

Renaissance Care (No1) Limited

Financial Statements

30th November 2015

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COMPANIES HOUSE

CONDIE & CO

Chartered Accountants & Statutory Auditor

10 Abbey Park Place

Dunfermline

Fife

KY12 7NZ

Renaissance Care (No1) Limited

Financial Statements

Year Ended 30th November 2015

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Renaissance Care (No1) Limited

Officers and Professional Advisers

The Board of Directors

Mr R D Kilgour
Ms C Docherty
Mr W D McLeish
Mrs A Neilson

Registered Office

Suite 2, Ground Floor
Stuart House
Station Road
Eskmills
Musselburgh
EH21 7PB

Auditor

Condie & Co
Chartered Accountants
& Statutory Auditor
10 Abbey Park Place
Dunfermline
Fife
KY12 7NZ

Bankers

Barclays Bank Plc
1 St Andrews Square
Edinburgh
EH2 2BD

Solicitors

MacRoberts
Excel House
30 Semple Street
Edinburgh
EH3 8BL

Renaissance Care (No1) Limited

Strategic Report

Year Ended 30th November 2015

Activities of the Company

The principal activity of the company during the year was the operation of care homes for the elderly.

The company performed well during the year with occupancy falling slightly. Despite this the full year results were adversely impacted by high agency labour costs.

The company closely monitors the quality of its operations and uses unannounced Care Inspections for this purpose. The directors' minimum expectation is that homes will be judged as good (scoring 4 across four areas, Quality of Care, Environment, Staff & Management).

The trading environment for care homes remains challenging. Nationally there is a shortage of care and nursing staff meaning it is likely that we will continue to see high agency labour costs throughout 2016. The directors continue to look for areas to improve the efficiency and cost effectiveness of running the homes whilst maintaining a high standard of care for the residents. The company has taken steps to improve its recruitment of new and retention of existing employees.

Employment

The company looks to recruit, develop and employ throughout the organisation appropriately qualified, capable and experienced staff irrespective of race, religion or sexual orientation. Full consideration is given to applications from disabled persons - looking to their particular aptitudes and abilities. Equally, any employee becoming disabled during their employment will be assessed for their suitability for continued employment and offered retraining or redeployment as required.

The company communicates with its staff in staff meetings, by letter and through its regular staff newsletter. The GMB union represent staff in the homes.

All employees are encouraged in terms of their career development and the company generally supports those who undertake further qualifications. The company is currently concerned by the small pool of available nursing staff that it is able to recruit from. It is our belief that this presents an opportunity for senior care staff to be trained to undertake many of the tasks currently the responsibility of trained nurses. We are working on developing this strategy which will evolve over time.

Supplier Payment Policy

The company's policy is to pay suppliers on or just after the 15th of the month following the month of invoice. At 30 November 2015 the company's supplier payment period was 30 days, (2014: 30 days). The company clearly understands that the maintenance of a reliable payment pattern is important to suppliers and that suppliers' support is fundamental to the success of the business.

Key Performance Indicators /...

Renaissance Care (No1) Limited

Strategic Report

Year Ended 30th November 2015

Key Performance Indicators

The key financial indicators used by the directors are detailed below:

	2015	2014
Care Inspection Scores (Average)	3.9	3.3
Average Occupancy (%)	90	94
	£	£
Turnover	5,669,096	5,767,695
EBITDAR	833,909	926,922
EBITDA	22,321	103,842

Care inspection Quality Ratings: *the average Care Inspection score achieved across all homes. Homes are rated out of 6 (2 being Poor, 4 being Good and 6 being Excellent).*

Average Occupancy: *the percentage of registered beds occupied, on average, over the year.*

Turnover: *total sales achieved.*

EBITDAR: *earnings before Interest, Tax, Depreciation, Amortisation and Rent.*

EBITDA: *earnings before Interest, Tax, Depreciation and Amortisation.*

Principal Risks and Uncertainties

Renaissance Care (No1) Limited, like any business, faces a number of operating risks and uncertainties. There are a number of risks that could impact the company's performance. Steps are taken to understand, evaluate these risks and to militate against them in order to achieve our long term goal of creating a sustainable business which delivers benefits to all stakeholders. The most fundamental risks faced by the company are:

Failure to:

- comply with regulation which, in extreme cases, could result in the removal of a care home's registration
- meet quality standards resulting in an operating embargo on new admissions to one or more homes
- achieve budgeted occupancy levels
- achieve budgeted average fee rates
- attract, train and motivate suitably qualified staff
- reduce use of agency labour
- meet bank covenants

Charitable and Political Donations

During the year the company made no charitable or political donations.

