities with control	-	-
Other related parties	307,701	126,765
	<u>307,701</u>	<u>126,765</u>

## Notes (continued)

### 22 Operating leases

#### Group

The Group's future minimum operating lease payments are as follows:

	2016 £
Within one year	12,920,758
Between one and five years	59,720,780
More than five years	428,627,605
	<hr/> 501,269,143 <hr/>

During the year £9,957,359 was recognised as an expense in the profit and loss accounts in respect of operating leases.

### 23 Ultimate parent company

No other group financial statements include the results of the company.