Directors' Indemnities

The company maintains liability insurance for its directors and officers. The company also provides an indemnity for its directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Dividends /...

Renaissance Care (No1) Limited

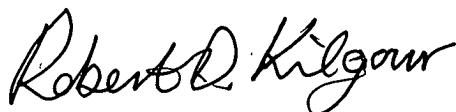
Strategic Report

Year Ended 30th November 2015

Dividends

The directors recommend that no final dividend be paid (2014: £Nil). The Company did not pay an interim dividend during the year.

Signed on behalf of the directors



Mr R D Kilgour
Director

Approved by the directors on 26 May 2016

Renaissance Care (No1) Limited

Directors' Report

Year Ended 30th November 2015

The directors present their report and the financial statements of the company for the year ended 30th November 2015.

Results and Dividends

The loss for the year amounted to £50,727. The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

Mr R D Kilgour
Ms C Docherty
Mr W D McLeish

Mrs A Neilson was appointed as a director on 4th April 2016.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, 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 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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Renaissance Care (No1) Limited

Directors' Report *(continued)*

Year Ended 30th November 2015

Auditor

Condie & Co are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Signed on behalf of the directors



Mr R D Kilgour
Director

Approved by the directors on 26 May 2016

Renaissance Care (No1) Limited

Independent Auditor's Report to the Shareholders of Renaissance Care (No1) Limited

Year Ended 30th November 2015

We have audited the financial statements of Renaissance Care (No1) Limited for the year ended 30th November 2015 on pages 9 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

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

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th November 2015 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.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Renaissance Care (No1) Limited

Independent Auditor's Report to the Shareholders of Renaissance Care (No1) Limited *(continued)*

Year Ended 30th November 2015

Matters on Which We are Required to Report by Exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Sharon Collins (Senior Statutory Auditor)

For and on behalf of
CONDIE & CO
Chartered Accountants
& Statutory Auditor

10 Abbey Park Place
Dunfermline
Fife
KY12 7NZ

27 May 2016

Renaissance Care (No1) Limited

Profit and Loss Account

Year Ended 30th November 2015

	Note	2015 £	2014 £
Turnover	2	5,669,096	5,767,695
Cost of sales		3,376,560	3,400,151
Gross Profit		2,292,536	2,367,544
Administrative expenses		2,355,401	2,318,578
Other operating income	3	(7,703)	(2,280)
Operating (Loss)/Profit	4	(55,162)	51,246
Interest receivable		11	46
Interest payable and similar charges	7	(1,931)	(3,439)
(Loss)/Profit on Ordinary Activities Before Taxation		(57,082)	47,853
Tax on (loss)/profit on ordinary activities	8	(6,355)	10,436
(Loss)/Profit for the Financial Year		(50,727)	37,417

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 11 to 19 form part of these financial statements.

Renaissance Care (No1) Limited

Balance Sheet

30th November 2015

	Note	2015 £	2014 £
Fixed Assets			
Tangible assets	9	357,220	274,912
Current Assets			
Debtors due within one year	10	1,361,618	1,116,228
Cash at bank and in hand		120,859	283,631
		1,482,477	1,399,859
Creditors: Amounts Falling due Within One Year	11	1,551,920	1,347,270
Net Current (Liabilities)/Assets		69,443	52,589
Total Assets Less Current Liabilities		287,777	327,501
Creditors: Amounts Falling due after More than One Year	12	14,095	20,486
Provisions for Liabilities			
Deferred taxation	14	67,195	49,801
		206,487	257,214
Capital and Reserves			
Called up equity share capital	18	1	1
Profit and loss account	19	206,486	257,213
Shareholders' Funds	20	206,487	257,214

These accounts were approved by the directors and authorised for issue on 26 May 2016, and are signed on their behalf by:



Mr R D Kilgour
Director

Company Registration Number: SC402097

The notes on pages 11 to 19 form part of these financial statements.

Renaissance Care (No1) Limited

Notes to the Financial Statements

Year Ended 30th November 2015

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

Cash Flow Statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

Turnover represents amounts receivable for services provided in the normal course of business net of trade discounts, VAT and other sales related taxes.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Property Improvements	-	20% Reducing balance
Fixtures & Fittings	-	20% Reducing balance
Motor Vehicles	-	25% Straight line
Computer Equipment	-	25% Straight line

Hire Purchase Agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension Costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Renaissance Care (No1) Limited

Notes to the Financial Statements

Year Ended 30th November 2015

1. Accounting Policies *(continued)*

Deferred Taxation

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the 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.

2. Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2015 £	2014 £
United Kingdom	<u>5,669,096</u>	<u>5,767,695</u>

3. Other Operating Income

	2015 £	2014 £
Other operating income	<u>7,703</u>	<u>2,280</u>

4. Operating (Loss)/Profit

Operating (loss)/profit is stated after charging:

	2015 £	2014 £
Depreciation of owned fixed assets	67,072	44,134
Depreciation of assets held under hire purchase agreements	11,141	8,463
Loss on disposal of fixed assets	-	1,645
Auditor's remuneration		
- as auditor	3,500	5,768
Operating lease costs:		
- Other	<u>819,174</u>	<u>823,080</u>

Renaissance Care (No1) Limited

Notes to the Financial Statements

Year Ended 30th November 2015

5. Particulars of Employees

The average number of staff working in the company during the financial year amounted to:

	2015	2014
	No	No
Care/nursing staff	170	165
Administrative staff	6	5
Management staff	4	4
	<u>180</u>	<u>174</u>

The aggregate payroll costs of the above were:

	2015	2014
	£	£
Wages and salaries	3,412,618	3,126,039
Social security costs	221,070	238,252
Other pension costs	26,847	31,907
	<u>3,660,535</u>	<u>3,396,198</u>

6. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2015	2014
	£	£
Aggregate remuneration	66,997	66,958
Value of company pension contributions to money purchase schemes	<u>6,267</u>	<u>23,140</u>
	<u>73,264</u>	<u>90,098</u>

7. Interest Payable and Similar Charges

	2015	2014
	£	£
Finance charges	<u>1,931</u>	<u>3,439</u>

Renaissance Care (No1) Limited

Notes to the Financial Statements

Year Ended 30th November 2015

8. Taxation on Ordinary Activities

(a) Analysis of charge in the year

	2015 £	2014 £
Current tax:		
Corporation tax	-	-
Over/under provision in prior year	(193)	3,026
Group relief	(23,556)	(13,239)
Total current tax	(23,749)	(10,213)
Deferred tax:		
Origination and reversal of timing differences (note 14)		
Capital allowances	17,394	20,649
Tax on (loss)/profit on ordinary activities	(6,355)	10,436

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20% (2014 - 20%).

	2015 £	2014 £
(Loss)/profit on ordinary activities before taxation	(57,082)	47,853
(Loss)/profit on ordinary activities by rate of tax	(11,416)	9,571
Expenses/Income not deductible for tax purposes	(126)	(1,709)
Capital allowances in excess of depreciation	(12,400)	(19,856)
Group relief	-	(1,245)
Over/under provision in prior year	193	3,026
Total current tax (note 8(a))	(23,749)	(10,213)

Renaissance Care (No1) Limited

Notes to the Financial Statements

Year Ended 30th November 2015

9. Tangible Assets

	Property Improvements £	Fixtures & Fittings £	Motor Vehicles £	Computer Equipment £	Total £
Cost					
At 1 December 2014	17,865	300,579	18,919	13,871	351,234
Additions	–	129,105	30,600	816	160,521
At 30 November 2015	<u>17,865</u>	<u>429,684</u>	<u>49,519</u>	<u>14,687</u>	<u>511,755</u>
Depreciation					
At 1 December 2014	4,233	63,291	5,616	3,182	76,322
Charge for the year	2,751	64,060	7,918	3,484	78,213
At 30 November 2015	<u>6,984</u>	<u>127,351</u>	<u>13,534</u>	<u>6,666</u>	<u>154,535</u>
Net Book Value					
At 30 November 2015	<u>10,881</u>	<u>302,333</u>	<u>35,985</u>	<u>8,021</u>	<u>357,220</u>
At 30 November 2014	<u>13,632</u>	<u>237,288</u>	<u>13,303</u>	<u>10,689</u>	<u>274,912</u>

Hire purchase agreements

Included within the net book value of £357,220 is £48,879 (2014 - £29,420) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £11,141 (2014 - £8,463).

10. Debtors

	2015 £	2014 £
Trade debtors	188,313	214,541
Amounts owed by group undertakings	931,669	664,779
Other debtors	182,517	47,239
Prepayments and accrued income	59,119	189,669
	<u>1,361,618</u>	<u>1,116,228</u>

Renaissance Care (No1) Limited

Notes to the Financial Statements

Year Ended 30th November 2015

11. Creditors: Amounts Falling due Within One Year

	2015	2014
	£	£
Trade creditors	577,994	678,912
Amounts owed to group undertakings	495,070	189,466
Other creditors including taxation and social security:		
Corporation tax	-	193
PAYE and social security	128,827	128,638
Hire purchase agreements	6,398	6,391
Other creditors	19,344	9,459
	<u>154,569</u>	<u>144,681</u>
Accruals and deferred income	<u>324,287</u>	<u>334,211</u>
	<u>1,551,920</u>	<u>1,347,270</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2015	2014
	£	£
Accruals and deferred income	<u>-</u>	<u>79,037</u>

There is a standard security in favour of Quercus Nursing Homes 2011 (A) Limited and another in relation to the lease of Letham Park Nursing Home, 205/207 Ferry Road, Edinburgh, Midlothian for all sums due or to become due.

There is a standard security in favour of Quercus (Nursing Homes) Limited and another in relation to the leases of Cowdray Club Nursing Home, Aberdeen, Meadowlark Nursing Home, Forres and Persley Castle Nursing Home, Aberdeen for all sums due or to become due.

There are also floating charges in favour of Quercus Nursing Homes 2011 (A) Limited and Quercus (Nursing Homes) Limited and another over the undertaking, property and assets present and future for all sums due or to become due.

12. Creditors: Amounts Falling due after More than One Year

	2015	2014
	£	£
Other creditors:		
Hire purchase agreements	<u>14,095</u>	<u>20,486</u>

Renaissance Care (No1) Limited

Notes to the Financial Statements

Year Ended 30th November 2015

13. Commitments under Hire Purchase Agreements

Future commitments under hire purchase agreements are as follows:

	2015	2014
	£	£
Amounts payable within 1 year	6,398	6,391
Amounts payable between 2 to 5 years	14,095	20,486
	<u>20,493</u>	<u>26,877</u>
Hire purchase agreements are analysed as follows:		
Current obligations	6,398	6,391
Non-current obligations	14,095	20,486
	<u>20,493</u>	<u>26,877</u>

14. Deferred Taxation

The movement in the deferred taxation provision during the year was:

	2015	2014
	£	£
Provision brought forward	49,801	29,152
Profit and loss account movement arising during the year	17,394	20,649
Provision carried forward	<u>67,195</u>	<u>49,801</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2015	2014
	£	£
Excess of taxation allowances over depreciation on fixed assets	67,195	49,801
	<u>67,195</u>	<u>49,801</u>

15. Commitments under Operating Leases

At 30th November 2015 the company had annual commitments under non-cancellable operating leases as set out below.

	Land and buildings	
	2015	2014
	£	£
Operating leases which expire:		
After more than 5 years	<u>830,276</u>	<u>814,008</u>

Renaissance Care (No1) Limited

Notes to the Financial Statements

Year Ended 30th November 2015

16. Contingencies

There is an unlimited guarantee in favour of Barclays Bank PLC given by Renaissance Care (UK) Limited, Renaissance Care (No1) Limited, Renaissance Care (No2) Limited, Renaissance Care (No3) Limited and Renaissance Care (No4) Limited.

17. Related Party Transactions

The company is controlled by Renaissance Care (UK) Limited which held 100% of the ordinary share capital of the company throughout the current period.

The directors consider the ultimate controlling party throughout the current period to be Dow Investments PLC as a result of its controlling interest in Renaissance Care (Scotland) Limited which has a controlling interest in Renaissance Care (UK) Limited.

Dow Investments PLC is controlled by Mr R D Kilgour, director.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 Related Party disclosures not to disclose intra-group transactions and balances on the grounds that 100% of the voting rights of the company are controlled within the group and that consolidated accounts are prepared by the ultimate holding company Dow Investments PLC and are publicly available at the address detailed below.

18. Share Capital

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

19. Profit and Loss Account

	2015	2014
	£	£
Balance brought forward	257,213	219,796
(Loss)/profit for the financial year	<u>(50,727)</u>	<u>37,417</u>
Balance carried forward	<u>206,486</u>	<u>257,213</u>

20. Reconciliation of Movements in Shareholders' Funds

	2015	2014
	£	£
(Loss)/Profit for the financial year	(50,727)	37,417
Opening shareholders' funds	<u>257,214</u>	<u>219,797</u>
Closing shareholders' funds	<u>206,487</u>	<u>257,214</u>

Renaissance Care (No1) Limited

Notes to the Financial Statements

Year Ended 30th November 2015

21. Ultimate Parent Company

The company's ultimate parent undertaking is Dow Investments PLC, a company incorporated in Scotland.

The accounts of this company are available to the public. The registered office of this company is 16 Charlotte Square, Edinburgh, Midlothian, EH2 4DF. This company heads the largest group and smallest group in which the results of this company are included.

22. Capital Commitments

At the year end the company has capital commitments totalling £909,128 (2014: £nil), of which £840,663 is being funded by the care home landlord.

23. Post Balance Sheet Events

Since the year end, the company has contracted to purchase the business of a 58 bed home in Glasgow, subject to Care Inspectorate registration.